

HOW STATE & LOCAL GOVERNMENTS SHOULD CONSIDER SPENDING AVAILABLE AMERICAN RESCUE PLAN FUNDS





About Texas Appleseed

Texas Appleseed is a public interest justice center that works to change unjust laws and policies that prevent Texans from realizing their full potential. Our nonprofit conducts data-driven research that uncovers inequity in laws and policies and identifies solutions for lasting, concrete change.

Mission

Texas Appleseed promotes social, economic, and racial justice for all Texans by leveraging the skills and resources of volunteer lawyers, other professionals, and community partners to identify practical solutions to difficult, systemic problems.

CONTACTS

Deborah Fowler

Executive Director
dfowler@texasappleseed.org

Brennan Griffin

Deputy Director
bgriffin@texasappleseed.org

Ann Baddour

Director, Fair Financial Services Project
abaddour@texasappleseed.org

Jennifer Carreon

Director, Criminal Justice Project
jcarreon@texasappleseed.org

Andrew Hairston

Director, Education Justice Project
ahairston@texasappleseed.org

Gabriella McDonald

Pro Bono & New Projects Director
gmcdonald@texasappleseed.org

Brett Merfish

Director of Youth Justice
bmerfish@texasappleseed.org

Madison Sloan

Director, Disaster Recovery & Fair
Housing Project
msloan@texasappleseed.org

RECOMMENDATION CATEGORIES

General

Housing

Children & Families

Community Infrastructure

Education

INTRODUCTION

The American Rescue Plan Act (ARPA) includes \$350 billion for local governments in order to “provide a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.”¹

The funds are intended to directly help people in need in response to the COVID-19 pandemic, and Texas’ total allocation is more than \$26 billion.

The pandemic exacerbated racial and economic² disparities, and Texas Appleseed recommends that Texas counties and cities receiving these funds put those funds towards closing those gaps. Specific recommendations are included in this document, but Texas Appleseed has some general guidelines underlying its recommendations. First, equity should be considered affirmatively on the front end. There should be metrics-oriented goals and evaluation of the programs funded by ARPA. Since the pandemic deepened inequality, these programs should be designed specifically to target closing those gaps.

Establish a Framework that Affirmatively Advances Equity

Jurisdictions should establish an equity framework to guide the investment of ARPA funds, focused on the most urgent needs of their communities in health, housing, jobs, and education.³ Programs should be set up so they can directly measure impact across statuses, including race, ethnicity, gender, economic status, and disability status. Marketing and outreach for hard-to-reach populations should be prioritized as part of the programs. Programs should minimize barriers for the most affected families but provide them with maximum benefits. Finally, programs should be evaluated carefully, and outcomes should be published. If time permits, they should be evaluated midstream to identify needed changes. Programs work better for everyone when you ensure that you include the hardest to reach populations and those with the most urgent needs, when you ensure that those communities know about the programs and can access them, and when you make ongoing adjustments to ensure that the programs continue to work well.⁴ Jurisdictions should also analyze the factors that contribute to the identified disparities, in order to ensure that ongoing policies and programs continue to reduce disparities and make their whole communities more resilient in the face of future disasters.

- 1 U.S. Dept of Treasury, Coronavirus State and Local Fiscal Recovery Funds (2021), available at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds> (last visited August 21, 2021).
- 2 Low-wage workers, disproportionately employed in service industries, bore the brunt of job losses. Many of these workers are women and minorities; in 2019, for instance, 58.7 percent of U.S. hotel and motel employees were women and 58.6 percent were members of ethnic minorities, according to the U.S. Bureau of Labor Statistics. Opportunity Insights, a Harvard-based research and policy institute, found that employment among Texans making less than \$27,000 per year fell by 17 percent from January through Oct. 22, 2020. Employment for middle-wage workers (\$27,000 to \$60,000 per year) declined by just 3.6 percent; for workers earning more than \$60,000, employment actually rose, though only slightly (0.5 percent). Texas Comptroller, Weathering the Pandemic: Texas Industries and COVID-19 (January 2021), available at <https://comptroller.texas.gov/economy/fiscal-notes/2021/jan/pandemic.php> (last visited August 22, 2021); see also Urban, Where Low Income Jobs are Being Lost to COVID-19 (August 6, 2021), available at <https://www.urban.org/features/where-low-income-jobs-are-being-lost-covid-19> (covering information on jobs loss by county in Texas).
- 3 See, e.g., David Berry et al., Harris County Budget Management Department, American Rescue Plan Act (ARPA) Equity Framework (April 22, 2021), available at https://budget.harriscountytexas.gov/doc/ARPA/ARPA_Equity_Framework_4_22_21_ADOPTED.pdf.
- 4 Rachel Looker, National Association of Counties, Counties Use ARP Funds to Advance Equity (July 12, 2021), available at: <https://www.naco.org/articles/counties-use-arp-funds-advance-equity> (last visited August 22, 2021) (“At its core, equity means centering those communities, not excluding others but making sure you’re addressing the needs of communities and individuals either willfully or unintentionally excluded previously[.]” (quoting Clarence Wardell, III, Chief Data and Equitable Delivery Officer, White House Rescue Plan Team).

Second, the funds are a one-time source of funding, so any new programs that may have a long-term component should keep sustainability in mind. All ARPA funds for local governments must be obligated by December 31, 2024, and spent by December 31, 2026, so other sources of funding for long-term programs should be identified early. Finally, disaster recovery should prioritize programs that increase resilience. This means that there should be priority given to programs that build communities and connections between people, and help people improve their household stability.

Another consideration is that the homicide rate has increased around the country, while other types of crime have generally fallen.⁵ Consequently, several of the measures we recommend have been shown by peer reviewed research to reduce crime and violence, and can be a direct response to this issue. We specifically do not recommend increasing police staffing. ARPA funds are one-time, and additional sources of funding would have to be found to continue salaries for police officers after the ARPA funds are no longer available. Police also have many additional costs to communities not shared by the programs recommended here. Although increased police staffing may reduce crime, it clearly results in increased low-level arrests and jail populations that have considerable costs to people, society, and even local governments, including increasing COVID-19 cases in surrounding communities.⁶ The solutions recommended by this report are equally effective and do not come with the costs associated with an increased police force.

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- 5 Much remains murky about the causes — explanations range from a loss of the community supports and programs that reduce violence and increases in gun ownership, to theories about police pulling back in the wake of the historic protests after the murder of George Floyd. See, e.g. Alec MacGilles, ProPublica, What Philadelphia Reveals About America's Homicide Surge (July 30, 2021), available at <https://www.propublica.org/article/philadelphia-homicide-surge> (last visited August 21, 2021).
- 6 Michael Ollove, The Pew Charitable Trusts, How COVID-19 in Jails and Prisons Threatens Nearby Communities, (July 1, 2020) available at <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2020/07/01/how-covid-19-in-jails-and-prisons-threatens-nearby-communities> (last visited August 21, 2021).

RECOMMENDATIONS

General



Recommendation 1:

Direct Cash Assistance

The loss of a job or of some percentage of income affects families' ability to pay costs for everything from housing to diapers. Job loss also means loss of health insurance and increased health care costs. For many families, the fact that “the rent eats first” has meant food insecurity and hunger. As enhanced unemployment benefits end, families have fewer resources but the same or increased expenses for rent, food, health care, child care, and transportation. Because the needs of individual families vary, it is critical that they have access to direct cash assistance that allows them to prioritize their most urgent needs.

When you give people in need cash without conditions attached, they use that cash to buy goods and services that improve their lives, increase their future potential earnings, and support the local economy.⁷ While ARPA provided direct federal cash assistance payments, passthrough state and local funds can and should also be used for this purpose.⁸ These programs have also been shown to reduce violent crime.⁹ Any direct cash assistance programs should ensure accessibility is simple, verify awareness of the existence of the program is high, and account for equitable allocation and distribution of available funds.

Housing



Recommendation 2:

Rental and Mortgage Assistance

The state and many local government programs are already using a separate set of funding for emergency rental assistance (ERA) and eviction prevention. However, over 1 million Texas families

7 See, e.g., Prosperity Now, *The Case for Direct Cash Transfers: How Organizations Can Support Communities in Navigating the Covid-19 Financial Crisis*, available at <https://prosperitynow.org/sites/default/files/resources/The-Case-for-Direct-Cash-Transfers.pdf>; Laura Meyer & Ife Floyd, Center on Budget & Policy Priorities, *Cash Assistance Should Reach Millions More Families to Lessen Hardship* (Nov. 30, 2020), available at <https://www.cbpp.org/research/family-income-support/cash-assistance-should-reach-millions-more-families-to-lessen> (last visited August 21, 2021).

8 U.S. Dept. of Treasury, *Coronavirus State and Local Fiscal Recovery Funds Frequently Asked Questions*, FAQ 2.6 (July 19, 2021), available at <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>.

9 Caroline Palmer et al., *Journal of Public Economics*, Volume 169, “Does Emergency Financial Assistance Reduce Crime,” pp 34-51 (October 17, 2018), available at <https://socialinnovation.usc.edu/wp-content/uploads/2019/02/James-Sullivan-Does-emergency-financial-assistance-reduce-crime.pdf>.

remain at risk of eviction, and there have been many documented evictions during the pandemic, despite the CDC moratorium and various statewide programs. As ERA funds are depleted, local governments should consider using their stabilization funding to continue those programs. There are a number of resources, including the National Low Income Housing Coalition, that outline best practices for eviction prevention programs.¹⁰

Eviction prevention is essential because:

- Evictions increase the risk of doubling up with other family or friends and homelessness, which demonstrably increases the risk of COVID-19 and community spread of COVID-19;
- When pregnant mothers are evicted, their babies are more likely to be born prematurely or at low birth weights, and may also have higher infant mortality than other infants, even when they are born to mothers who were evicted at times when they were not pregnant;¹¹
- Individuals under threat of eviction have negative health outcomes, both mental (e.g., depression, anxiety, psychological distress, and suicide) and physical (poor self-reported health, high blood pressure and child maltreatment);¹²
- Housing instability affects school stability and academic outcomes for children;
- “Evictions cause large and persistent increases in the risk of homelessness, elevate long-term residential instability, and increase emergency room use”;¹³ and
- Evictions have long-term negative consequences for individuals and families, including keeping families from accessing housing in the future.



Recommendation 3:

Permanent Supportive Housing

The rate of eviction and ongoing housing instability are also rooted in Texas' affordable housing crisis. For every 100 extremely low-income renter households making 30% of Area Median Income (AMI) or less (approximately \$22,000 for a family of four, depending on the area), there are only 29 affordable and available housing units, and for every 100 very low-income renter households making at or below 50% of AMI (approximately \$38,000 for a family of four), there are only 41 units.¹⁴ Eighty-nine percent (89%) of extremely low-income and 81% of very low-income renters are cost burdened, paying more than 30% of their income for rent and utilities in Texas.¹⁵ Seventy-four percent (74%) of extremely low-income and 32% of very low-income renters are severely cost burdened, paying more

10 See National Low Income Housing Coalition, Research Lab, available at <https://nlihc.org/resource-hub> (last visited August 21, 2021).

11 Gracie Himmelstein and Matthew Desmond, JAMA Pediatrics, Association of Eviction with Adverse Birth Outcomes Among Women in Georgia, 2000 to 2016 (March 2021), available at <https://jamanetwork.com/journals/jamapediatrics/fullarticle/2776776>.

12 Hugo Vásquez-Vera et al., Social Science & Medicine, Volume 175, The Threat of Home Eviction and its Effects on Health Through the Equity Lens: A Systematic Review, (February 2017) pp 199-208, available at <https://doi.org/10.1016/j.socscimed.2017.01.010>. (“[T]he distribution and extent of these outcomes depend on inequity dimensions such as gender, age, ethnicity and territory.”)

13 Robert Collinston & Davin Reed, The Effects of Eviction on Low-Income Households (October 2018), available at https://economics.nd.edu/assets/303258/jmp_rcollinson_1_.pdf.

14 National Low Income Housing Coalition, Out of Reach 2021, available at <https://reports.nlihc.org/oor> (last visited August 22, 2021).

15 *Id.*

than 50% of their income on rent and utilities in Texas.¹⁶ An increase in lack of affordability leads to an increase in homelessness.

Designed to help individuals avoid or escape homelessness and maintain affordable housing, permanent supportive housing is an intervention that ensures participants not only have affordable, sustainable housing but that they are supported by wraparound services to maintain stability. The ARPA Interim Final Rule specifically addresses programs that provide permanent supportive housing.¹⁷

Children & Families



Recommendation 4:

Support Services for Young People in Their Communities Instead of in Juvenile Justice Facilities

At the beginning of the pandemic with the threat of COVID-19 quickly spreading in close settings, many juvenile justice facilities reduced the number of youth in their care by sending young people to diversion programs or finding ways for them to receive services in the community. For example, youth can receive counseling and after-school tutoring through organizations in their neighborhood. According to national survey data, the number of young people in local secure detention centers fell by 24% in March of 2020.¹⁸ In Texas specifically, there was a 25% decrease in youth incarceration between March and October of that same year.¹⁹ This trend towards minimizing young people's involvement in the justice system and reducing the number of children in facilities is a positive one and one that should be supported with additional investment in community-based services and programs.



Recommendation 5:

Mental Health Support for Young People in the Juvenile Justice System

The pandemic uprooted lives and communities, changing how we all interact with one another and even isolating us from our loved ones. Young people in the juvenile justice system were cut off from their families, without access to in-person visits and only some access to visits virtually.²⁰ In some

16 National Low Income Housing Coalition, "The Gap: A Shortage of Affordable Homes" (March 2021) available at <https://reports.nlihc.org/gap> (last visited August 22, 2021). We are using HUD's 2021 Income Limits for the State of Texas. We note that AMI varies between HUD Metropolitan Statistical Areas or by county. HUD USER, Income Limits, available at https://www.huduser.gov/portal/datasets/il/il2021/select_Geography.odn (last visited August 22, 2021).

17 See U.S. Treasury, supra note 8, at FAQ 2.11.

18 The Annie E. Casey Foundation, At Onset of the COVID-19 Pandemic, Dramatic and Rapid Reductions in Youth Detention (April 23, 2020), available at <https://www.aecf.org/blog/at-onset-of-the-covid-19-pandemic-dramatic-and-rapid-reductions-in-youth-de> (last visited August 21, 2021).

19 Youth First, States at a Crossroads: Youth Incarceration Down During Pandemic (March 2021), available at <https://backend.nokidsinprison.org/wp-content/uploads/2021/03/NKIP-2021-Covid-Report-4P.pdf>.

20 Texas Tribune, Texas prisons, youth lockups cancel visitation after coronavirus disaster declaration (March 13, 2020), available at <https://www.texastribune.org/2020/03/13/texas-prisons-cancel-visitation-coronavirus/> (last visited August 22, 2021).

facilities, young people were placed in isolation as a way to contain the virus,²¹ and the trauma they were already experiencing was compounded. As the pandemic continues with new variants, it's important to consider that the impact of being isolated and the continued stress of the unknown are difficult for all of us but are particularly traumatizing for youth in the justice system.²² More investments should be made for mental health treatment and support for young people in the justice system from professionals with specific training in trauma.²³ When young people are released and returned to their families, it's important that they have received emotional supports and mental health treatment while in care or in detention. Mental health treatment for youth also has been proven to reduce crime, especially when targeted to those who are already system involved.²⁴



Recommendation 6:

Summer Jobs Programs for Youth

Summer jobs programs for youth have long-lasting benefits, from long-term reductions in crime to improved economic success.²⁵ These programs must be well designed, with partnerships with government agencies, local nonprofits, and businesses that can productively employ youth with work appropriate to their skills. Simply “warehousing” youth may fail to bring any substantial longer-term benefits. Setting up such programs requires advance effort, so if an initiative is started in the Fall of 2021, such programs might be ready by Summer 2022. Attention must be paid to making sure that youth can access the jobs, potentially including travel allowances or public transportation. In Chicago, one program also offered cognitive behavioral health treatment for at-risk youth, with promising results.²⁶



Recommendation 7:

Child Tax Credit (CTC) Campaign

The child tax credit (CTC) is a tax benefit granted to American taxpayers for each qualifying dependent child. ARPA enhanced this tax benefit by up to \$1,600 per child, depending on the age of the child, and it already seems to be having a positive impact on families.²⁷ However, families need to know about and understand how to access this payment.²⁸ Additionally, the “public charge” restrictions on green cards instituted by the Trump Administration, which had a chilling effect for

21 Texas Appleseed conversations with county level facilities during COVID-19 (Spring 2020).

22 See e.g., NPR, COVID-19 Lockdowns Have Been Hard On Youth Locked Up (March 29, 2021), available at <https://www.npr.org/2021/03/29/979986304/covid-19-lockdowns-have-been-hard-on-youth-locked-up> (last visited August 22, 2021).

23 See Council of State Governments Justice Center, American Rescue Plan Act of 2021: Guide to Advancing Justice-Related Goals (2021), available at <https://csgjusticecenter.org/publications/american-rescue-plan/> (last visited August 22, 2021).

24 Elisa Jácome, Working Paper at Princeton University (November 2020), Mental Health and Criminal Involvement: Evidence from Losing Medicaid Eligibility, available at https://elisajacome.github.io/Jacome/Jacome_JMP.pdf.

25 Alecia S. Modestino, Journal of Policy Analysis and Management, How Do Summer Youth Employment Programs Improve Criminal Justice Outcomes, and for Whom? (April 15, 2019), available at <https://onlinelibrary.wiley.com/doi/abs/10.1002/pam.22138>.

26 Sara Heller et al., Office of Juvenile Justice and Delinquency Prevention, The Effects of Summer Jobs on Youth Violence (August 2017), available at <https://ojjdp.ojp.gov/library/publications/effects-summer-jobs-youth-violence> (last visited August 22, 2021).

27 See e.g. Daniel Perez-Lopez, U.S. Census Bureau, Household Pulse Survey Collected Responses Just Before and Just After the Arrival of the First CTC Checks (August 11, 2021), available at <https://www.census.gov/library/stories/2021/08/economic-hardship-declined-in-households-with-children-as-child-tax-credit-payments-arrived.html> (last visited August 22, 2021).

28 See Tax Policy Center, Urban Institute, Brookings Institution, Where Are Families Most at Risk of Missing Out on the Expanded Child Tax Credit?, available at <https://www.taxpolicycenter.org/feature/where-are-families-most-risk-missing-out-expanded-child-tax-credit> (last visited September 10, 2021).

mixed status families, were reversed by the Biden Administration.²⁹ Texas has many mixed status families, and the CTC is available for any citizen child. Given the recent CTC expansion and increase, this is a huge policy win to lift children and families out of poverty. Creating an outreach campaign³⁰ to explain the reversal of the public charge ruling and encourage all families to access the CTC could help increase financial stability for Texas children and families as we continue to experience and recover from the COVID-19 pandemic. A small expenditure to increase awareness of the CTC and its processes could have a relatively large impact for local municipalities and the families that live there. Currently, accessing the CTC automatically requires that households file a tax return or otherwise register with the IRS.³¹ Since many low-income households do not file taxes,³² they may be losing out on a major benefit if outreach is not conducted.

Community Infrastructure



Recommendation 8:

Ensuring Broadband Access for All

As businesses and schools started to close their doors in March 2020, it became readily apparent that internet access should be considered an essential utility. With the closure of libraries and other public spaces that normally provide wifi to those without home access, suddenly millions were without access to school work, job applications, housing applications, or even medical help through telehealth service options. In Texas, there are an estimated 9 million residents who do not have a broadband internet connection.³³ Even “hotspots” failed to be a true solution, as they were often unreliable or could not be expanded to serve wide-enough areas.

With school going virtual in the wake of COVID-19, many students fell behind because their area or their family lacked consistent access to the internet, making it difficult to keep up with assignments and be present virtually at school. As we continue to navigate the pandemic and any new variants, the ongoing need for virtual schooling continues to reappear as communities experience outbreaks or young people themselves have to quarantine.

Even though online platforms and application processes were already commonplace for things like employment, housing, medical care, and general connection to friends and family members, an online connection became absolutely necessary during this time for these purposes. Realtors were showing homes to prospective renters/buyers via online video platforms. Interviews and onboarding

29 See Hamutal Bernstein, et al., Urban Institute, *Immigrant Families Continued Avoiding the Safety Net during the COVID-19 Crisis* (February 1, 2021), available at <https://www.urban.org/sites/default/files/publication/103565/immigrant-families-continued-avoiding-the-safety-net-during-the-covid-19-crisis.pdf>.

30 See U.S. Treasury, *supra* note 8, at FAQ 4.12.

31 See Internal Revenue Service, *Child Tax Credit Non-filer Sign-up Tool*, available at <https://www.irs.gov/credits-deductions/child-tax-credit-non-filer-sign-up-tool> (last visited September 10, 2021); see also *Simplified Tax Filing to Claim Your Child Tax Credit, Code for America*, available at <https://www.getctc.org/en> (last visited September 10, 2021).

32 Gabriel Zucker and Lindsay Wagner, *New America Foundation, Talking to Non-Filers* (July 16, 2021), available at <https://www.newamerica.org/new-practice-lab/blog/talking-to-non-filers/> (last visited August 22, 2021).

33 Juan Garnham, *The Texas Tribune, Millions of Texans still don't have broadband access. Some lawmakers are trying to change that* (March 8, 2021), available at <https://www.texastribune.org/2021/03/08/internet-broadband-texas/> (last visited August 22, 2021).

for new employees were also conducted the same way. If it was not absolutely necessary to be physically present, doctors required audio or video appointments. And one key way many people fortunate enough to have an internet connection combated the severe mental toll of being isolated was to communicate with friends and family via video platforms. Everyone must have these options to thrive.

ARPA allows states, territories, and tribal governments to carry out critical capital projects that directly enable work, education, and health monitoring like expanding broadband infrastructure.³⁴ This includes providing funding for digital literacy programming.³⁵ Improving broadband internet access across the state is critical to support Texas' most vulnerable residents and to ensure our youth have the best opportunity to succeed in school.



Recommendation 9:

Mental Health and Wellness First Responders — Pilot New Programs or Expand Existing Ones

Many calls to 911 can be answered by trained medical and mental health professionals instead of armed police officers. A data analysis conducted for the *New York Times* of the 911 calls in three cities showed that only roughly 4% of police time was spent on violent crime, and 32–37% of their time was spent on non-criminal calls.³⁶ In Eugene, OR, a program called CAHOOTS answers about 20% of calls to 911 with trained mental health professionals and EMTs instead of police officers.³⁷ This promising practice is not only cheaper than using police but has shown good results in avoiding criminal charges for low-level offenses and referring people to mental health and substance use treatment. The addition of this kind of emergency response option saves money compared to hiring more police and ensures that people with the appropriate skill set are sent to respond to emergency calls. Many cities and counties have announced they are piloting or expanding these programs over the last year, including Austin and Harris County.



Recommendation 10:

Launch or Expand Local Financial Empowerment Services for Individuals and Families Impacted by COVID-Related Economic Hardship

Cities for Financial Empowerment (CFE) has been coordinating a multi-year effort to encourage the development of local financial empowerment services centered on low- or no-cost financial coaching and counseling. These services can be run through nonprofits or by a local government agency. Currently, 50 cities across the country are participating in the CFE initiative, including Brownsville,

34 U.S. Dept. of Treasury, FACT SHEET: The American Rescue Plan Will Deliver Immediate Economic Relief to Families (March 18, 2021), available at <https://home.treasury.gov/news/featured-stories/fact-sheet-the-american-rescue-plan-will-deliver-immediate-economic-relief-to-families> (last visited August 22, 2021).

35 See U.S. Treasury, *supra* note 8, at FAQ 2.5.

36 Jeff Asher and Ben Horwitz, The New York Times, How Do Police Actually Spend Their Time? (June 19, 2020), available at <https://www.nytimes.com/2020/06/19/upshot/unrest-police-time-violent-crime.html?searchResultPosition=1> (last visited August 21, 2021).

37 Christie Thompson, The Marshall Project, This City Stopped Sending Police to Every 911 Call (July 24, 2020), available at <https://www.themarshallproject.org/2020/07/24/crisisresponders> (last visited September 22, 2021).

Dallas, Houston, San Antonio, and Waco in Texas.³⁸ Financial Empowerment Centers have a track record of success improving credit scores, increasing savings, decreasing debt, expanding access to positive financial services, and improving participants' overall financial outlook.³⁹

Utilizing funds to launch or expand local financial empowerment services will support positive outcomes for Texans navigating the results of income loss, debt, and the ending of mortgage and student loan forbearance programs, among other aspects of the financial fallout of the pandemic.



Recommendation 11:

Establish a Local Community Development Financial Institution Guaranty or Loan Loss Reserve Fund

Community Development Financial Institutions (CDFIs), as part of their mission, strive to meet the financial services needs of underserved communities. A CDFI is a designation from the U.S. Department of Treasury, and designated CDFIs include banks, credit unions, and nonprofit and for-profit lending entities. Examples of CDFI loans include home mortgage loans, small business loans, as well as small dollar loans to individuals. Designating local funds to guarantee affordable small business and small dollar consumer loans offered through CDFIs or through local institutions with a similar mission can be an important part of a longer-term recovery approach. As direct payment dollars run out, providing families with access to affordable credit and credit-building support will be instrumental in building stronger neighborhoods and communities and addressing social determinants of health. Local grants could focus on CDFIs that serve qualified census tracts and other communities most impacted by the health and economic harms from the pandemic.

Local job losses or other life events can lead people to turn to predatory loans in hopes of getting by, but they often place families in a long-term cycle of debt that creates even greater hardship. In 2020, high-cost payday and auto title lenders drained \$1.4 billion in fees and repossessed over 34,000 fully-paid cars from Texans struggling under the economic impacts of the pandemic.⁴⁰ These loans carry annual percentage rates that can average 500% or higher. A local CDFI fund will help to mitigate this financial harm and to build financial resilience.

Small businesses, particularly those in communities most impacted by COVID-19, also continue to need added support and access to low-cost capital, particularly as the impacts of the pandemic persist with the Delta variant and the possibility of other future variants. Though programs implemented during the pandemic, such as the Paycheck Protection Program and grants from local governments, have been a lifeline for many businesses, small businesses continue to struggle. The 2021 small business credit surveys by the Federal Reserve found that 32% of nonemployer firms felt their financial condition was poor, and 57% of employer firms described their financial condition as fair or

38 Cities for Financial Empowerment Fund, More Than 50 Cities and Counties Are Set to Offer One-on-one Professional Financial Counseling or Financial Navigation Services to Build Resident Financial Stability During COVID-19 (August 12, 2020), available at <https://cfefund.org/wp-content/uploads/2020/08/Financial-Empowerment-During-COVID-Press-Release.pdf>.

39 Cities for Financial Empowerment, An Evaluation of Financial Empowerment Centers: Building People's Financial Stability as a Public Service (July 2017), available at <https://cfefund.org/wp-content/uploads/2017/07/FEC-Evaluation.pdf>.

40 Texas Office of Consumer Credit Commissioner, Quarterly and Annual Credit Access Business Reports, CY 2020, available at <https://occc.texas.gov/publications/activity-reports>.

poor.⁴¹ According to the Federal Reserve surveys, firms owned by people of color experienced particularly high levels of hardship.⁴² Offering local support of small businesses as the economy recovers could make the difference between the success and failure of the businesses.

Thirty Texas CDFIs have received just under \$47 million in support from the U.S. Department of Treasury for economic relief in communities impacted by COVID.⁴³ These funds can be stretched even further through local investments that can help CDFIs access additional low-cost private capital. A local investment in a fund to support CDFIs will stop substantial financial drain from COVID-impacted communities resulting from predatory and high-cost loans. It will bolster small businesses and create access to fair credit and credit-building opportunities for families.



Recommendation 12:

Mental Health and Substance Use Services and Coverage

There are several studies linking continued mental health and substance use treatment to reduced crime and improved labor market outcomes.^{44, 45} There are several ways to provide such coverage, whether through a program like the Medical Access Program⁴⁶ for low-income adults in Central Texas or through direct provision of services, as was done in Chicago as part of the Becoming A Man⁴⁷ program developed by the nonprofit Youth Guidance. ARPA funds could be used to pilot programs that can seek ongoing sources of funding.



Recommendation 13:

Fund Public Defense

Intermittent court closures in response to the COVID-19 pandemic have created an unprecedented statewide backlog of criminal cases.⁴⁸ Texas' pretrial detention population has exploded, as people who cannot afford their bond or who are detained without bail remain stuck in pretrial custody awaiting a trial date that may never come.⁴⁹ This is a public health time bomb: Crowded congregate

- 41 Federal Reserve Banks, Small Business Credit Survey 2021 Report on Nonemployer Firms (2021) available at <https://www.fedsmallbusiness.org/survey/2021/report-on-nonemployer-firms> (last viewed August 22, 2021); Federal Reserve Banks, Small Business Credit Survey 2021 Report on Employer Firms (2021), available at <https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/2021-sbcs-employer-firms-report> (last viewed August 22, 2021).
- 42 According to the survey, 67% of Black and Asian-owned businesses and 63% of Hispanic-owned businesses had to reduce operations compared to 54% of white-owned businesses. Federal Reserve Banks, Small Business Credit Survey 2021 Report of Firms Owned by People of Color (2021), available at <https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/sbcs-report-on-firms-owned-by-people-of-color>.
- 43 U.S. Treasury Dept. CDFI Fund, U.S. Treasury Awards \$1.25 Billion to Support Economic Relief in Communities Affected by COVID-19 (June 15, 2021), available at <https://www.cdfifund.gov/news/420> (last visited August 22, 2021).
- 44 Monica Deza et al., National Bureau of Economic Research, Local Access to Mental Healthcare and Crime (July 2020), available at <https://www.nber.org/papers/w27619>.
- 45 Sara Heller et al., The Quarterly Journal of Economics, Volume 132, Issue 1 (February 2017), Thinking, Fast and Slow? Some Field Experiments to Reduce Crime and Dropout in Chicago, pp 1-54, available at <https://academic.oup.com/qje/article-abstract/132/1/1/2724542?redirectedFrom=fulltext>.
- 46 Central Health, Medical Access Program (MAP) and MAP BASIC, available at <https://www.centralhealth.net/map/> (last visited September 2, 2021).
- 47 Youth Guidance, BAM—Becoming a Man, available at <https://www.youth-guidance.org/bam/> (last visited September 2, 2021).
- 48 Bloomberg Law, Texas Court Backlog Could Last Five Years Without More Funding (May 24, 2021), available at <https://news.bloomberglaw.com/us-law-week/texas-court-backlog-could-last-five-years-without-more-funding> (last visited August 22, 2021).
- 49 Camille Squires, Bloomberg CityLab, Covid Was Supposed to Cut Jail Time. Not for Those Awaiting Trial (April 29, 2021), available at <https://www.bloomberg.com/news/articles/2021-04-29/covid-is-making-pretrial-detention-even-longer> (last visited August 22, 2021).

facilities present the perfect conditions for a COVID-19 outbreak. Outbreaks in local jails are particularly dangerous because they are impossible to isolate. Jail staff (e.g., guards, health care providers, and delivery workers) rotate in and out on regular shifts. The jail population also changes, and people are also transported to/from court. Grant funds should be provided to public defender offices to address the backlog through pretrial release and resolution advocacy. Prosecutors should not receive ARPA funds, as that would trade a public health crisis for a constitutional one, where already stretched public defenders are more overburdened, so much so that they cannot operate as meaningful counsel and instead shuffle masses of people through plea deals.

Education

School System Recommendations

The following recommendations are specific to school systems. Our analysis suggests that the Local Fiscal Recovery Funds in ARPA can be used so that counties and municipalities can supplement school district efforts. But we also know that school systems have a separate set of ARPA funds in the Elementary and Secondary School Emergency Relief section that can and should also be used for these purposes.



Recommendation 14:

Identify and Support Students Experiencing Homelessness

With distance learning, it became harder for schools to identify students experiencing homelessness and connect them with resources. In fact, national survey data found that there were about 420,000 less homeless youth identified at the start of the 2020 school year even though the U.S. was experiencing some of the worst economic consequences of the pandemic at this time.⁵⁰ Thus, it is safe to assume that schools' highest counts for the number of homeless young people are accurate, yet still are an undercount given the impact of the pandemic on the economy and on vulnerable communities. Some funds should be used to support homeless liaisons so they can better identify young people who do not have stable housing or other basic needs and connect them with vital resources. This is critical to make sure these vulnerable students have access to and are aware of valuable information like accessing pandemic relief funds while in the foster care system.⁵¹ Additionally, schools can hire housing specialists and system navigators to help ensure young people have housing and that their other basic needs are met. Hiring personnel with diverse language skills is essential to help families with English learners or families who have mixed citizenship status navigate this pandemic. ARPA funds can be used to cover the payroll for personnel to serve this population.⁵²

50 School House Connection, *Lost in the Masked Shuffle & Virtual Void: Children and Youth Experiencing Homelessness amidst the Pandemic* (November 19, 2020), available at <https://schoolhouseconnection.org/lost-in-the-masked-shuffle-and-virtual-void/>.

51 Child Welfare Information Gateway, *Supporting Youth in Foster Care Through the Pandemic* (January 7, 2021), available at <https://www.childwelfare.gov/topics/systemwide/laws-policies/youthpandemicsupport/> (webinar).

52 See U.S. Treasury, *supra* note 8, at FAQs 2.11 & 2.15.

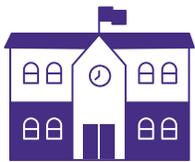


Recommendation 15:

Access to Mental Health and Other Support Services in Schools

The unprecedented trauma experienced by students over the course of the last 18 months will require schools to provide access to available highly qualified counselors, mental health professionals, social workers, and other support staff that will aid students in their transition back to full-time learning in brick-and-mortar schools. These support services will aid students, not only to focus on their academic course but also lessen the likelihood that they will be forced into the school-to-prison pipeline. To that end, school leadership, teachers, and all educators should receive meaningful training so that they may foster and activate policies and practices that holistically support all students.⁵³ Therefore, funds must be devoted to hire needed mental health professionals, institute necessary support services, and provide evidence-based professional development for educators.

Districts must be vigilant in not dedicating discretionary funds to more hardening measures — such as policing, security, and surveillance — during this time of extraordinary suffering. Advocates in Harris County recently learned that the Houston Independent School District is proposing a \$950,000 budget line item for police technology during the 2021–22 school year. Such action represents one of the worst uses of excess funds in 2021. With over \$4.1 billion in COVID-19 relief funds being disbursed to the state this summer alone, districts should take this unique opportunity to invest in social services within schools — like mental health services and restorative practices — that have been neglected for decades.⁵⁴



Recommendation 16:

Implementation of Academic, Evidence-Based Resources in Schools to Address Learning Loss and Unfinished Learning

Inclusive in the trauma experienced by students is the learning loss or loss of academic progress causing them to regress or fall behind academically or not properly progress. The detrimental effect of learning loss for students is far-reaching and will take months or even years to effectively address and resolve. Schools should provide the needed academic, evidence-based resources and support to aid in tutoring and the re-teaching of curriculum so as to ensure students are properly advancing within their respective educational paths. Such critical action is necessary in the face of unrelenting onslaughts to teaching actual tenets of U.S. history in K–12 settings.⁵⁵

To accomplish this, schools will need to devote funds to paying salaries of highly qualified teachers to provide needed tutoring, curriculum teaching, and development assessment of students. Additionally, funds will be needed to secure the logistical support, including classroom space, books or other

53 See, e.g., Betsy Denson, The Leader, Houston ISD Outlines Plans to Spend \$1.16 Billion in Federal Funds (July 22, 2021), available at https://www.theleadernews.com/education/houston-isd-outlines-plans-to-spend-1-16-billion-in-federal-funds/article_15410ba8-eafa-11eb-a049-6bc73c04ebd7.html (last visited on August 6, 2021).

54 Hannah Dellinger et al., The Houston Chronicle, Texas to receive another \$4.1 billion in federal stimulus money for schools (July 7, 2021), available at <https://www.houstonchronicle.com/news/houston-texas/education/article/Ed-Department-OKs-Texas-plan-for-school-16298164.php> (last visited on August 22, 2021).

55 Isabella Zou and Jason Kao, Texas Tribune, Texas teachers say GOP's new social studies law will hinder how an entire generation understands race, history and current events (August 3, 2021), available at <https://www.texastribune.org/2021/08/03/texas-critical-race-theory-social-studies-teachers/> (last visited on August 22, 2021).

materials, bus transportation, etc., in sustaining the effort to recover substantial learning loss and unfinished learning experienced by most students during the last 18 months.



Recommendation 17:

Creation of Safe and Equitable Learning Environments in Schools

Education budgets must also include funding to promote and maintain safe and equitable learning environments for all students. A safe and equitable learning environment provides all students with equitable access to academic resources and opportunities and where all students feel protected, championed, and secure. For that reason, funds should be invested in restorative, evidence-based, alternative approaches to exclusionary student discipline and other harsh, punitive disciplinary measures that are often also discretionary. Behavior management approaches that encompass compassion and multi-tiered systems of support to include restorative practices, positive behavioral intervention and support, and social and emotional learning, help to promote a safe, inclusive environment where students have the opportunity to learn and grow into their full potential. In view of that, schools should invest funds in the professional development of educators beyond subject matter academia or curriculum and add training in the areas of implicit bias and deficit-thinking. What's more, school safety that is reimagined outside of school police will diminish the unreasonable over-criminalization of conventional student misconduct that traps students in the school-to-prison pipeline.

Texas Appleseed
1609 Shoal Creek, Suite 201
Austin, Texas 78701

