

New Jersey Economic Advisory Council Report
George R. Zoffinger, Council Chair

TABLE OF CONTENTS

Council’s Mission Statement 3

Foreword from the Chair 3

I. Executive Summary – COVID-19 in New Jersey 4

II. Council Members 6

III. Council Goals and Reccomendations 8

 a. Promoting Recovery in New Jersey 8

 b. Resuming Employment13

 c. Risks and Recommendations on the Road to Recovery15

 d. Legislative Action Plan18

IV. Conclusion21

V. Appendix

Council's Mission Statement

To provide input and ideas to the Speaker and members of the State Legislature for consideration on how to move forward on recovery from COVID-19.

Foreword from the Chair

The enclosed Report gave the Council many challenges. The virus and reaction to it was a rapidly moving target and many of the early recommendations were implemented successfully while we were doing our work. We have tried to capture more long-term issues and have made recommendations to assist the Assembly Leaders in dealing with them.

On many issues there were conflicting views. We have tried to present these issues as suggestions to be considered and debated. We fully realize that these are views put forth by a thoughtful and diverse group of well-meaning Council members.

We all hope that as you read this report, you do so in the spirit it was written. Recovery from this disease will need a wide variety of ideas. This report is a good starting point.

Our sincere thanks to Speaker Coughlin, members of the State Assembly and to all that participated.

George Zoffinger

I. EXECUTIVE SUMMARY

The COVID-19 crisis that has impacted the entire country, and world, has equally devastated New Jersey. In an effort to ensure that New Jersey can continue to safely and successfully reopen and recover, this Council, under the leadership of George R. Zoffinger, has developed recommendations for Speaker Craig J. Coughlin and the New Jersey Assembly's consideration based on the collective expertise of panel participants in the fields of government, health care, education, higher education, business, commerce, tourism, and social services, among others. These recommendations seek to balance the interests of small businesses, with worker safety, as well as the need for childcare and the safe return of children and teachers to schools with the economic recovery of New Jersey families – all while acknowledging that COVID-19 has had a disparate impact on communities throughout the State of New Jersey. Thus, the Council recognizes that what works best in one community may not necessarily work best in every community throughout the State.

The focus of the panel is to balance concerns related to the public health emergency with those of the state budget and the full and safe reopening of our economy in the months ahead by delving into specific sectors to enable the Council, as a whole, to present recommendations that will enable New Jersey to recover safely, successfully and swiftly. Although New Jersey will continue to face unprecedented challenges as a result of COVID-19, with a comprehensive game plan, New Jersey will get back on track.

This report is a compilation of the Council's recommendations of the issues that the Council believes should be presented to the Speaker and Legislature for consideration to guide New Jersey on its road to recovery. These recommendations must not be considered in a vacuum; rather, in reviewing these recommendations and the issues raised in this report, the Council recommends that the Speaker and the Legislature should not only consult with legal and legislative experts, but should also consult with public health officials to ensure that all appropriate information is considered when evaluating the potential implementation of any resulting legislation, regulations and/or procedures.

According to the US Bureau of Economic Analysis, the nation's Q1 GDP experienced a contraction of -5.0%. Current projections suggest that nationally Q2 GDP could contract as much as -37%. An updated projection analysis from the Congressional Budget Office (CBO) estimates that the nation's real GDP will drop by \$15.7 trillion by 2030, as a result of the economic downturn induced by the COVID-19 health crisis.

As of May 30, New Jersey's estimated total unemployment reached 1,399,003, which is 29% of our civilian labor force. To put this into perspective, "in just two months, New Jersey's job loss was more than double its 10-year employment gain," according to an analysis completed by Rutgers University. According to JPMorgan Chase & Co, the average small business has 27 days of funding in reserves. New Jersey was under a mandatory stay at home order and mandatory closure of non-essential businesses for several months. Given the length of closure for these non-essential businesses in New Jersey, the questions range from when and how businesses re-open to if they are capable of re-opening and staying open.

The Paycheck Protection Program (PPP) was enacted to alleviate the economic strain on small businesses caused by COVID-19. According to a Focus New Jersey analysis, an estimated 14% of small businesses received loans in New Jersey. While these numbers are on par with other states who received similar funding, the reality is that an estimated 86% of businesses have not received federal assistance through the program.

Additionally, over 34,000 small employers (businesses with 1-10 employees) applied for the New Jersey Economic Development Agency's (NJEDA) \$5 million dollar grant program and about 2,500 businesses applied for its \$10 million dollar loan program in just one day. As NJEDA CEO Tim Sullivan has stated numerous times, the programs are widely oversubscribed and most of the businesses that applied will not receive funding.

Small businesses are the backbone of New Jersey's economy. In order to ensure a strong economic future of our state, New Jersey small businesses need to re-open and remain open in a safe and predictable manner and with clear guidelines, so that they can re-employ our civilian workforce. Imperative to achieving economic recovery is ensuring that businesses can re-open and people can return to work, which also requires our schools to be able to provide a safe and reasonable reopening for our children. In New Jersey there are many two-earner families. Thus, in order for the economy to get back on track and for people to return to work, childcare and the safe reopening of schools is critical to ensure that the parents and guardians of two-earner families can return to work. To ensure a smooth and safe transition from the mandatory stay-at-home order to a fully re-opened economy, the Committee not only looked at how to test for COVID-19 as safely as possible, but also evaluated personal protective equipment preparedness and safety measures to be taken and considered going forward.

In addition, the Council heard from a number of its committee members that worker health and safety needs will need to be considered as part of New Jersey's Road to Recovery. Various ideas and proposals are raised by the Council here to address this including additional worker protections, expanding rights and assistance for families, and providing access to healthcare for everyone, especially children.

Finally, the economic recovery of New Jersey families is an absolutely essential component of the recovery of New Jersey businesses and the state's overall economic recovery. If New Jersey families lack the ability to pay their bills and participate in the economy, businesses will struggle, the economy will lag, and of course families will suffer. As such, the basic needs of New Jerseyans must be at the forefront of any discussion related to recovery, as many are and will continue to struggle with a variety – and often multiple – issues, including, but not limited to, finding and/or returning to work and childcare. Also, of importance in this arena, is the disparate impact felt in the various communities and neighborhoods throughout the State such as suburban, urban and rural communities, as well as racial and ethnic neighborhoods.

As New Jersey moves forward, the Council urges the Speaker and the General Assembly to consider the policy recommendations laid out in this report in connection with developing legislation, procedures and protocols. The Council acknowledges that these recommendations must not be considered in a vacuum and should be viewed through the lens of assisting with the

safe re-opening of the State, and helping all of our citizens prepare for future pandemics and crises while protecting the State from future economic disasters.

II. COUNCIL MEMBERS

Council Chair - George R. Zoffinger, Chairman of the New Brunswick Economic Development Corporation

Committee Members and Chairs:

Banking, Legal, Accounting, Public Safety, and Housing

Peter Harvey, Partner at Patterson Belkap (Chair)

Tony Coscia, Partner at Windels Marx

Christiana Foglio, President & CEO of Community Investment Strategies, Inc.

Steve Guidette, Executive Vice President of Business Banking at Provident Bank

Paul Vecchione, Principal, International Planning Alliance, LLC

Education

Dr. Jonathan Holloway, Incoming President, Rutgers University (Chair)

Kyle Anderson, Interim Executive County Superintendent, Middlesex County

Mark Finkelstein, Vice Chair, Middlesex County College Board of Trustees

Economic Development

Chrissy Buteas, Chief Government Affairs Officer, NJBIA (Chair)

Luis De La Hoz, Chairman, Statewide Hispanic Chamber of Commerce

John Harmon, Founder, President & CEO of the African American Chamber of Commerce

Dr. James Hughes, University Professor, Rutgers University

Valerie Montecalvo, President, Bayshore Recycling

Christopher Paladino, President, New Brunswick Development Corporation

Dr. Carl Van Horn, Director, John J. Heldrich Center for Workforce

Peter Visceglia, Owner & Operator, Federal Business Centers

Government

John McCormac, Mayor of Woodbridge Mayor (Chair)

Theresa Berger, Mayor of Howell

Healthcare

Ken Esser, Senior Vice President & Chief of Staff for Corporate Services, Governance & Government Relations, Hackensack Meridian Health (Chair)

Dr. Andrew Brooks, Chief Operating Officer & Director of Technology, RUCDR Infinite Biologics

Amy Mansue, Vice President & Chief Experience Officer, RWJ Barnabas Health

Dom Pelligrino, Bridgeway Senior Health Services

Jon Resnick, President, IQVIA

Infrastructure, Manufacturing, & Labor

Cheryl Norton, President, New Jersey American Water (Chair)

Debbie Hart, President & CEO of BioNJ

Jack Kocsis, CEO, Associated Construction Contractors of New Jersey

Bill Mullen, President, New Jersey State Building & Construction Trades

Charlie Wowkanech, President, New Jersey AFL-CIO

Retail and Tourism

Jack Morris, Founder & CEO, Edgewater Properties, Co-Owner, Hard Rock Casino in Atlantic City & Board Chair, RWJ Barnabas Health (Chair)

Amy Bellisano, Senior General Manager, Brookefield Properties

Vicki Clark, Board Chair, New Jersey Tourism Association

Marilou Halvorsen, President & CEO, New Jersey Restaurant and Hospitality Association

Joe Maurillo, Owner & Operator, Nanina's in the Park

Social Services

Carlos Rodriguez, President & CEO, Community Food Bank of New Jersey (Chair)

Rose Cushing, President & CEO YMCA of Metuchen, Woodbridge, South Amboy

Dena Mottola-Jaborska, Associate Director, New Jersey Citizen Action

Rev. Louise Scott- Rountree, Aide for Clergy Affairs for New Mayor Ras Baraka

Legal Counsel

Genova Burns LLC

James M. Burns, Esq.

Rebecca Moll Freed, Esq.

Maria R. Fruci, Esq.

III. COUNCIL GOALS AND RECOMMENDATIONS

a. PROMOTING RECOVERY IN NEW JERSEY

One of the Council’s main goals was to find ways to encourage and promote recovery for New Jersey as we continue on the path to fully re-opening our state. Leaders in the infrastructure, manufacturing labor, tourism, economic development, and retail industries, developed an extensive list of specific ideas to be considered by the Speaker and the General Assembly, as well as recommended methods to implement the Council’s recommendations to achieve this critical goal.

1. Infrastructure Investment: Identifying additional opportunities for investment in major infrastructure projects that support key New Jersey industries and needs, such as utility infrastructure (water, wastewater, energy, etc.), the Garden State’s life science industry, and general construction, is imperative to the economic recovery of our State. In particular, as noted by the New Jersey Utilities Association (NJUA), infrastructure and utility projects create a significant number of jobs and spur economic activity both directly and indirectly. The NJUA has developed a package of project categories that assist that particular goal, including modernization, enhancements, and risk mitigation, which can be found in the attached Appendix.

Funding for these projects would be through private investment and/or identifying existing state funds through unused bond capacity such as with the 2018 School Security and Water Bond Issue. Additional funds can be identified in underutilized government financing engines such as the New Jersey Environmental Infrastructure Trust/The New Jersey Infrastructure Bank. For increasing support of municipal utility infrastructure projects, one suggestion is suspension of the state law, known as Robert’s Rule. N.J.S.A. § 40A:5A-12.1. (See Appendix for further discussion). These investments, of course, must be balanced with ensuring worker and environmental health and protections. It is well known that worker health is public health, and therefore, this cannot be forgotten when working towards these investments and projects.

2. Streamline Infrastructure/construction projects: To best ensure this growth, current laws governing these projects must be reviewed and revised to address any regulations and/or requirements that slow or limit development opportunities in New Jersey. Enacting a legislative remedy to direct local enforcing agencies to allow utilization of qualified third-party professionals and inspectors, licensed by various state agencies, will assist in reducing backlog and expediting development. The Site Remediation Reform Act that created the licensing program for Site Remediation Professionals at the New Jersey DEP could be used as a guide. Finally, it is imperative that projects currently waiting to start, be allowed to proceed as soon as possible by centralizing and prioritizing inventory of all “shovel ready” projects for Fall 2020, streamlining permitting requirements, and identifying other needs – such as financial gaps – to ensure that these projects can begin promptly.

3. Establish Innovation Evergreen Fund: This Fund was proposed before COVID-19 with the intent of enhancing New Jersey venture funding and investment. The Fund

can be used to bring more venture capital investments to New Jersey while strengthening the State's innovation ecosystem. This vehicle would also be leveraged by private investment and result in significant job growth via company creation and attraction.¹

4. **Attract Active Pharmaceutical Ingredient (API) manufacturers:** Currently, 90% of all API are manufactured in China, which creates a supply chain risk. As such, there is a need to increase focused efforts to bring these manufacturers to New Jersey as they would provide a multitude of construction and other jobs. This would not only have positive effects for the future, generally, but also provide an additional protection from employment shortages for New Jerseyans in the event of another pandemic or supply-disrupting event.

5. **Enacting Tourism and Cultural Zones:** Each year marketing funds for tourism advertising and promotion, grants to Decision Making Organizations (DMO) and to the cultural arts and history programs are at the mercy of a yearly appropriation from the hotel occupancy tax. And while this was intended to be a revolving, increasing appropriation, it has been flat for many years. Other states and jurisdictions permit tourism improvement districts that allow local governmental entities to establish districts to serve the local promotional needs. Establishing the statutory authority to allow municipalities and counties or groups of municipalities and jurisdictions to create self-imposed funds (or a self-imposed tax), managed by a local authority, such as the Wildwood Tourism District would be helpful to local tourism. This process could be expanded to include arts and cultural activities and grants.

6. **Municipal Permitting Flexibility:** This pandemic has had disparate impacts on urban, suburban, and rural communities, as well as along racial/ethnic lines. Our state's recovery and preparedness for similar crises in the future should recognize and respond to these disparate impacts. Municipalities need flexibility in order to manage the reopening process in a safe and appropriate way, including through the issuance of emergency bonds. Further details on this can be found in the attached Appendix. Businesses also need municipalities to be flexible and have quick turn-around in their permitting for operations that might be atypical, such as parking lot retail, retail "trucks and pick up from trucks", tent sales, outside dining, and tented seating areas. In addition, fees should be waived as these businesses are already spending money on new ways to operate that are not profitable but required to ensure they can avoid closing their doors permanently.

7. **Targeted Assistance to Small Businesses (less than 50 employees):** New Jersey's businesses, especially the small businesses which are truly the backbone of our great State, have been impacted by increased expenditures related to COVID-19. As such, special attention needs to be given to specific ways they can be assisted to ensure they will re-open and bring back their workforce. In that light, the State may wish to consider whether it is possible to provide tax rebates or credits for COVID-19 related expenses. Examples of such expenses are PPE, upgraded HVAC filters, sanitizers, and signage, and for restaurants, investing in tables and set up for outdoor dining, line control, and storage for removal of floor fixtures.

¹ See <https://www.nj.gov/governor/news/news/562019/20190320a.shtml>

Another avenue to consider is refocusing a modernized business tax incentive program that concentrates on businesses with less than 50 employees. It is important that the program is fair to taxpayers and will ensure jobs are in fact created to help New Jerseyans. In fact, this is the state's premier job creation and retention program, along with the project-based gap financing program. These expired on June 30, 2019 with no substitute yet enacted. Right sized and targeted incentives meeting New Jersey's core industries is needed now.

Additional specific examples can be found in the attached Appendix.

8. **COVID-19 Liability Protection:** The Committee does not recommend blanket immunity, however, protecting employers, with safe harbors, from frivolous lawsuits will provide significant relief to ailing businesses – most importantly small businesses. Moreover, being mindful of other labor mandates that place additional costs on employers, such as shifting the workers' compensation presumption of where an individual is infected with COVID-19, is important to assist small businesses. A clear plan for addressing liability issues will also help protect state and local governments. Further, because this issue is currently at the forefront of federal legislation, the Council anticipates that it will also be dealt with at the federal level.

This of course must be balanced against the need to ensure protection for employees. Indeed, this issue was raised both by the business owners, as well as the AFL-CIO, which made evident that the two sides need to be heard before any legislation is passed to ensure that both employers and employees are protected from bad actors. Moreover, this will ultimately be an issue that must be addressed and dealt with by the Courts, which we have already begun to see.

9. **Targeted Assistance to Retail and Tourism Industry:** The COVID-19 pandemic has greatly impacted the tourism industry as it severely affected the availability of the seasonal workforce. Specifically, the Summer Work Travel International Worker program is expected to have only approximately 10% of this workforce available to tourism businesses this summer season. Additionally, the unintended consequences of the PUA has enticed many domestic workers to choose unemployment over returning to their seasonal tourism jobs as it has increased their income. Many tourism businesses have reported a decrease of as much as 50% in their domestic applications. Specific recommendations to address and assist with these issues, can be found in the attached Appendix.

10. **Warehouse and Logistics:** Leveraging New Jersey's role in the warehouse and logistics sector is another vital component in recovery efforts.

11. **Real Estate Voucher Subsidy:** - Both commercial and residential landlords have been burdened by the shift in financial responsibility resulting from state policies that ease tenants' rent payment obligations. Landlords cannot maintain and support properties without rent payments from tenants. Recent Legislation and Executive Orders setting forth non-eviction policies – while important to protect the people of this State – have not been balanced by an equal investment in a voucher subsidy that helps residential apartment and commercial building owners to remain financially viable. The real estate industry is carrying a heavy financial burden as a result of residential and commercial tenants who cannot pay their monthly rent after voucher

payments have been exhausted. As such, the State must consider avenues to ease this burden, while maintaining protections for residential and commercial tenants.

In fact, if non eviction policies continue to be expanded, without rental vouchers, minority communities could face disinvestment in housing stock. As such, it is important for New Jersey to acknowledge that the economic burden put on landlords will actually be carried by lower income communities, and therefore hurt the population we are attempting to protect. Further specific information on this issue can be found in the attached Appendix.

12. **Economic Impact Statement:** An economic impact analysis should be required for every new piece of recovery legislation or other similar program so that legislators will understand whether, or not, expenses and/or costs of a particular program are being simply shifted from one segment of the economy to another, thereby passing a hardship from one segment of the economy to another. This shifting of burden just causes economic pain in a different sector and does not address economic recovery. An inter-industry analysis should be undertaken for each program.

13. **Economic Development Agency (“EDA”) Loan Program:** Developing a program based on the federal Small Business Administration’s (“SBA”) 7a Program so that New Jersey companies can receive credit enhanced bank loans to quickly infuse cash into small businesses that need it. This is critical in light of the difficulties faced by small businesses – particularly those with less than 50 employees – in accessing lenders. The following are three proposals to implement this idea:

Proposal One: The EDA would allow currently approved New Jersey-based 7a Program lenders (banks) to offer the same unilateral authority to act on EDA’s behalf to review, underwrite and (most importantly) **approve** deals. The participating banks already have undergone a rigorous SBA vetting and approval process that allows them the delegation of approval authority. (NOTE: EDA presently has “delegated authority” programs. EDA financing would include term loans in the \$250K to \$2M range for 2-10 years with a floating interest rate approximating WSJP + 150 bps (vs. SBA’s 275 bps). To convince banks to take this risk, EDA probably would need to offer on the loans credit enhancements similar to the SBA including a loan guaranty of 75% of the amount loaned. Without this credit enhancement, it is likely that banks will not otherwise take the risk for loans of this type. If this new EDA program was backed with “hard dollars” using a format similar to the SBA program, then banks might be able sell the guaranteed portion of the EDA loan into the secondary market that currently pays 4-10 points per deal. The goal is to make full loan repayment **probable** under the amortization schedule so that the banks are comfortable with the risk and making less of a return on the loans.

Proposal Two: EDA can simply review and approve loans/deals under their existing programs in a more expedited manner; for example, **on a weekly basis**. The EDA should, however, market their loan programs more aggressively.

Proposal Three: The State can use tax or other incentives to encourage New Jersey-based private companies to fund loans within a specific dollar range [\$250K - \$2M] and have the EDA offer credit enhancements including a guaranty of 75% of the loan to make the EDA's program larger. That approach would move the EDA's program from a micro to a macro level. Careful loan underwriting would be key to the success of this approach.

NOTE: Proposals 1 and 3 have a few challenges to be considered: (1) giving the banks incentives to participate given that 7a Program loans have a higher default rate than regular commercial loans, (2) finding a funding source, and (3) absent a private funding source, whether the state will provide the capital.

14. **Corporate Investment in Affordable Housing:** The Neighborhood Revitalization Tax Credit ("NRTC") Program is designed to renew New Jersey's depressed neighborhoods. The NRTC has been hailed as one of the most efficient and useful tools utilizing a corporate tax credit for businesses in New Jersey to invest in targeted municipalities. Since this program has been successful and presently exists at DCA, it offers the perfect vehicle to provide immediate investment into targeted sectors, including much needed production money for the building of affordable housing. The current credit authorization is \$10M annually. We strongly encourage that the annual credit allocation be increased to \$25M - with \$10M dedicated to help fund "ready-to-go" projects at the Housing and Mortgage Finance Agency under the LITC program. The \$15M balance of the fund would be targeted to geographic locations specifically hard hit by COVID-19.²

15. **Federal Deductions:** Urge the Speaker to publicly advocate for the U.S. Congress to raise the federal deduction to \$25,000 for state and local taxes paid by New Jersey residents, which the House of Representatives should pass immediately. High-income earners who live in New Jersey might be encouraged to remain residents of New Jersey and spend money in our state. Some of this tax saving will be spent by taxpayers in our local communities and the money available from this savings will be substantially more than a minor stimulus check.

16. **Support the Recovery of New Jersey's Low, and Moderate, Income Families:** Low, and moderate, income families were hardest hit by the pandemic and resulting economic fallout. As such, the Social Services subcommittee created a list of COVID-19 Family Response Programs that the Legislature can consider to assist with raising money and investing in state funding to assist these families as more money is necessary than the federal government has, or will, provide. These are: investments in housing assistance (for renters and homeowners with mortgages); public health infrastructure; affordable health care coverage expansion; income support for immigrants excluded from support; food assistance; utility bill assistance (water, sewer, gas, electric, phone); increased TANF benefits; and financial assistance for consumers managing debt. Moreover, the State should consider adopting a NJ COVID-19 Bond Act, in addition to other state revenue – raised fairly and sustainably – and the Health Insurance Assessment (HIA).

² See <https://nj.gov/dca/divisions/dhcr/faq/nrtcp.html#1>

17. **Waiver of Individual Responsibility Penalty:** Beginning in 2019, individuals who did not maintain health insurance were subject to a penalty when filing their income tax return in New Jersey. More than three-quarters of New Jersey residents who paid a federal penalty for 2018 had household incomes of less than \$50,000, while more than a third made less than \$25,000. Due to the current financial struggles of these families as a result of COVID-19, there should be administrative or legislative action taken to ensure this penalty is waived during the current COVID-19 emergency. We must act now to ensure families who are already under great fiscal pressure due to COVID-19 will not be forced to pay a penalty this year.

b. RESUMING EMPLOYMENT

With the slow, but steady, reopening of businesses and retail locations, many New Jerseyans are able to return to work. However, as mentioned above, many businesses were significantly impacted by COVID-19 and may be unable to reopen. In order to address the reduction in employment opportunities, and increased unemployment rate, the Council compiled various recommendations to assist in starting new businesses, and growing existing ones, including those set forth below. Specifically, as outlined above – and in the attached Appendix – investing in existing and new infrastructure, attracting pharmaceutical companies to New Jersey, and providing other targeted assistance to small business and the tourism and cultural sectors, are all critical avenues for returning New Jersey to work.

1. **Support Choose New Jersey:** Capitalizing on the work of this existing entity, New Jersey would benefit from investing in a global marketing plan to attract biopharmaceutical and other companies to the State. This would also create a variety of construction and other jobs, in turn bolstering infrastructure and the economy.

2. **2020 NJ Open for Business Campaign:** A campaign similar to efforts made following Superstorm Sandy where the State invested \$25 million to drive tourism back, would help ensure that tourists feel secure in returning to our hotels, beaches and other points of interest. Coordinating with industry groups who are already working on safe and secure programs would be advantageous. Also important is ensuring that Decision Marketing Organizations (DMO) and Cooperative Marketing is secure for 2021.

3. **Preparing for the Reopening of Schools**

One important aspect of looking towards a return of the workforce to their places of employment, is the safe return of our children to school. This area has certainly been at the forefront of all government efforts related to the ongoing COVID-19 crisis, and the Council is supportive of the proposals, and progress made, by the Governor’s office to date, and which will undoubtedly continue in the months ahead. In furtherance of ensuring this critical aspect on the road to recovery is adequately addressed, the Education Subcommittee, composed of well-qualified educators, focused on the issue of “what will it take to reopen our schools”? Generally, the answer is the need for proper testing and adequate PPE supplies for teachers and staff, as well as students who may not be able to come with their own, in addition to a protocol for when

infection makes itself known in a school. In order for these things to happen, our States' education system must have access to the necessary financial resources.

The following provides a list of issues and topics for which our school districts will require guidance and assistance from the New Jersey Departments of Education and Health to ensure our schools are prepared for a safe and responsible reopening. These items should be considered and in fact, some, if not many, have already been put into action by the Governor's Office. Also, important to consider as these policies and procedures are implemented, is the varying needs between school systems in suburban, urban and rural areas. The attached Appendix has further details on each.

1. Custodial/Janitorial Services

- School Cleaning Procedures Schools should follow standard procedures for routine cleaning and disinfecting with an EPA-registered product for use against SARS-CoV-2 from the NJ DOH.³

2. Transportation

- It is not enough to have a pristine physical space, and every other necessary protocol in place at a school, if children cannot be guaranteed safe passage from bus stops to school, and vice versa. As such, procedures and protocols for same should be implemented to ensure school transportation remains clean.

3. Health Screening/Surveillance

- Developing guidelines and procedures informed by federal, state, and county health departments as well as school physician for maintaining a safe and healthy school environment will be necessary.

4. Personnel Considerations

- There must be processes and protocols in place for addressing faculty and staff attendance, and absences, as well as for student instruction on days where there is not adequate faculty and/or staff present at a given school.

5. Personal Protective Equipment (PPE)

- Schools must have sufficient PPE and cleaning/sanitizing materials and supplies available on site, as well as an available supply chain to ensure continued safety and health for students.

6. Social Distancing Guidelines and Considerations

- Plans must be put in place to ensure social distancing can be maintained among students, faculty and staff in all areas of the school from classrooms, to hallways, to lunchrooms and bathrooms.

³ See <https://www.epa.gov/pesticide-registration/list-n-disinfectants-useagainst-sars-cov-2>.

7. Assessment for Student Regression/Social Emotional Need

- This entire experience will certainly affect many students in a variety of ways. As such, varied teaching and learning plans, as well as access to counseling, must be considered and put in place to address the needs of all students both upon their initial return to school, and for whatever period of time beyond that as needed.

8. Student and Instructional Considerations

- Similarly, different methods of instruction must be evaluated to best address the diverse students, as well as the varied impact of COVID-19 on a school's student body. Specifically, students with existing behavioral issues will likely require additional, and perhaps, new assistance following a return to school.

9. Technology

- Technology has played such an integral part in the current home-schooling forced upon the education system by COVID-19. As such, it is imperative to ensure all students – including those with a disability – have access to whatever technology they may need for continued and/or future remote schooling.

c. RISKS AND RECOMMENDATIONS ON THE ROAD TO RECOVERY

On New Jersey's road to recovery, it is also important to focus on future risks, and how to anticipate them so as to be best prepared to confront them in the future. The infrastructure, manufacturing and labor, and healthcare subcommittees provided great insight into lessons that have been learned from the COVID-19 health crisis, and how those can guide our state in preparedness for any such future events. In addition, we must remember to recognize and respond to the disparate impacts this pandemic has had on urban, suburban, and rural communities, as well as along racial and ethnic lines.

1. **Create PPE stockpile:** PPE availability remains a concern of the healthcare industry to support resumption of electives and other procedures, but also to support preparation for an anticipated second wave of COVID-19 this fall (or later). Despite improvements, parts of the PPE supply chain are still fragmented, including supplies of small N95 masks. As such, a PPE plan should be created to address needs throughout the state and region, which are varied. For example, LTC facilities and community hospitals found themselves in need of increased purchasing volume to obtain shipments and reduce costs. In addition, there must be sufficient PPE supplies to extend beyond first responders, and to other essential workers that interact with the public often, such as grocery store employees, utility workers and delivery drivers. Additional efforts that should be made to ensure PPE resiliency can be found in the attached Appendix.

2. **State Strategic Stockpile Taskforce:** As we work to ensure better preparedness for a second wave of COVID-19, or a similar health crisis, there must be attention given to other types of potential crises. Future events may not be healthcare challenges, such as Superstorm Sandy where the greatest needs were for example, fuel and generators. Therefore, creating a taskforce to ensure a stockpile of vaccines, ventilators, fuel, generators, water, road salt and

other items deemed necessary to eliminate reliance on the federal government in the future would be beneficial. Finally, establishing a state and/or county dedicated tax for pandemic preparation to build up these stockpiles should be considered.

3. **Safety Net Reforms needed:** Many frontline, essential workers are falling through the existing “safety net” unemployment and disability programs that should provide them assistance during difficult times such as this pandemic. This often results in adverse health and financial situations for these workers. This pandemic has shed light on several areas of our social “safety net” programs which need to be addressed. Specific issues and recommendations can be found in the attached Appendix.

4. **Increased Testing Capacity:** Creating a public and private working group, comprised of State representatives, clinicians, research institutions, and lab technicians, to develop list of best practices for testing portfolio necessary in New Jersey will assist in substantially increasing testing capacity in the State. This portfolio of testing options must include rapid tests (15-minute tests), traditional PCR tests (18-24-hour turnaround times), and varied testing reagents to provide redundancy in the event of limited reagent availability. Advocacy with Rutgers, Abbott, Cepheid and other rapid test providers will assist to increase testing availability for hospitals, LTC facilities and other facilities that need rapid tests.

5. **Contact Tracing:** A robust contact tracing system is necessary to act upon positive tests and quarantine individuals whether they are asymptomatic or symptomatic. This will provide great assistance for the State’s reopening as well as future outbreaks.

6. **Alternative Sites of Care:** There was an increased use of telehealth services during this COVID-19 crisis, evidencing the need for further expansion of these alternative sites of care to provide increased access to care for everyone in New Jersey. There must, therefore, be actions that expand and improve telehealth accessibility, home care, and other services that can be done outside of the hospital or other healthcare offices, including making current Federal and State Government waivers for telehealth permanent, including reimbursement rates.

7. **Mental Health:** Mental health demands are expected to increase due to the current COVID-19 crisis and may increase further if there is an additional outbreak. As a result, mental health reform needs to be raised again in Trenton to provide universal access to these services across the State, including a renewed focus on tele-psychiatry through an outbreak. Specifically, mental health parity and access bills should be reviewed and made a legislative priority heading into the summer.

8. **Other Healthcare Considerations:** The healthcare industry has been greatly affected by COVID-19, and as a result, requires specific attention in any plans created by the State on its road to recovery, including changes to health insurance, and ensuring a sufficient healthcare workforce. Further information and additional specific examples can be found in the attached Appendix.

9. **Basic Needs:** Many families will struggle to pay bills that will come due in the coming months, as well as facing the reopening of businesses with limited childcare and employment opportunities, which will only exacerbate the reality of paying for basic needs like housing and food. New Jersey's unemployment rate has gone from 3.4% just one year ago - the lowest since the state began tracking in 1976 - to 15.2% currently. A recent analysis by the Community Food Bank of New Jersey (CFBNJ) reveals that the economic impact of the COVID-19 pandemic is projected to increase food insecurity in the state by 56%, with 430,000 New Jersey residents newly at risk of hunger. In addition, according to Feeding America, an estimated 17.1 million additional people will experience food insecurity during the crisis, which is a 46% increase of the 40 million Americans who are normally food insecure. As demonstrated by various food pantries and food banks throughout the State, such as the CFBNJ.

A robust social service infrastructure is especially critical in the communities hardest hit by the pandemic - urban communities and communities of color. The non-profit sector - which typically complements, and supplements safety net supports for those in need - is struggling with increased need while under operational constraints and diminished fundraising opportunities. Additional efforts being made in this area, as well as recommendations, are set forth in the attached Appendix.

a. **Childcare:** Childcare providers and camps are struggling financially after months of closure and are facing higher costs associated with reopening. They are operating with reduced enrollment, while adhering to new safety and sanitation protocols. While the state's financial assistance to childcare centers and camps has been helpful, many measures expired on June 30, 2020 - far too soon given the state of emergency that still exists. A stabilization fund, as other states have established to shore up this vital sector, extension of emergency financial supports, and utilization of the state's procurement power in securing additional PPE, would be helpful measures to ensure returning workers have needed childcare.

b. **Food Insecurity:**

i. NJ SNAP provides more than \$200, on average, to low-income New Jersey households every month for groceries - helping families and struggling local economies at the same time. Unfortunately, data show that even before the pandemic, nearly 30% of income-eligible New Jerseyans were not participating in NJ SNAP. Increased outreach for this important program can help hundreds of thousands of households leverage available federal food assistance at a time when the state has simplified aspects of the application process, and increased benefit amounts to deal with the pandemic.

ii. COVID-19 has presented a perfect storm of increased demand for food, declines in food donations, and disruptions to the charitable food assistance system, on an already strained social service sector overall. While there is much needed effort for a safe restarting and reopening of various parts of our economy, the vast network of feeding programs is focused on sustaining current distributions

into the next 12 to 18 months. Dramatically increased need is already evident at food pantries and food banks across New Jersey and we expect it to grow as the crisis continues. We need to make sure that that food banks and food pantries continue to receive assistance because the more we help families facing a crisis and hunger now – many of whom are seeking help for the first time in their lives – the more they will be able to help themselves in the future with less relying on food banks and the other supports. Additional efforts being made in this area, as well as recommendations are set forth in the attached appendix.

iii. Bolstering other anti-hunger interventions, in addition to SNAP, can help reduce the overwhelming demand for emergency food. While camp closures have resulted in a reduction of summer meal sites for children, increasing opportunities for grab-and-go meal distributions can offset this anticipated loss of meals.

10. **Strengthening the Public Health Infrastructure:** Long term recovery from this pandemic will require us to establish a system to ensure equitable access and distribution of protective equipment, testing and an eventual vaccine. This must be a public oversight, not privately run. This means building out our existing public health infrastructure to establish a broad community based distribution network that utilizes our regional Health Hubs (Newark, Trenton, Passaic, Camden), local public health departments, federally qualified health centers, community health workers and school nurses. Doing so will ensure all New Jersey residents, regardless of income or insurance status, will have equal access to the protective equipment, testing and vaccine when one becomes available. In doing this, we will be better prepared for future epidemics or pandemics.

d. LEGISLATIVE ACTION PLAN

Various suggestions for legislative action were also made by the subcommittees – many of which provide further insight into implementing recommendations discussed above.

1. **Review Insurance Payments for Business Interruption and Product Loss:** As a result of COVID-19, most, if not all, insurance carriers are denying coverage for Loss of Income related to COVID-19 as they claim the cause is outside of most policy definitions. Businesses have also been experiencing this difficulty when making claims for spoilage – such as expired products. As such, a bill to require insurance carriers to have greater transparency with their policies should be considered going forward.

2. **School Year Adjustments:** Local school boards should be given flexibility in adjusting their school year, provided the 180-day requirement is met. For example, a board of education could decide to begin the school year after Labor Day by making other adjustments to their school year calendar. For some districts, this would allow schools additional time to prepare for the safe and responsible return of students this fall, as well as providing seasonal businesses with an additional week after Labor Day to continue business.

3. **State Borrowing of Funds:** The benefits of legislation (A4175) that allows the State of New Jersey to borrow funds to help with anticipated budget shortfalls over the next 15 months and to finance cash flow needs this fall was emphasized by the Assembly subcommittee. While long term borrowing to cover operating expenses is not an optimal solution, allowing the State to finish the year with a budgetary deficit would have a tremendous negative long term impact on the State's finances and its credit agency bond ratings and cause increases in interest expenses.

4. **Local Borrowing of Funds:** Similarly, the Assembly subcommittee also strongly supports legislation (A3971) that allows local government entities to borrow to help with anticipated budget revenue shortfalls over the next 12 months, to finance cash flow needs and to cover unanticipated expenses incurred for salaries, supplies, equipment and other items related to the response to the COVID-19 crisis. The ramifications of deficits are very similar to those for State borrowing.

5. **E-Procurement:** The Committee strongly supports the permanent adoption of emergency regulations that approve the use of e-procurement by local governmental entities. Many units either postponed the public opening of bids or proceeded with them which potentially puts employees and bidders at risk. The adoption of permanent regulations will allow for a full level of timely service while maintaining a safe environment for all involved. New DCH guidance should be considered when looking to create new regulations in this area.

6. **Early Retirement Incentive:** The State of New Jersey could consider offering an Early Retirement Incentive Program (ERIP) to its employees, which could then also be permitted at the local government level. There would need to be an oversight process to ensure that there would be a savings from the plan – perhaps a sign-off from the local auditor who could act similarly to a Licensed Site Remediation Professional. There should also be a requirement that only a certain percentage of those who retire not be replaced to ensure that savings are realized. Offering an ERIP is a more humane way to cull the workforce before resorting to layoffs and furloughs in times of financial distress such as the current situation. Of course, this also needs to be considered and balanced against the needs of workers and to protect employees.

7. **Relaxing Municipal Budget Laws:** Municipal budget laws have very strict guidelines regarding a host of issues that need to be relaxed in the next 12-18 months to assist with recovery and growth, including:

- a. Revenue anticipation is limited to the amount of cash receipts of the prior year. For 2021, (assuming the impact of COVID-19 has been mitigated from a health standpoint), towns would be limited to 2020 cash receipts which were artificially lowered by the impact of the virus. Towns should be able to responsibly predict revenues using data from comparable prior years. In particular, accounts such as Hotel Taxes, Municipal Court Fines, Building Permits and others will show severe reductions in actual receipts versus budget projections.
- b. The CAP on municipal expenditures should be increased above and beyond the statutory calculation based on inflation and other factors. The list of extraordinary

expenses is expansive including, for example, salaries and overtime, personal protective equipment, and building renovations. Fitting all of these within the normal CAP while also dealing with normal increases in salaries, utilities, insurance costs and pension payments would be incredibly hard for 2020 and 2021 due to COVID-19. Alternatively, if increasing the CAP is not possible, then permission could be granted to move certain emergency related expenses outside the CAP.

- c. Any budget shortfall due to COVID-19 would have to be covered by an Emergency Appropriation which then must be raised within the next municipal budget. For reasons already explained above, this would cause an enormous burden on municipalities already dealing with these issues. The amount should be able to be spread out over multiple years up to five.
- d. There are likely to also be deficits in utility budgets for water, sewer, parking, recreation and many others because of revenue shortfalls and extraordinary expenses. These deficits must also be raised in the ensuing already-challenged budget. Consideration should be given to allowing these amounts to be spread over several years and since the Deficits in Utility Operating Budget line is inside the CAP, consideration should be given to allowing it to be moved outside the CAP.
- e. Reimbursements for COVID-19 related expenses will likely be received past the end of municipal fiscal years for expenses incurred during those years. The State should allow for these Receivables to be booked without offsetting Reserves for Receivables.

8. **Worker Protections:** The Social Services subcommittee compiled a number of priorities they are urging the Legislature to consider and weigh against the other concerns and issues set forth in this report. Specifically, the priorities identified by these experienced individuals include, ensuring that employees have sufficient emergency paid sick days for their return to work, are protected from unsafe workplaces or facing retribution or retaliation for objecting to same, access to workers' compensation for our essential workers, providing sufficient access to testing, establishing a process for addressing reports of unsafe workplaces, and expansion of the New Jersey Family Leave Insurance. Additional and more specific information provided in the attached Appendix.

9. **Insurance Coverage for all Children:** An estimated 600,000 people in New Jersey were uninsured before the COVID-19 pandemic, and thousands more lost their coverage when they lost employment, over the last few months. The pandemic underscores and amplifies what we already knew, that for the sake of public health, all New Jerseyans must have health coverage, especially children. As such, the Legislature should consider addressing this issue and expanding coverage for all New Jersey children.

10. Emergency Medicaid Coverage for the Uninsured – Emergency Medicaid can be used to expand coverage for uninsured individuals for COVID-19 related testing and treatment. This can be done by the State – without legislative action – by:

- a. expanding the use of Emergency Medicaid,
- b. adopting the new COVID-19 testing eligibility group allowed for in the federal pandemic relief bill,
- c. expanding the entities that can engage in presumptive eligibility (thereby giving immediate coverage to individuals for 60 days) to include testing sites and other entry points where the uninsured present for COVID-19 related testing/treatment,
- d. making the recent change to 12-month continuous eligibility permanent, and eliminating the 3-month waiting period for CHIP.

11. Debt Collection Moratorium and Consumer Credit Score Protection: COVID-19 relief must include provisions for comprehensive financial security that will assist in spurring a successful economic recovery. Just as unemployment benefits have been implemented and expanded to address the extraordinary circumstances in the workplace during the crisis, the extraordinary financial stress that consumer debt (including car loans, credit cards and other debt) will cause on households and small businesses during and immediately after the crisis, should also be addressed.

IV. CONCLUSION

The above recommendations are not all encompassing, but rather the product of the Council's efforts to create ideas and suggestions for the Speaker and the General Assembly to consider to best assist our State in addressing the difficulties it has, and will continue to face, due to the COVID-19 pandemic. While some ideas can be easily implemented – and in some cases have already been put into action – others will require more work, time and effort to see through. The Council also recognizes that many of the issues raised in this report are multi-dimensional and will require careful consideration of varying – and potentially conflicting – interests. Regardless, the Council believes that this Report creates a good starting point for New Jersey's road to recovery. As such, these ideas will be taken to the appropriate Assembly committee chairs for review to determine whether they can be implemented, and where appropriate turn them into law and policy.