

Instead of a Quarter 1 Snapshot, this section will be dedicated to lessons to consider for the next public infrastructure investments.



CALIFORNIA ECONOMIC SNAPSHOT



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Don't Waste a Crisis – Prioritizing “People-First” Public Infrastructure Investments for an Improved “New Normal”

The California Economic Snapshot is a quarterly review of key economic indicators across the State of California and the nation. Due to the 2020 coronavirus (COVID-19) pandemic, an unprecedented public health crisis that has endangered vulnerable populations and caused sudden and dramatic shifts in our way of life; the reliability, applicability, and availability of economic data is limited. As such, there will be no Quarterly Snapshot of economic data prepared for the first quarter of 2020.

The California Economic Snapshot is produced quarterly by **Economic & Planning Systems, Inc.** (EPS) through a research partnership with the California Academy for Economic Development (CAED) a foundation managed by the California Association of Local Economic Development (CALED). EPS is a full-service economics consulting firm with expertise in economic development and revitalization, real estate economics, fiscal and economic impact analysis, public finance, land use and transportation, and housing policy. To learn more about EPS, visit www.epsys.com.



The phrase **“Don't Waste a Crisis”** – first used in observing that a medical crisis can trigger **improvements** in aspects of one's personality, mental health, or lifestyle – is a maxim that applies directly to the aftermath of our current COVID-19 crisis.

We need significant funding for state and local governments to address pandemic response costs, vital infrastructure, economic resiliency, health care capacity, and election security, among others. In our efforts to “get back to normal” quickly we should not leap immediately to what is “shovel ready” or “shelf ready”. Below are some lessons to consider as we reflect on what comes next for public infrastructure investments.

Lesson 1: Today's Inequity is Dangerous and Intolerable. COVID-19 has exposed America's alarming inadequacies – and inequities – in access to health care, food, education, information technology, work-place protections, and economic mobility, among others. Compounding the problem, many of our “essential workers” earn low wages and face higher risks of contracting COVID-19, spreading it, and perishing from it. **These disproportionate risks are harmful to these families and communities, perilous for all of us who rely on them, and intolerable affronts to our democracy.**

Lesson 2: Preserving our Climate Saves Lives. During our “Safer at Home” strategies, the world's climate has experienced lower greenhouses gas emissions and fewer industrial effluents,

among other benefits – and the visible results have been dramatic. **Investments in cleaner industries and cleaner public infrastructure must be critical priorities**, not treated as a “nice to have” reserved for the wealthy among us.

Lesson 3: Connecting Infrastructure to Serving People. We need investments that reflect “values-based” criteria. Our investment decisions should be based on “People-First” values. The principles laid out by the Center for American Progress serve as relevant examples. They include a focus on communities facing the greatest needs, addressing climate risks, and improving job quality and wages, among other factors.

Healing the Climate and Ourselves

America's local newspapers show clear skies and clear roads in cities normally clogged with smog-inducing traffic.

The Economist reported on the Yumana River near India's capital city of Delhi. Normally it would appear like a sewer at this season, but now it is flowing cleanly for the first time in years – certainly due to closure of industries upstream.

Forbes magazine cited the work of Professor Marshall Burke, a Stanford University Earth Systems scientist, who concluded that roughly 50,000 to 75,000 Chinese lives were spared due to reduced air pollution during the pandemic-induced lockdown of that country, alone.

About the Author:

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Conclusion: What “People-First” Investment Could Mean in Practice.

Ideally, our state and national infrastructure investments would prioritize the following vital needs:

1) Health Care: to address capacity gaps and systemic inequities. We need a focus on communities with inadequate access to health care facilities and vital preventative services. The health care sector may need to adjust some business models to adapt to our “new normal.” **Public investments can facilitate transitions to more optimal allocation of resources and personnel to meet evolving needs.**

2) Improved Coordination, Innovation and Technologies: to enable rapid response of people, equipment and supplies to the areas of greatest need. What governments have been able to expedite in “crisis mode” should serve as an example for what we can do during a “new normal” to facilitate responsive and effective solutions. Related technology improvements would be giving students and workers universal access to the internet regardless of income level or geographic location; enhancing data analytics, election security and health care privacy; and helping small business owners identify new ways of serving customers safely. **Training displaced workers in new technologies and providing small businesses with contracting opportunities would be critical elements of this strategy.**

3) Sustainability and Equality: to create lasting impact from the public dollars spent. We must combine infrastructure investments with cleaner technologies and enhanced workforce training that builds on the historic achievements of our precedents – the Civilian Conservation Corps and the Works Progress Administration. We need to actively address those in need – including the roughly **33.5 million** unemployed American workers, some whose jobs may not exist in our “new normal.” Our investments must facilitate upward mobility for those at lower socioeconomic levels who are most vulnerable to devastating health and financial consequences of another pandemic. **In this way, we can achieve a stronger, safer, healthier, and more equitable future.**

Innovation is Critical

- 1) Greater collaboration, rather than competition or condemnation, would help public sector agencies make the most of limited resources in times of crisis and times of recovery and beyond.
- 2) We need to advance beyond barriers and redeploy resources where the need and opportunity to achieve broad public benefits is the greatest. Possible examples:
 - Train furloughed retail and restaurant workers in contact tracing to reduce future spikes in infection rates.
 - Facilitate flexible manufacturing resources and secure supply chains so that critical items will be there when we need them.
 - Prevent the halting of a multi-billion dollar economy for lack of a “2-cent part” (e.g., lack of swabs needed for coronavirus testing).

Inclusion is Essential

- We must prioritize investments that reach all levels of our society – failure increases the risk to everyone.
- Increasing access to health care and new job training opportunities must be combined with increasing trust to be effective.
- Even the private sector can play a role. For instance, diversifying the workforce among the professions in the energy and construction sectors is long overdue.
- Apprenticeship programs beyond the traditional “building trades” can be combined with higher education to bring more underrepresented women and minorities into these sectors.

¹ M.F. Weiner, in the Journal of Medical Economics, “Don’t Waste a Crisis: Your Patient’s or Your Own, 1976 <https://freakonomics.com/2009/08/13/quotes-uncovered-who-said-no-crisis-should-go-to-waste/>

² Based in part on concepts articulated by social venture capitalist Chamath Palihapitiya, CEO of Social Capital.

³ <https://www.americanprogress.org/issues/economy/news/2020/03/06/481367/5-infrastructure-principles-fiscal-stimulus-response-coronavirus/>