Economic Recovery Committee
Task 1 - Priority Considerations

June 11, 2020 – Second Draft

What follows is the second draft summarization of the first feedback from the sub-committees and should not be considered a draft of our recommendations, which will be fewer, and staffed more thoroughly. Our able staff have organized each of the recommendations into five categories of opportunity, as well as harmonized common recommendations that cut across several sectors.

Time is of the essence.

As we prepare to offer our first recommendations, we have already seen that some businesses have failed or will fail shortly (see the recommendation on Chapter 11 bankruptcy in the regulatory section below). Some person-to-person businesses will not be able to adapt to virtual operations during the pandemic. Our educational and childcare options largely remain closed, making it hard for people to go back to work. Federal aid in the form of PPP and enhanced unemployment benefits are running out, putting further pressure on unemployment. State and local government face significant revenue shortfalls in the years to come.

In both the economy and pandemic, there are inequalities along wealth and racial lines – the health and economic consequences of the emergency are not distributed equally.

This is a grim accounting, but we have tools in our hands and a critical role to play in bringing limited resources to bear on changing the outcome in the most impactful ways. The state is fully engaged in managing the emergency at hand and is relying on us to plan for stabilization and recovery in parallel.

This is how we will go about our work:

A. Timing – we will divide our recommendations into three categories
   1. Quick recommendations that can be put to use immediately
   2. Stabilization recommendations that will be part of our July 15th report, and
   3. Recovery recommendations for our December report

B. Mechanism – we will categorize our proposals into three mechanisms
   1. Initiatives that the governor can call for from the bully pulpit - these are items that don’t require significant funding, but could come together quickly with leadership
   2. Initiatives that can be funded through Maine’s allocation from the CARES Act
   3. Initiatives that require bond funding or other appropriations

   These mechanisms correspond closely with the three timing categories listed above, with the bully pulpit being the fastest and bonding requiring a long lead time.

When we first convened this group, we assumed that federal stimulus four, along the lines of the house HEROS Act, was imminent. It now appears that this is not the case, and the next federal support could be a ways out. Maine has $1.25B of CARES Act Funds on hand to use for mitigating the damage of the pandemic. This is the most readily available source of funds to use
for stabilization. For our December deliverable, we will take up additional federal stimulus readiness.

We have also integrated several suggestions from us as Co-chairs, as well as others who have reached out to the committee with helpful suggestions.

Here is the process to come on these recommendations.

- Over the next week, Josh and Laurie will meet with sub-committee co-chairs individually for an hour each to identify recommendations that can be reported out now, recommendations that will go into our July 15th deliverable, and recommendations that will be fleshed out for the December deliverable (or sooner).
- During those meetings we will prioritize together the recommendations that need research or sharpening between now and the internal deadline prior to July 15th.
- Between now and July 7th, sub-committees will refine July 15th recommendations, iterating with the staff and co-chairs.
- Between July 8th and 15th, the co-chairs and state staff will prepare the recommendations into a cohesive report and submit to the governor.

And last, but certainly not least, we’d like to remind each member of this distinguished Committee that you were selected by our Governor to provide critically important ideas, guidance, and recommendations that will help her lead our State out of one of the darkest periods in our history. You were chosen to serve because she trusts and respects you. We encourage you to trust yourselves and your own collective, vast experience and wisdom.

With that in mind and with the urgency of our economic situation pressing down, we respectfully recommend that you:

- **Accept** that you do not have the luxury of time to fully research every aspect of your industries,
- **Trust** that you, together, have the experience and instincts to make a quick assessment of the situation and can move quickly to formulating recommendations,
- **Focus** your time in committee to vet and prioritize recommendations as quickly as possible – offering up only the most promising, and
- **Challenge** yourselves to reserve a few minutes in every meeting to fearlessly dream big – putting forth the biggest, boldest, most innovative, crazy ideas possible. Even one brilliant idea could completely change the course of history!

As General George Patton once said, “A good plan, violently executed now, is better than a perfect plan next week”

Thanks for all that you are doing for the state that we love!

With deep respect and gratitude,

Josh & Laurie
Headlines:

1. Prioritize education settings for PPE, viral testing, contact tracing, and surveillance testing to allow daycares and educational institutions to open in-person operations and to remain open

2. Support alternatives to 14-day quarantine for visitors and both secondary and post-secondary students coming from infected areas

3. Provide all businesses and organizations with guidance on workplace safety and funding to purchase additional cleaning supplies and PPE/engineering controls (plexiglass, etc.)

4. Immediately invest in broadband to support remote learning and telehealth

5. Provide liability protection for employers (from employees) and educational institutions (from employees and students) across the state to allow full reopening

6. Catalogue, prioritize and market stimulus opportunities. (As Colorado puts it in their recovery recommendations: “Statewide marketing and education campaign to help businesses, nonprofits and gig workers access federal resource”)

7. Co-Chairs: Identify “Best Practice” businesses and organizations and encourage or incentivize partnerships to implement bold ideas that can provide immediate relief to our hospitality industry

Barriers and Opportunities

Workforce

Existing Workforce Challenges/Needs

- Workforce in all sectors impacted by availability of childcare; must open childcare and PreK-12 schools
- Need clear safety guidance and PPE to minimize Coronavirus transmission risk and associated liability during continued work
- Need clear and consistent guidance on how to return to work safely – for employers, employees, students and customers
  - Guidance on enforcement and liability
- Agriculture: workforce safety, emphasis on the migrant workforce including housing
Workforce Development

- Provide the public with clear information on the range of education and workforce development supports/programs available to them today
- Healthcare - programs and support for lower-skilled positions, e.g. Medical Assistants, Certified Nurse Assistants, Environment of Care workers (mental health support to be explored)
- Share innovations in training virtually and/or safely in a COVID-19 world
- Create a one-stop ‘case management’ support navigating various workforce training and apprenticeship options
- From Co-chairs: Education and Training - Stand up an ad hoc committee allocating money on a merit basis to education projects, apprenticeships and training
  - Scholarships, grants or for schools to purchase equipment or a new lab, focusing on areas identified in Maine’s 10-year plan.

Investment/Stimulus

- Hospitals - continued need for federal funds and new needs for behavioral health
- Nonprofits - Need relief from UI payments that threaten their ability to operate
- Childcare -
  - Child care subsidy program (CCSP) inaccessible for working immigrant families under federal law; need solutions for that population
  - Need funds for costs of meeting new public health guidance and for continued operations while not at full capacity
    - Recommendation: Fund with federal Coronavirus Relief Fund dollars made available through the CARES Act
  - Coronavirus Relief Funds needed to support child care/school district/community organization partnerships to provide coverage for children during out-of-school hours
- Innovation sector - the additional costs of doing business in a COVID-19 environment coupled with losses in revenues make access to capital challenging in the short and medium term.
  - Tweaks to existing programs, like the Seed Capital Tax Credit program, could be helpful to create incentives for critically needed investment.
- Hospitality, Retail, Tourism -
  - Exploring: Rent relief and fixed overhead costs
  - Need better understanding of all potential sources of funds
    - Federal
    - State/Cares ACT
    - Tax Credits and Incentives; Business Tax credit to offset costs for increased health and safety
  - State dollars needed to develop in-state marketing campaigns aligned with changes to quarantine
● Education: Prioritize education settings for PPE, virus testing, contact tracing, and surveillance testing.
  ○ EDU: Prioritize use of CARES funds to PreK-12, private secondary, and all higher education institutions to address unexpected needs (PPE, mental health, transportation, etc.)
  ○ Provide liability coverage for education institutions
● Transportation: Projected $110 million state Highway Fund revenue shortfall due to COVID-19
● Infrastructure: Need clear, reliable funding sources - access & awareness of these sources where relevant (e.g. for small businesses)
● Agriculture: Market access needed due to loss of institutional markets, financial assistance to keep farms in business,
● From Co-chairs: Solar/Batteries - Establish a tax credit for large scale solar or solar and battery operations
  ○ Build dedicated sites on behalf of up to fifty people, who would then get credit off their bills

Regulatory

● Healthcare – Maintain reimbursement for telehealth. (Telehealth key to generating lost revenue since shutdown).
● Self-insured nonprofits need maximum flexibility from the state for unemployment reimbursements.
● Timely and streamlined licensing processes (Innovation subcommittee - will apply to many others).
● 14-day quarantine:
  ○ EDU: Provide alternatives to the 14-day quarantine for higher education students from out of state (example: proof of a recent negative test)
  ○ Hospitality, Retail, Tourism: Alternative to 14-day quarantine must be an urgent priority for state government
● From Co-chairs: Make recent changes to Chapter 11 statute for small businesses accessible to Maine business community
  ○ Provide a white paper to small businesses, banks, credit unions, law firms, CPAs, and those that advise small businesses (various COGs, CEI, FAME, Maine Ventures, MTI) on how changes can effectively provide debt collection abeyance
  ○ Create a fund to cover bankruptcy legal fees and organize willing law firms to provide these services state-wide and within reimbursable fee caps
  ○ Secure commitments from those firms to add attorneys to their bankruptcy teams to deal with this demand, and have a plan to educate these attorneys (and additional court personnel if needed) on how to do this
  ○ Support the community banks and credit unions
Develop a plan for loan insurance for these businesses as they secure debtor-in-possession financing, post-bankruptcy loans, and back stop the community banks on losses coming out of chapter 11 to ensure banking stability.

- From Co-chairs: Liability framework & technical assistance on how to operate safely on an industry specific basis. The former requires immediate legislative attention (most likely) and the latter could be an executive action paid for from COVID19 response money.
- From Co-chairs: Convene an ad hoc group of restaurants and lodging professionals to work with their committee to make specific recommendations on rule and statutory changes that support their new reality and the surge in delivery, curbside pickup, and outdoor eating.
- From Co-chairs: Work with the delegation to get the federal government to open the northern border in Maine. In addition to other considerations, the paper mill in Jay has identified this as a major barrier to their reopening and COVID19 case rates are not higher than Maine in adjacent provinces.
  - Add federal personnel or potentially state testing resources, if necessary.
- From Co-chairs: provide specific feedback on needed clarification and expansion of allowable costs for state allocated CARES Act funding to the delegation.

**Innovation**

- Business model innovations, including the cooperative economy model, require creating incentives for traditional lending and access to capital models to also innovate.

**Infrastructure**

- Hospitals - Help with bandwidth and telehealth infrastructure support
- Broadband - Rural divide
  - For employers and employees - cost of equipment and setting up for work from home
  - Support for key populations: students, small business owners, new telecommuters, seniors
- From Co-chairs: Telecommunication and online services -
  - Plan for a substantial broadband push to connect everyone, and make sure it meets high aspirational bandwidth – 1 gig to every home
  - Update and expand the ConnectME Authority’s statutory mandate and rules with the goal of adding to its staff and capacity (urgent to secure stimulus), having it lead efforts to secure federal funds from existing sources (i.e. FCC’s RDOF and 5G fund – $29B programs) and stimulus to come (HEROS Act contemplated $5.5B, and there are other funds likely to shake loose at NTIA).
  - This effort would put the state in a great position if the federal government want to give us a grant for a rural program
From Co-chairs: Transportation - Set aside money for transportation infrastructure improvements
  ■ Electric vehicles and charging infrastructure short haul municipal fleets

Innovative Partnerships

• Education - State CDC and other offices commit to a partnership with education institutions to reopen and to manage outbreaks when they occur
• Childcare - New partnerships between schools and local after-school and childcare programs will need to be created at the local level to address covid-related schedule changes (part-time school and periodic closures)

• Recommendation: Use Coronavirus Relief Funds to fund these partnerships

• From Co-Chairs:
  ○ Maine’s Higher Ed institutions should immediately partner with the PreK-12 system and the private high schools throughout the state to share their guiding principles for a safe return to in-person instruction white paper, and to share ideas and policies around the de-densifying of classrooms, dining, etc., best-practice cleaning protocols, and recommended policies around the use of PPE to help ensure that all PreK-12 institutions can safely return to in-person instruction in the fall.

  ○ The State should put together a major campaign that markets Maine as an Education Destination – featuring the wide-array of secondary and post-secondary educational institutions in our safe, pristine, 4-season, setting. A coordinated and funded effort to bring young people to Maine for their college years would not only be a tremendous economic boost for all of our higher ed institutions and the communities in which they are located, but it is a great way to grow our population and our skilled and educated workforce.

  ○ The State should engage MEMIC to guide and train businesses and organizations around the state on safe return to work policies and practices – to protect Maine’s workforce. The State should also provide funding to support the purchase of necessary PPE, cleaning supplies, and other protective measures to enable a safe and rapid reopening and recovery of all businesses and organizations.

  ○ In an effort to provide some immediate relief to Maine’s Hospitality, Tourism and Retail businesses, the Governor should immediately call on Maine’s businesses and residents to recognize the dire need to help these industries right now in order to preserve this critically-important part of our economic base. To protect and preserve this essential part of our economy, the Governor should engage
prominent businesses in various sectors and contribute funding to support the following initiatives:

- Bring together LL Bean, the Kittery Trading Post, Cabelas and other outfitters to work with Maine’s natural resource-based tourism businesses to create programs and promotions to encourage Mainers to “Get Out And Live” in the vast and gorgeous outdoors - directly promoting camping, hiking, guiding, fishing, rafting, surfing, etc. – connecting Maine people with the vast-array of summer activities and Staycations in Maine.

- Bring together and fund Maine’s premiere marketing firms to work with Maine Magazine, Down East Magazine, Bangor Metro Magazine, as well as the producers of Maine Life and Bill Green’s Maine, to work together to assemble the gorgeous film footage and print materials showcasing the many regions of our state and the infinite day-trips, experiences, and gorgeous adventures that can be had right now. (for example – using the 48 Hours In the Kennebunks (and many other regions) series that Maine Magazine has produced, and the annual Down East Magazine Scavenger Hunts, and highlighting the myriad of interesting and fun places to visit in the various regions of Maine).

- Bring together and fund Maine’s premiere marketing firms to create and advertise widely any number of “Trails” across the state by area of interest/hobby - developing incentives for visiting X-number of stops along the trails, like:
  - The Maine Beer (or Wine or Spirits) Trail
  - The Maine Whoopie Pie (or Donut or Ice Cream) Trail
  - The Maine Lobster Roll Trail
  - The Maine Antiques (or Antique Car) Trail
  - The Maine Art (or Pottery) Trail

- Bring together the regional Chambers of Commerce to develop a special “Gift Certificate” program that encourages Maine businesses to incentivize their own employees to get out and patronize small businesses across the state. Perhaps it is structured like Groupon – whereby an employee pays $25 for a $100 gift card to a local store, restaurant, hotel, guiding service, etc., and the employer pitches in $50, and the State uses CARES Act monies to provide the final $25. (or some variation on this). Employers can reward employees with a special experience while incentivizing them to support the local economy.
Recommendations from Co-chairs and Others

- **Co-chairs:** Meet with Covetrus and figure out how they can see their Maine home as an asset rather than a liability.
- **Bill Burke:** Encourage Maine residents to seek the care they need:
  - Issue a press release describing the urgency of this situation and encouraging our residents to seek care; develop a marketing/PR creative and media strategy with a local agency and the support of communications teams at MaineHealth, Northern Light, etc; draft an op-ed to run in major papers across the state (e.g., PPH, BDN)
- **Co-Chairs:** Medium term work to get ready for stimulus (secure matching funds), and other bond funded targeted investment in the economy
  - 2021 phase in of an increased sales tax, which is paid significantly by out-of-staters most years, by ½ to ¾ of a percent, with the legislature dedicating this money to repaying specific bonds, issued by the state
  - Rally the business and philanthropic communities and wealthy individuals to participate in recovery effort financially and intellectually