Latino Economic Agenda:
A Latino Perspective on US Domestic Economic Policy
The coronavirus pandemic is moving through the US population, requiring an unprecedented public health response to slow the spread of the virus that includes shutting down public events and venues, from professional sporting events and concerts to neighborhood restaurants. The resulting economic slowdown has already been sharp and dramatic. It is clear that this crisis is having an immediate and hard-hitting impact on the service, hospitality and transportation sectors, which disproportionately employ Latinos and low-wage workers, as well as small businesses of all kinds. Supply chain disruptions from the pandemic’s impact in China are also reverberating through the US economy. While the full scope of the human tragedy and economic impact are not yet clear, there can be no question that millions of people in the United States will face intense hardship in the coming year.

Little more than a decade ago, the Great Recession devastated sectors of our economy and geographic regions of our country that resulted in a disproportionately negative impact on Latino communities. Many families have only begun to recover from that historic economic crisis, only to be faced with another. The introduction to this document states that the future strength and competitiveness of the US economy relies on achieving far broader financial inclusion and, ultimately, greater economic mobility for all people living in the US. Achieving these goals now dramatically hinges on the ability of our federal government to manage this crisis and soften the economic blow, giving space for large portions of the private sector to get back on its feet. A rapid fiscal stimulus that is appropriately targeted to the hardest hit economic sectors and geographies will be generationally important to the economic strength of our nation and our diverse Latino communities.

In crafting an emergency economic response to the COVID-19 crisis and longer term recovery, it is imperative to look beyond top line numbers and averages to consider the differing impact of this crisis on diverse populations. The mechanisms and institutions that can effectively deliver emergency financial relief and patient capital for recovery in some communities are different from those that can effectively meet the needs of others. A responsible approach to addressing this crisis will include deploying capital and other resources through a wide range of institutions and networks that reflect the diversity of our economy and our nation’s communities. We must also aggressively hold profiteers and predatory market actors accountable, as well as major institutions that rely on public support, but fail to play their appropriate role in a long term recovery.

This document was conceived, and largely written, prior to the COVID-19 outbreak. The recommendations and perspectives presented herein are more urgent now than ever, including as a part of a fiscal stimulus and our longer term approach to rebuilding the US economy.
#Table of Contents

## #LatinoEconomicEngine

## TOP 10 LATINO ECONOMIC PRIORITIES

## THE IMPORTANCE OF THE US CENSUS

## KEY ECONOMIC DATA ABOUT LATINOS

## POLICY PERSPECTIVES & RECOMMENDATIONS

| 10 | ADVANCE MACROECONOMIC STABILITY & LONG-TERM GROWTH |
| 12 | SUPPORT ECONOMIC MOBILITY FOR WORKING CLASS FAMILIES |
| 14 | ADDRESS THE NATION’S AFFORDABLE HOUSING CRISIS |
| 18 | STRENGTHEN NEIGHBORHOODS |
| 20 | INVEST IN PUBLIC TRANSPORTATION INFRASTRUCTURE |
| 20 | PROMOTE A VIBRANT & FAIR FINANCIAL SERVICES MARKETPLACE |
| 23 | CATALYZE SMALL BUSINESS GROWTH |
| 23 | PREPARE WORKERS TO SUCCEED |
| 25 | INVEST IN PUERTO RICO |
| 26 | STRENGTHEN RURAL AMERICA |
Latinos are driving demographic growth in the United States and are key to our nation’s economic strength. The data is clear: Latinos are an engine for the US economy. Latinos demonstrate high rates of workforce participation and entrepreneurship. The relative youth of Latinos means that, from a macroeconomic perspective, public policy aimed at investing in the economic strength of Latinos will have an enormous pay off. A report from the Joint Economic Committee of the US Congress entitled The Economic State of the Latino Community in America concludes, “Latinos living in the United States account for $2.3 trillion in economic activity. In the future, they will play an increasingly crucial role in the economy. It is important for US society and future economic growth that Latinos have every opportunity to reach their economic potential.”

While the US Census projects that Latinos will make up 28% of the population by 2060, Latinos have, on average, less wealth and lower incomes than the national average, and experience poverty at a higher rate. Similar challenges and opportunities exist for African Americans, significant segments of the Asian Pacific-American community, in Native communities and white working-class populations, among others. The future strength and competitiveness of our economy relies on achieving far broader financial inclusion and, ultimately, greater economic mobility for all people living in the US.

Recognizing that we are all in this together, however, does not mean that the solutions for distinct communities are the same. Even among Latinos there are significant differences that must be acknowledged when shaping solutions. Tailoring domestic economic policy to the specific circumstances of diverse populations is necessary for achieving the most effective and equitable impacts.

That being understood, there is a coherent shared experience among tens of millions of people of Latin American origin in the US, regardless of whether individuals chose to self-identify with their country or community of origin, or as Latino, or Latinx. This experience unfortunately includes being the target of racist and nativist stereotypes. Mobilizing the political will needed to advance a domestic economic agenda and support economic mobility for Latinos will require changing toxic narratives about Latinos that have been too common in our nation’s political rhetoric, media and entertainment.

The following principles should shape our approach to domestic economic policymaking: (+) Place a primary focus on economic strengths and opportunities rather than deficits and gaps; (+) Take into account how race, language and place influence economic mobility; (+) Avoid competitive framing among racial and ethnic communities and reject racist/nativist rhetoric; and, (+) Identify specific, data-driven policy options that take into account the experience of working class people.

This document is intended as a non-partisan resource, not a statement of orthodoxy. It reflects the experiences of the NALCAB Network whose work advances economic mobility in diverse Latino communities. The following are ten priorities that define a Latino Perspective on Domestic Economic Policy.
10 Priorities That Define A Latino Perspective on US Domestic Economic Policy

1. **Advance macroeconomic stability** and long-term growth with a balanced monetary policy that prioritizes maximum employment for low wage workers as well as with predictable and fair immigration and trade policies.

2. **Support economic mobility for working class people** through equitable tax, health care and education policies.

3. **Address the nation’s affordable housing crisis** by increasing access to affordable homeownership and rental housing.

4. **Strengthen neighborhoods** through place-based investments that advance equitable economic opportunity and preserve cultural integrity.

5. **Invest in public transportation infrastructure** that connects workers to centers of employment and health care resources.

6. **Promote a vibrant and fair financial services marketplace** by managing systemic risk, ensuring strong consumer financial protections, and promoting diversity in institutional governance.

7. **Catalyze small business growth** by increasing access to capital and business development services for underserved small business owners & entrepreneurs.

8. **Prepare workers to succeed** in a changing economy with relevant workforce development strategies and enforcement of workplace safety regulation.

9. **Invest in Puerto Rico** with a Marshall Plan-like investment in housing, economic development, and local government capacity building.

10. **Strengthen rural America** by improving economic opportunities for diverse populations.
The Constitution mandates a count of all people in the United States, every ten years. The Census Bureau carries out this constitutional duty and collects critical data about the people who live in the United States and about the economy through a wide range of surveys and information gathering activities. The data provided by the Census Bureau is foundational for our democracy and our economy. Data collected through the decennial census impacts how congressional districts are apportioned and drawn and how trillions of dollars in federal funding is distributed to local communities. Census data shapes private sector decisions in real estate, finance and more.

According to the US Census Bureau, the decennial census has always significantly undercounted Latinos. When Latinos are not counted, the communities in which they live receive less federal investment and less accurate political representation. While progress has been made in achieving a more accurate count of Latinos, political influence has significantly undermined efforts to roll out the 2020 Census.

Just as structures have been created to ensure the independence of our monetary policy making process, steps must be taken to better insulate the US Census Bureau from political influence, especially the process for establishing the methodology and the budget for the decennial census.
Latinos are driving US demographic growth. According to the US Census, from 2008 to 2018, the Latino share of the total US population increased from 16% to 18%. Latinos accounted for more than half (52%) of all US population growth over this period and, for more than a decade, the majority of Latino population growth has come from natural increase rather than immigration. Latinos were the youngest major population segment with a median age of 30 in 2018.

Latinos demonstrate disproportionately strong rates of workforce participation but earn lower wages. According to the Federal Reserve Bank of St. Louis’ FRED economic data, labor force participation among Latinos was 67.3%, compared to 63.2% in the overall US labor force. According to the US Bureau of Labor Statistics (BLS), Hispanics tended to experience shorter periods of unemployment compared to Whites and Blacks; however, Hispanics also tended to earn lower wages. According to the BLS, weekly median earnings in the fourth quarter of 2019 among Hispanic full-time workers were lower than for any major demographic group, approximately 78% of weekly median earnings among non-Hispanic White full-time workers. Latinas, in particular, experience an enormous wage gap. According to the National Women’s Law Center, in 1987 Latinas were paid 53.5% of what white, non-Hispanic men were paid and in 2017 that percentage dropped to 53.0. US BLS data demonstrates that Latinos are overrepresented in occupational employment that puts food on our tables, roofs over our heads, and products in our local stores, including such sectors as: agriculture, construction, grounds cleaning, food preparation, transportation, and production.

Latinos exhibit high rates of entrepreneurship and Latino-owned businesses have enormous potential for greater job creation. The Stanford Graduate School of Business’ Latino Entrepreneurship Initiative published the 2018 Latino Entrepreneurship Gap Report, which indicates that Latinos are overrepresented among startups but make up only 5% of employer businesses with more than $1 million in annual revenue. The report concludes, “Latinos own 350,000 employer businesses in the US, creating nearly 3 million American jobs, and driving a GDP of more than $2 trillion.” If Latinos owned employer businesses at the same rate as non-Latino whites, this would represent an extra 650,000 employer businesses and an additional 5.3 million jobs. According to the Peterson Institute for International Economics, 98% of all US exporters are small businesses.

In an economy that relies on consumer spending, Latino consumers are a source of economic stability. Data from US BLS, Nielsen, and Statista illustrates that Hispanic consumer spending is a critical element of overall US economic activity. According to Statista, Hispanics spent 1.3 trillion US dollars in 2015 and the buying power is expected to increase to 1.7 trillion US dollars by 2020.

Latinos are bringing life to many otherwise declining rural communities. Where there is population growth in rural areas, the US Census estimates that minorities account for 83%. The Hispanic population in nonmetropolitan areas grew at the fastest rate of any racial or ethnic group during the 1990s and post-2000 time period.
Latino immigrants, documented and undocumented, are key economic contributors. According to the Pew Research Center, about 34% of Latinos were foreign born in 2015. The Center for American Progress finds that Deferred Action for Childhood Arrivals (DACA) recipients and their households pay $5.7 billion in federal taxes and $3.1 billion in state and local taxes annually. They make $613.8 million in annual mortgage payments and pay $2.3 billion in rent to their landlords each year. The Institute on Taxation and Economic Policy estimates that undocumented immigrants pay about $11.7 billion a year in state and local taxes, while the IRS estimated that ITIN holders paid over $9 billion in withheld payroll taxes.

Latinos are experiencing growth in educational attainment. According to a report from the Joint Economic Committee of Congress, as of 2017, approximately 17% of Latinos had a bachelor’s degree, up from 9% in 1990. The Latino Donor Collaborative reports that from 2010 to 2017 the number of college-educated Latinos grew 51% compared to growth of 21% for non-Latinos.

The economic costs of insufficiently addressed Latino health challenges are staggering. Latinos have distinct health concerns from other demographic groups and, according to the Henry J Kaiser Family Foundation, 25% of Hispanic non-elderly adults were uninsured in 2017, compared to 8% of non-Hispanic White non-elderly adults. In 2013, prior to the implementation of the Affordable Care Act, 40% of Hispanic non-elderly adults were uninsured. According to the Centers for Disease Control and Prevention (CDC), heart disease, cancer and stroke were three of the top five causes of death for males and females across almost all major demographic groups, including Hispanics. However, the 2015 CDC report on Hispanic health indicators documents that Hispanics were about 50% more likely to die from diabetes than non-Hispanic whites and the CDC’s 2017 morbidity data indicates that liver disease is a particular concern for Hispanic males and Alzheimer’s disease is a particular concern among Hispanic females. The costs are staggering. For example, the American Diabetes Association estimates that the total economic cost attributable to diabetes in 2017 was $89.9 billion, of which Hispanics make up a disproportionate share.
Latinos are disproportionately exposed to toxic environmental pollutants. According to “Hispanic Health in the USA,” published in Public Health Reviews in 2016, Hispanics are more likely to reside in areas with increased industrial pollution than non-Hispanic Whites; more than 21% of Hispanics were estimated to live near a Superfund site; and more than 28% of Hispanics resided near a highway with high traffic volume – all factors that have been linked to adverse health outcomes.

Latinos have limited access to credit and banking services but are a critical growth demographic in financial services. According to the 2017 Federal Deposit Insurance Corporation’s National Survey of Unbanked and Underbanked Households, 31.5% of Hispanic households had no mainstream credit (compared with 14.4 % of white households) and 14.0% of Hispanic households were unbanked (compared to 6.5% of all US households). While lack of access to financial services and “credit invisibility” limit the wealth building potential, many in the financial services industry understand that Latinos are a key growth demographic. For example, a June 2015 Urban Institute report entitled, “Headship and Homeownership,” indicates that Hispanics will comprise 56% of all new homebuyers by 2030.

The Latino homeownership rate has recovered slowly after the recession. According to the 2018 State of Hispanic Homeownership Report published by the National Association of Hispanic Real Estate Professionals (NAHREP), the Latino homeownership rate has risen from 45.6% in 2015 to 47.1% in 2018. A report from the Urban Institute projects that Latinos will make up 56% of all new homeowners by 2030. A 2017 report from the Federal Reserve entitled Recent Trends in Wealth-Holding by Race and Ethnicity: Evidence from the Survey of Consumer Finances indicates that 39% of wealth among Latinos is derived from home equity.

Latino renters face significant challenges in today’s housing market. According to State of the Nation’s Housing 2019, published by the Joint Center for Housing Studies at Harvard, 53.5% of Hispanic renters are cost burdened, paying more than 30% of their income for housing costs. Further, research from NALCAB has shown that many predominately Latino neighborhoods throughout the country are experiencing sustained appreciation in real estate values and, in some cases, full blown gentrification.

Latinos are more likely to rely on public transit. According to a 2016 Pew Research Center report entitled Who Relies on Public Transit in the US, Hispanics are more likely to live in urban areas and, among urban residents, 27% of Hispanics report taking public transit daily or weekly.
Pursue a balanced monetary policy that prioritizes maximum employment for low wage workers. The Federal Reserve (the Fed) is the nation’s central bank that sets interest rates. The Fed has a dual mandate from Congress to support maximum employment and achieve price stability. Monetary policy is the process of setting interest rates to achieve this balance, which is currently defined by a target of 2% annual inflation. Over the past decade, the US economy has experienced low inflation in the context of historically low unemployment, which has surprised many economists and confounded traditional economic models. There is an increasingly strong consensus among economists that fundamental changes in the US economy and workforce require a new approach to monetary policy in order to correctly balance the risks represented by unemployment vs. inflation.

The US economy has come to be characterized by enormous disparities in employment, income and wealth that strongly correlate to race, ethnicity and geography. As a result, “top line” economic data or averages have become less meaningful because they tend to mask the reality for most workers. Hispanics and Blacks are demographically younger than the US population as a whole and have a strikingly different economic experience than the “average” worker. Our economy is faced with a fundamental and long-term challenge: the people who are the demographic future of our nation are not sufficiently well positioned to lead our economy. Failing to recognize and shape policy to address this risk, particularly as it relates to demographic segments that are driving our nation’s demographic growth, will result in constrained economic growth.

An appropriately balanced monetary policy should consider the following.

- Highest level economic data, such as the unemployment rate, should be routinely presented disaggregated by race, ethnicity and geography to communicate the striking differences in the economic experiences of different segments of the US population.
- Wage growth among low wage workers, rather than aggregate wage growth, and significant reductions in unemployment among people of color, should be primary indicators of sustainable movement toward full employment.
- The Federal Reserve should examine whether an incrementally higher inflation target would better achieve a balance between supporting full employment and ensuring price stability.
- Monetary policy should adjust rapidly to financial crises and avoid rapid tightening during an extended recovery.

Ensure independence, transparency and diversity in monetary policy decision making systems. Recent efforts by the Executive Branch to influence, and even strong-arm, the monetary policymaking process highlights the need to maintain the independence of the Federal Reserve and the Federal Open Markets Committee (FOMC). When decision making at the Federal Reserve fails to be sufficiently transparent and when its governing boards fail to represent and reflect the public, it raises the need for greater oversight from the Executive and Legislative Branches, which can undermine the independence of the system. In order to maintain public confidence in the Fed’s independent decision making, there is a need for greater transparency in its operations and greater diversity in its governance, particularly with respect to representatives of labor and the community development sector who deeply understand how working-class people and people of color experience the US economy.
Implement US Immigration Policy That Supports the US Economy and Reflects Our Values

**Make DACA permanent.** The Deferred Action for Childhood Arrivals (DACA) program is a common sense first step in achieving a broader solution to the broken US immigration system. This program should be passed into law and made permanent.

**Ensure immigration policy supports the workforce needs of the US economy.** Tens of millions of Baby Boomers are retiring, and native-born workers will not fully compensate for their exit from the labor force. According to projections released by the US Bureau of Labor Statistics in September 2019, an additional 11.5 million new jobs will exist by 2026 while only 7.9 million new non-immigrant workers will have been added to the workforce. Immigrants contribute valuable skills that complement the native-born population and are a critical economic resource. Address existing visa shortages that contribute to the scarcity of labor and stifle economic growth.

**Pass comprehensive immigration reform.** Immigration enhances the US workforce, the tax base, and the consumer base. Recent US immigration policy has, in many cases, caused fear and/or inflicted harm and resulted in negative economic consequences, including constraining production in economic sectors that rely on immigrant labor and reducing entrepreneurial activity. The US immigration system must be depoliticized and rationalized through a bipartisan comprehensive immigration reform that repeals “zero tolerance” policies.

Strengthen US Trade Policy

**Pursue stability in international trade.** Trade policy has implications for nearly every sector of our economy. According to the Office of the US Trade Representative, exports account for more than one quarter of our economic growth. For our global economy to work for everyone it must provide fair market access and a system for addressing trade disputes. Ill-conceived trade policy can create instability, increase inequality, and slow economic growth. Many of the top industries in the US involved in international trade, including construction, manufacturing, and meat and poultry processing, have a high concentration of Latino workers.

**Ensure strong worker protections and enhance export opportunities for small businesses in trade agreements.** Trade agreements establish basic “rules of the road” that fundamentally shape economic opportunities for workers and small business exporters in the United States and in the nations that are our trading partners. It is difficult for businesses to maintain adequate standards for workers in the US if similar standards for workers in other countries are not enforceable through our trade agreements. When a willingness to tolerate poor labor standards becomes an economic advantage for companies in other countries, the whole world gets caught in a “race to the bottom.” The size of the US market and the extent to which the US provides protection for international trade routes are considerable points of leverage in US trade negotiations. The US Trade Representative should negotiate for strong worker protections connected to products and services that are subject to trade deals.

Small businesses are often at a disadvantage in dealing with complex export rules and tariffs because they do not have the scale of operations or the necessary cashflow to manage sometimes challenging, costly and/or slow implementation of export and tariff processes. Opening access to export markets for small businesses should be a central focus of US trade policy and flexibility should be provided to small business exporters related to administrative
and cost factors, while still ensuring the safety and security of our ports. Given that Latinos make up a fast-growing share of US small business owners, including many with business connections outside of the US, this issue is particularly important for Latino-owned business growth.

**Stabilize the trade relationship with Mexico and Canada and prioritize trade relationships in Central America, South America, and the Caribbean.** Turmoil in the trade relationship with Mexico and Canada has had a significant negative impact on the US economy. There is a pressing need to settle a fair-trade agreement that protects workers and stimulates small business growth across North America.

There has been insufficient prioritization of US trade relationships in Central America, South America, and the Caribbean. There is a deep relationship between US trade policy and the economic conditions of very low-income people across the region, which in turn is a major driver of northward migration.

**Support Economic Mobility for Working Class Families**

**Create Tax Policy That Supports Economic Mobility**

**Increase the percentage of earners that benefit from the Earned Income Tax Credit (EITC).** The EITC is among our nation’s most important anti-poverty tools. The EITC puts money back in the pockets of low-income workers and their families, which in turn helps to minimize reliance on federal safety net programs. Raising the maximum credit for childless workers and expanding the age range to cover workers starting at age 19, instead of 25 will help millions more Americans advance the economic ladder.

**Expanding the Child Tax Credit (CTC).** The CTC helps offset childcare and dependent-care expenses and is a critical policy for fighting childhood poverty. The CTC is worth up to $2,000 per eligible child (under age 17) and includes a $500 non-refundable credit for families with qualifying non-child dependents. Expanding the CTC to allow more low- and moderate-income families to qualify and making it fully refundable and adjusted for inflation will reduce childhood poverty and support stable families.

**Reduce or eliminate taxes on the first $100,000 of income for very small businesses and the self-employed.** In order to stimulate entrepreneurial activity and support the growth of very small businesses, taxes on the first $100,000 of income for businesses earning approximately $1 million or less, including self-employment taxes, should be dramatically reduced or eliminated entirely.

**Further reduce the cap on the mortgage interest deduction for high value homes, ensuring an exception for the counties with the highest cost housing.** The mortgage interest deduction represents an enormous tax expenditure and subsidy in the housing market. It is critical for making homeownership achievable for working class people, but it represents an unnecessary public subsidy for the wealthy and the luxury residential development industry. Recent changes to the tax law reduced the cap on the mortgage interest deduction from the first $1 million in mortgage debt to $750,000. This should be further reduced, ensuring an exception for counties with the highest housing costs.
Establish a “fair deal” corporate tax structure for the largest corporations. The most recent dramatic reduction in the corporate income tax has contributed little to economic growth and was primarily used by corporations for stock buy backs that have resulted in economic benefits accruing to the largest stockholders. The corporate tax structure should ensure a “fair deal” for the American public, especially with regard to the nation’s largest corporations.

**Achieve Universal Access to Health Care**

Ensure access to quality affordable healthcare for everyone in the United States. Being uninsured is a major barrier to achieving economic security. In the past three years, federal health care policy has weakened coverage and raised costs. Latinos had the largest decrease in the uninsured under the Affordable Care Act (ACA). According to the US Department of Health and Human Services, over four million Latinos across the country gained coverage since the ACA was enacted. Providing a public option increases competition, lowers the cost of health care, and helps expands health care coverage.

Establish real financial incentives for reducing the cost of health care services, prescription drugs, and medical devices while prioritizing preventive care and wellness education. To achieve a financially sustainable health care system, the cost of health care services, prescription drugs, and medical devices must be controlled. Further, far more investment in preventive care and wellness education is necessary to change the behaviors of the American public and reduce the incidence of preventable diseases. To be broadly effective, wellness education and preventive care must be delivered in partnership with community-based organizations that can provide culturally and linguistically relevant outreach and services.

Invest in research and treatment for diseases that are leading causes of death among Latinos. Cancer, heart disease, diabetes, liver disease and Alzheimer’s are leading causes of death for major segments of the US Latino population and have enormous economic costs. There is a pressing need to increase investment in ethnically relevant research and affordable treatments aimed at these diseases, including for example reducing the cost of insulin, which has skyrocketed over the past two decades.

**Improve Educational Outcomes and Increase Academic Opportunities**

Improve Pre-K to 12th grade educational outcomes for underserved students. Ensure universal access to prekindergarten regardless of ability to pay. Dramatically increase support for educational support services and programs for underserved students in elementary schools that have a track record of supporting improved educational outcomes. Improve access to health and mental health services and resources in schools.

Make college more affordable. Increase the value of Pell Grants to cover a larger share of tuition and put more money back into the pockets of Latino students, including targeted aid for students eligible under the Deferred Action for Childhood Arrivals program, also known as Dreamers. Make public community colleges affordable for all students.

Increase retention and graduation rates for low-income students. Increase resources for community college support services that increase graduation rates and transfers to universities. Hold all universities and colleges reliant on federal student loans to finance enrollment accountable for their retention and graduation rates. Invest in institutions that enroll underserved students by increasing and permanently reauthorizing funding for Minority Serving Institutions.
Reign in predatory for-profit colleges and student loan schemes. Address deceptive practices among for-profit colleges by establishing a process to discharge federal loans of students that were defrauded by their colleges. Protect student loan borrowers from predatory practices by reestablishing a dedicated student loan office at the Consumer Financial Protection Bureau (CFPB).

Address the Nation's Affordable Housing Crisis

Pass Housing Finance Reform that Supports the Production and Preservation of Affordable Housing

Enhance GSE affordable housing goals and duty to serve rule. Congress chartered Fannie Mae and Freddie Mac government sponsored enterprises (GSEs) to ensure broad access to capital for homebuyers and rental housing providers by providing liquidity in the secondary market. Congress required the GSEs to establish explicit goals for promoting affordable homeownership and rental housing for underserved communities. Since 2008, as a result of the foreclosure crisis, Fannie Mae and Freddie Mac have been in government conservatorship. It is no longer appropriate, nor effective, for the GSEs to remain in conservatorship. GSE reform should reflect the following core principles:

- Ensure that the GSEs are appropriately capitalized and limit the risk that they can assume.
- Maintain the GSEs “duty to serve” as well as strong affordable housing goals for the GSEs.
- Preserve the 30-year fixed mortgage and ensure that pricing practices support mortgage access, including by limiting the extent to which risk-based pricing is used to micro-target borrowers utilizing data and methods that may not accurately measure risk for underserved populations.
- Establish a method by which the GSEs help to redress the clear impacts of racial discrimination fostered by the federal housing finance system and federal housing policy.
- Ensure a strong mechanism for preventing the GSEs from doing business with any mortgage provider with a poor fair lending track record.
- Require GSEs to take climate change into account in all of their operations.
- Maintain a strong regulator for Fannie Mae and Freddie Mac.
Ensure Responsible Access to Affordable Homeownership

Strengthen the Federal Housing Administration (FHA). Borrowers of color disproportionately utilize FHA loans, making the agency crucial for addressing the homeownership gap. Congress should fully resource the FHA, with a particular focus on a comprehensive information technology upgrade. FHA should reduce its premiums and eliminate the life-of-loan premium to ensure greater access for borrowers. Further, FHA should minimize the use of risk-based pricing utilizing data and methods that may not accurately measure risk for underserved populations. The FHA should not be a borrower of last resort and any proposal to limit its applicability only to first time homebuyers or low-income populations are misguided. FHA should take the impacts of climate change into account in all of its operations.

Expand resources for homebuyer counseling. Based on past recommendations from the Housing Counseling Federal Advisory Committee, Congress should establish a modest transaction fee of approximately $55 on all single-family closings to provide funding on a formula basis to providers of high-quality homebuyer counseling services certified by the US Department of Housing and Urban Development. High quality homebuyer counseling services help to mitigate risks for mortgage lenders and homeowners alike. A more robust national housing counseling system will help to avoid a repeat of the foreclosure crisis that sparked the Great Recession.

Support a nonprofit mortgage lending pilot program. Congress should establish a pilot program, administered by US HUD, through which qualified nonprofit mortgage lenders can access grant funding to support access to responsible homeownership for low-income households, including by providing such products and services as down payment assistance, second mortgages, and homebuyer counseling. This pilot has the potential to leverage well over $250 million in mortgage financing for first liens, generating jobs and stimulating a wide range of related local economic activity. US HUD should be required to track the extent to which this pilot program leverages additional capital and evaluate the local economic impact.

Expand the Supply of Quality Affordable Rental Housing

Strengthen and sustain the Low Income Housing Tax Credit (LIHTC) Program. The LIHTC program has been the primary financing mechanism for producing and preserving affordable housing in the United States over the past two decades. The program should be strengthened and sustained, including ensuring increased authorization in order to target income restrictions below 60% of area median income. States should be encouraged to establish Qualified Allocation Plans that allow LIHTC to be used for a variety of local market contexts, including a priority on developing affordable rental housing near jobs, quality education and health care resources as well as to support well designed neighborhood revitalization plans. States should take the impacts of climate change into account in their implementation of LIHTC Programs.

Increase capital investment in public housing. The estimated unmet capital needs of public housing in the United States exceeds $25 billion dollars. Capital funding for public housing renovation and redevelopment must be dramatically increased and flexibility must be provided to operators in order to facilitate leveraging private financing.

Support small multifamily rental rehabilitation pilot project. Congress should establish a pilot program, administered by US HUD, through which qualified teams led by non-profit organizations would receive funding to produce and preserve affordable housing in multifamily residential properties with fewer than 75 units that provide access to regional employment centers, quality education and health care resources.
Ensure Equitable Disaster Recovery and Invest in Climate Resiliency

Establish a permanent Disaster Recovery Program and a new Climate Resiliency Block Grant Program. A 2019 report by the Government Accountability Office (GAO) entitled, “Disaster Recovery: Recent Disasters Highlight Progress and Challenges,” recommended that a disaster recovery program be made permanent in law instead of relying on individual appropriations from disaster to disaster. Relying on individual appropriations means that an act of Congress is necessary to make funding available for recovery after each disaster and the rules for oversight of the funding may change based on the language in each appropriation bill. A permanent program with consistent rules will enhance the federal government’s ability to move quickly and support communities consistently.

Congress should establish a new Climate Resiliency Block Grant Program, similar to the existing Community Development Block Grant (CDBG) program administered by US HUD, but separate to ensure that climate resiliency funding is not placed in competition locally with funding intended primarily for more immediate needs in low- and moderate-income communities. At least half of the funding utilized by local communities under the Climate Resiliency Block Grant Program should primarily focus on risks and resiliency in LMI communities and program guidelines should be adapted to the extraordinary costs often involved in well-planned local climate risk mitigation efforts. A Climate Resiliency Block Grant Program will result in greater local disaster preparedness, reduce the cost of future disaster recovery efforts and ultimately save lives.

Build the capacity of local governments to respond to disasters and plan for resilience. With increasing frequency, natural disasters are impacting communities that have limited local government capacity to administer the volume of funds that typically become available as a result of a disaster. The result can be that disaster recovery efforts move far more slowly, and programs are less well designed than they could be. Immediately after a disaster, the Federal Emergency Management Agency (FEMA) directly administers short term programs to address immediate and emergency needs. The longer-term recovery effort, however, is typically in the hands of local government. There is a need to strengthen the capacity of local governments with technical assistance and resources to support planning. There is also the need to consider whether some elements of disaster recovery efforts are so consistent from place to place that they could be administered by one agency or a small number of providers without encroaching on reasonable concerns for local control.

Better meet the needs of renters after a disaster. The distribution of disaster recovery funding, both through FEMA and US HUD, typically does not take into account the full losses of renters because they are more difficult to document compared to losses suffered by homeowners. Congress should require FEMA and US HUD to better consider the needs and losses of renters after a disaster and more equitably distribute dollars. Given that Latinos are disproportionately represented among renters, this would have an overall positive effect for Latinos.

Develop a National Policy on Manufactured Housing

Improve data and planning around manufactured housing. Include residential manufactured homes in US HUD Consolidated Plans to help state and local jurisdictions assess their affordable housing needs, market conditions, and make place-based resource decisions.

Hold owners of manufactured housing communities accountable for the conditions of the infrastructure provided to residents. Manufactured housing is a significant source of unsubsidized affordable housing in this country. In the US there are close to 22 million people
that live in manufactured housing. Investing in this sector of the housing market increases quality housing and homeownership opportunities for those who may not be able to afford the cost of a site-built home. The National Manufactured Housing Construction and Safety Standards Act of 1974 requires that these homes meet the highest standards of protection including health, safety, energy efficiency, and durability.

**Implement a manufactured housing community cooperative pilot.** There has been important work to preserve affordability in manufactured housing communities vulnerable to displacement due to their age or real estate market appreciation, including using cooperative ownership models. It is time to invest in a federal pilot project to explore how to scale this important work.

**Enforce Fair Housing Rights**

**Implement the 2015 Affirmatively Furthering Fair Housing (AFFH) rule.** The Fair Housing Act, enacted in 1968, prohibits discrimination in the sale, rental, or financing of housing based on race, color, religion, national origin, sex, familial status, and handicap. The 2015 rule requires jurisdictions that receive Community Planning and Development grants and Public Housing Authorities to assess their regions for issues concerning fair housing such as concentrated poverty, disproportionate housing needs, and areas of segregation and to create a plan to address these issues. In 2018, US HUD delayed implementation of the AFFH rule limiting the ability of communities to combat inequities and promote fair housing practices. US HUD should implement the 2015 rule.

**Investigate fair housing concerns in gentrifying communities.** US HUD should conduct focused investigations of fair housing violations in neighborhoods that are experiencing rapid appreciation in real estate values and significant displacement of low- and moderate-income households. Further, cities should be encouraged to examine the potential fair housing impact of major public investments that could spark significant real estate appreciation in and around low- and moderate-income communities.

**Maintain the disparate impact standard.** The Fair Housing Act establishes the Disparate Impact Standard which prohibits policies and practices from inadvertently having a discriminatory effect. In 2019, US HUD proposed a rule with a burden shifting framework to increase requirements and make it nearly impossible for victims of discrimination to make disparate impact claims. The disparate impact standard must remain intact.

**Ensure Robust Federal Housing and Community Development Appropriations and Strengthen Local Capacity to Manage These Investments**

**Ensure robust resources to address the nation’s housing crisis.** Expand federal funding of existing programs that help address the affordable housing crisis including the Community Development Block Grant (CDBG), HOME Investment Partnerships program (HOME), the Public Housing Capital Fund, and the Housing Trust Fund (HTF), among other critical programs.

**Invest in the capacity of municipalities, counties, states and non-profit organizations.** Congress funds numerous programs that are critical for strengthening the capacity of US HUD grantees to effectively implement housing and community development programs, including government agencies and non-profit organizations. These programs include the Community Compass Technical Assistance Program and the National Resource Network (focused on local and state governments), the Section 4 Capacity Building for Community Development Program.
Policy Perspectives & Recommendations (continued)

(focused on non-profit organizations) and the Rural Capacity Building for Community Development and Affordable Housing Program (serves both non-profits and local governments in rural communities). The technical assistance resources made available through these programs promote effective stewardship of public funding and support local government and non-profit organizations to adapt to changing needs and opportunities in their communities. In order to strengthen the impact of these valuable programs, Congress should direct the Secretary to expand the availability of technical support to HUD grantees and develop a coordinated strategy across these capacity building programs to ensure equitable impact in geographically, racially and ethnically diverse communities and organizations.

**Strengthen Neighborhoods**

**Establish the Strong Neighborhoods Program.** Congress should authorize the Strong Neighborhoods Program, building on learnings from the Neighborhood Stabilization Program Round II (NSP II) authorized in 2008, for the purpose of supporting local communities to strengthen neighborhoods in which residents experience a high level of housing vulnerability due to diverse local market challenges ranging from significant disinvestment to gentrification to environmental contamination.

The Community Development Block Grant (CDBG) Program is the key federal program that helps establish a foundation on which local neighborhood development efforts are built. For many smaller cities, especially in the South where local tax revenue tends to be less, CDBG is crucial for responding to a wide range of needs in low- and moderate-income neighborhoods. Where particular neighborhoods face extraordinary challenges, CDBG is insufficient and local municipal leaders and community development professionals need additional resources and tools.

Federal neighborhood investment programs have typically focused primarily on revitalization in neighborhoods where market conditions, including blight, crime, outdated public housing and/or environmental problems, prevented the private market from functioning effectively. There is an ongoing need for federal funding focused on neighborhood revitalization; however, there is also a need to make investments in neighborhoods that are experiencing rapid appreciation in real estate values that are causing large scale displacement – gentrification. The next generation federal neighborhood investment program must provide local grantees with the flexibility to respond to diverse local market conditions.

The Neighborhood Stabilization Program Round II (NSP II), authorized by Congress in the American Recovery and Reinvestment Act (ARRA) stimulus and administered by US HUD, produced important learnings for how a scaled federal grant program can be used by local communities to strengthen neighborhoods experiencing diverse local market conditions. Some of the biggest differences between the NSP II program and other block grant programs were: (+) NSP II was competitively bid and funding was only provided to well-prepared applicants that could demonstrate their capacity and readiness; (+) NSP II did not limit the list of eligible applicants to municipal agencies and public housing authorities, but also allowed consortia of non-profit housing developers and CDFIs to apply (many of the top performing grantees were non-profit consortia); (+) NSP II required applicants to define specific target areas, to document their understanding of those specific local market conditions, and to explain clearly how their proposed investments would strengthen neighborhoods.
Support a cultural and economic heritage district pilot project. There are many neighborhoods in both urban, rural and tribal/native communities that have a well-defined cultural heritage and public art. Cultural heritage is not only central to the identity of the place and long-term residents, but also to the neighborhood’s economic vitality. Tourism, centers of small business that cater to cultural interests and light manufacturing of culturally important products are all typical in such neighborhoods. The cities of Minneapolis and San Antonio are among many that have invested in culturally important neighborhoods and commercial districts. While large cities may have the resources to make these sorts of investments, smaller cities and rural communities often do not. Congress should authorize a cultural and economic heritage pilot program that supports small cities, rural communities, and tribal communities to invest in neighborhood focused cultural economies and public art.

Mitigate involuntary displacement and eviction in gentrifying neighborhoods. Many low-income neighborhoods are experiencing challenges related to real estate market appreciation or gentrification. In fast changing market conditions, it is critical that low-income households understand not only their potential vulnerability but also the potential benefits including, for example, appreciating home value for homeowners or improved local schools. Congress should appropriate additional resources in the US HUD Housing Counseling Program to be specifically targeted for neighborhood-focused housing counseling and financial coaching in low-income neighborhoods at risk of gentrification.

Support residents of LMI neighborhoods and communities of color to pursue environmental justice. Neighborhoods that are predominately low-income or home to people of color are significantly more likely to be impacted by environmental contamination. In many cases, a concentration of hazardous pollutants in the water, soil and/or air is the result of a corporate or governmental entity failing to take full responsibility for the adverse environmental impacts that result from their activities. The Environmental Protection Agency (EPA) Brownfield Program is designed to identify and remediate place-based environmental pollutant after the contamination has already happened. While it is important to invest in remediation, it is critical to protect and expand resources that provide technical support to neighborhood residents when they have a local environmental concern and to strengthen the speed and responsiveness to reports of potentially polluting activities. Further, resources should be made available to educate small businesses on how to fully comply with environmental regulations and to incentivize their compliance.
Improve living conditions in colonias. Colonias are unincorporated communities in Texas, New Mexico, Arizona and California that lack adequate water, sewer, or decent housing, or a combination of all three. A 2015 study by the Federal Reserve Bank of Dallas reported that more than 500,000 people lived in close to 2,300 colonias in the State of Texas alone. US HUD and the border states have recognized the extraordinary needs in colonia communities and developed infrastructure investment and housing programs that take into account the unique challenges faced by these unincorporated communities. While many of these programs have proven to be effective, the comparatively small scale of investment means that there has been limited progress in improving some of the worst living condition in the United States. Congress should renew its focus on improving colonia communities and dramatically increase investment in proven programs that address the infrastructure and community development needs in colonias.

Invest in Public Transportation Infrastructure

Expand public transportation systems. Investing in the expansion of local and regional public transit systems, including subways, rapid bus systems, light rail as well as pedestrian and cycling infrastructure, is critical for connecting workers to jobs and for managing the combined cost of housing and transportation which is central to our nation’s affordable housing crisis. When public transportation becomes a competitive or even preferred option as compared to cars, these investments will be an important contribution to reducing pollutants that drive climate change. Congress should significantly increase investment in local and regional public transportation systems, including in rural communities. This should include increasing federal investments in public transportation in rural areas and where there are high concentrations of transit dependency. Congress should conduct oversight to ensure that public transit projects are not implemented in a manner that harms low-income and minority communities.

Create jobs by repairing failing transportation infrastructure. In its latest report card on America’s infrastructure, the American Society of Civil Engineers (ASCE) graded our nation’s infrastructure a D+ using criteria that includes capacity, public safety, condition, maintenance, and resiliency. Investments in our nation’s highways, bridges, tunnels, transit systems, and alternative transportation options will create jobs and reinvigorate our economy. Given the over-representation of Latinos in the construction trades, infrastructure and housing investments are likely to produce a disproportionate value for Latinos.

Promote a Stable, Fair & Efficient Financial Services Marketplace

Mitigate Systemic Risk in the Financial Services Market

Strengthen oversight of “too big to fail” financial institutions. The Dodd Frank Law required the Federal Reserve to undertake a range of oversight efforts specifically for very large financial institutions that were determined to be Systemically Important Financial Institutions (SIFIs). The Federal Reserve should maintain strong oversight of SIFIs including by ensuring strong capital buffers for these “too big to fail” financial institutions and thorough annual Comprehensive Capital Analysis and Reviews (CCAR).
**Improve diversity in governance in the financial policy making institutions.** For all the dynamism and strength of the US economy, it has come to be characterized most fundamentally by enormous disparities in wealth, income and opportunity that strongly correlate to race, ethnicity and geography. East Los Angeles; West Baltimore; Starr County, Texas; and Mercer County, West Virginia share similar concerning adverse economic conditions, each for distinct reasons and each with distinct opportunities to improve. Failing to address significant disparities in income and net worth between major segments of our population, and particularly in segments that are driving our nation’s demographic growth, will result in a less globally competitive US economy. This is a significant and long-term economic risk for the United States. It is critical to have individuals in governance level positions at the Federal Reserve and other federal financial policy making institutions who reflect the racial and ethnic diversity of our nation and who deeply understand how working-class people experience the US economy. A community development professional should be named to the Board of Governors of the Federal Reserve and the Federal Reserve should dramatically increase the number of Hispanics and Asian Pacific-Americans on the Boards of Directors of regional Federal Reserve Banks.

**Strengthen the Community Reinvestment Act (CRA)**

**Reject the approach to CRA modernization put forward by the Comptroller of the Currency.** The CRA is a critical tool for achieving broader financial inclusion. The law was a landmark response to discriminatory practices that targeted communities of color. Unfortunately, these practices continue today. The CRA requires regulated banks to responsibly meet credit needs of low- and moderate-income people in the communities they serve, and it is a fundamental pillar of the multi-billion-dollar community development sector. In the wake of a tax reform that produced windfall profits for banks and their high wealth investors, the CRA is needed more than ever.

The Office of the Comptroller of the Currency released an Advanced Notice of Proposed Rulemaking (ANPR) in the fall of 2018 to solicit comments on CRA modernization. There were widespread and well-documented concerns regarding the OCC’s approach from consumer protection advocates, community development practitioners, large portions of the banking industry, and Members of Congress. An overwhelming majority of respondents to the ANPR, including many from the banking industry, expressed two key concerns: first, that CRA modernization should focus on the credit needs of LMI communities; and second, that creating a single metric or “one ratio” approach to ratings was flawed. The Notice of Proposed Rulemaking (NPR) published by the OCC in December 2019 proposes an approach that is contrary to both key points and, if enacted, will substantially lower the bar for bank compliance with the CRA and will effectively gut the CRA. It will be particularly harmful to rural communities and will reduce investment in the community development finance sector.

Based on more than a decade of work by Federal Reserve Governors and staff and wide ranging public input around the concept of CRA reform, Fed Governor Lael Brainard made a speech in January 2020 that details a way forward on CRA that reflects a balance of input from industry and community-serving organizations. Regulators should undertake a reboot of the CRA modernization process based on the Federal Reserve’s approach.

**Expand the CRA to cover large mortgage companies.** A 2019 article from an FDIC quarterly publication entitled, “Trends in Mortgage Origination and Serving: Non-banks in the Post Crisis...
Period” indicates that mortgage companies now provide most of the mortgages in the United States. The Community Reinvestment Act should be expanded by Congress to cover the largest nonbank mortgage companies.

**Ensure Strong Consumer Financial Protections and Limit Predatory Lending**

**Return the Consumer Financial Protection Bureau (CFPB) to its mission.** The CFPB’s mission is to ensure the consumer financial markets are safe and accessible and to empower consumers to make informed financial decisions. The new administration must restore the structures and resources the CFPB needs to fight discrimination in lending and protect consumers and ensure the ongoing independence of the agency.

**Fully implement the CFPB’s 2017 Payday Rule as originally issued.** In 2017, the CFPB issued a final rule to regulate payday and other small dollar lending, including requiring lenders to consider a borrower’s ability to repay before extending credit. The Bureau spent over five years engaging in extensive information gathering, public input, and analysis before finalizing the rule to address the unfair and abusive practice by payday and vehicle title lenders. In June 2019, the Director of the Consumer Financial Protection Bureau suspended critical provisions of the 2017 rule. This occurred after millions of dollars in contributions were made to the Trump campaign and associated SuperPACs from the payday industry.

**Expand the authority of the CFPB to supervise credit scoring agencies.** The CFPB should have the authority to ensure our nation’s credit scoring models do not create inaccurate or false determinations of a consumer’s credit-worthiness and require that it study the use of alternative data in credit scoring models including its impact on those with little or no traditional credit history and racial and ethnic minorities.

**Expand the capacity of the CFPB to supervise financial activity in multiple languages.** While the CFPB issued a Language Access Plan in 2017 to better provide resources to persons with limited proficiency in English, the agency should take a critical next step and develop a plan and hire sufficient multilingual staff to be able to effectively enforce consumer protection laws with respect to financial activities and transactions that take place in Spanish and other languages.

**The CFPB should expand data collection on lending in the United States.** Section 1071 of the Dodd Frank Law requires the CFPB to collect data on lending to small, women-owned and minority-owned businesses and make it publicly available. This provision was designed by Congress to facilitate enforcement of fair lending laws to curb discrimination, and to identify and remedy “credit deserts” where businesses are unable to obtain the credit they need to grow and serve their communities. Congress mandated that the CFPB issue rules to implement this data collection, yet, after ten years, the CFPB has failed to comply with its obligation. Further, the CFPB has taken steps to undermine the long-established mortgage data collection process required by the Home Mortgage Disclosure Act (HMDA). The CFPB should ensure robust data collection efforts with respect to both HMDA and Section 1071.

**Ensure strong consumer protections in the fast-developing financial technology (FinTech) sector.** As financial services technology continues to advance quickly, including marketplace lending for consumers and small businesses as well as the entry of tech firms into the banking and currency markets, financial regulations must be adapted to ensure innovators are held to a high bar of consumer protection.
Invest in Community Development Financial Institutions (CDFIs)

Preserve and protect funding for the Community Development Financial Institutions (CDFI) program. CDFIs are community-based, financial institutions that provide financial products and services to those that are traditionally underserved by mainstream financial institutions. CDFIs emerged to address the disparities in capital allocation by traditional lenders.

Make the New Markets Tax Credit (NMTC) Program permanent. Increase investment and spur economic growth in LMI communities by making the New Markets Tax Credit (NMTC) permanent. The NMTC program provides a tax incentive to private investors to make Qualified Equity Investments to community development entities, whose economic development projects create jobs and improve the lives of people living in LMI communities.

Support Minority Depository Institutions

Support Minority Owned Depository Institutions (MDIs). MDIs promote a more equitable economy because they are more likely to serve underbanked and LMI communities than their traditional bank counterparts. According to the FDIC report entitled 2019 Minority Depository Institutions: Structure, Performance, and Social Impact, MDIs serve a higher share of minority home mortgage borrowers compared with non-MDI metro-area community banks and MDIs make a greater share of their loans to small business borrowers located in LMI census tracts than non-MDI banks. The number of MDIs have decreased significantly, further limiting access to financial services in minority communities. Prudential regulators should more actively strengthen MDIs consistent with Section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Catalyze Small Business Growth

Make Access to Capital for Minority, Women and Limited English Proficient Entrepreneurs a Top Priority for the Small Business Administration (SBA)

Fully fund the SBA. SBA’s mission, under The Small Business Act, is to maintain and strengthen the nation’s economy by supporting the vitality of small businesses. SBA programs such as the Microloan Program, the Women’s Business Development Center Program, and the Program for Investment in Micro-Entrepreneurs (PRIME) fill an accessibility gap for traditionally underserved entrepreneurs, including Latinos. However, the agency faces budget volatility and shortfalls resulting in a lack of stability and fewer resources to help entrepreneurs. The SBA’s budget must not fall below what was enacted for FY2018 funding and must be set at a robust level to consider the natural growth of its programs and the role they play in enabling Latino entrepreneurs to boost the economy.

Develop a strategic plan for improving access to SBA lending and guarantee programs for minority, women, and limited English proficient entrepreneurs. The SBA should develop a strategic plan for ensuring that its guarantee and direct lending programs equitably serve minority, women, and limited English proficient entrepreneurs. The agency should report to Congress semi-annually on its progress and should be held to account for failing to meet the capital needs of populations that make up the future of the US small business sector.
Strengthen and Coordinate Small Business Resources Outside of the SBA

Reauthorize and expand the State Small Business Credit Initiative (SSBCI). The SSBCI was administered by the Department of Treasury and strengthened state programs that support financing of small business. The SSBCI expired in 2017.

Develop a federal strategic plan to open access to credit and business opportunities for woman and minority small business owners. Ensure interagency coordination among SBA, US Treasury CDFI, US Commerce Minority Business Development Agency (MBDA) and the US HUD offices throughout the federal government.

Prepare Workers to Succeed

Align workforce development policy with the changing American workplace. While much has been done to modernize the nation’s workforce development investment system, the American workplace continues to evolve rapidly. Worker classification has become increasingly challenging and workers are challenged to bring increasingly technical and entrepreneurial skill sets to their jobs. Just as businesses are developing new approaches to hiring and internal training, US Department of Labor workforce investment programs and labor classifications need continued modernization, particularly regarding the needs and opportunities faced by 1099 workers.

Increase the Federal Minimum Wage. The federal minimum wage has been at $7.25 since 2009. A full-time worker at minimum wage cannot live with dignity in today's economy without public assistance. A July 2019 study by the Congressional Budget Office found that a $15 federal minimum wage would increase pay for as many as 27 million workers. Investing in our nation’s workers is investing in our nation’s economy, which relies heavily on consumer spending. Congress should adopt a timeline to gradually increase the federal minimum wage and tie the minimum wage to an appropriate cost of living escalator.

Close the pay gap for Latinas. Latinas earn dramatically less than their White and male counterparts in the workforce. While increasing the minimum wage would be an important step toward closing the pay gap for Latinas in low wage jobs, far more needs to be done to address this pressing concern that affects Latinas across the economic spectrum. Equal pay protections for Latinas must be vigorously enforced, including greater transparency and compliance measures and increased penalties for violations of equal pay protections. The US Equal Employment Opportunity Commission must receive increased training and resources to better identify and investigate wage discrimination.

Increase access to paid sick leave. According to a March 2020 Pew Research Center analysis of the US BLS 2019 National Compensation Survey, while 73% of private sector workers have access to paid sick leave, only 64% of retail workers and 58% of construction workers have access to paid sick leave. A 2010 report by the Joint Economic Committee of Congress found that 27% of food service workers and childcare workers had access to paid sick leave. Congress should pass legislation to establish a tax penalty for businesses that fail to provide paid sick leave for all employees, except for the smallest businesses, and provide financial incentives to make it realistic for the smallest businesses to offer paid sick leave.
**Invest in Puerto Rico**

**Immediately and urgently implement disaster recovery programs.** There have been significant delays in implementing disaster recovery programs after Hurricane Maria. The US HUD Inspector General’s Office opened an investigation into whether the White House interfered to slow the flow of disaster recovery funding to Puerto Rico. Disaster recovery programs must be urgently implemented consistent with documented and expressed community needs. To be most effective and accountable, this requires a significant investment in providing technical assistance to the Commonwealth government as well as municipal governments that are charged with critical roles in the implementation.

Similar to how US HUD managed the Neighborhood Stabilization Program Round II, US HUD and the Commonwealth government should jointly explore whether a well-structured consortium of non-profit housing and economic development entities, including a combination of those on the island and from the mainland, could play a role in the rapid and scaled deployment of disaster recovery funding, as happened when US HUD sought to rapidly deploy billions of dollars in response to the foreclosure crisis.

**Establish a 10-year Marshall Plan-like approach to revitalizing the Puerto Rican economy, with a focus on climate resilience.** Disaster recovery funding is insufficient for strengthening the Puerto Rican economy for the long term. Tax policies, enshrined in both federal and Commonwealth law, incentivized private financial institutions to work with local utilities and municipalities to engineer what became the Puerto Rican debt crisis. These tax policies should be normalized. Infrastructure in Puerto Rico is badly outdated and there is the opportunity to dramatically “leap” forward to modern technology and approaches for delivering water, energy, wastewater, and transportation services. These investments should not be made with an over reliance on debt financing; rather the US government should invest in infrastructure that allows for a vibrant Puerto Rican economy. It is also crucial to eliminate all barriers to the flow of international trade through Puerto Rican ports, which unnecessarily limit import and export activity. Technical support must be provided to local governments in Puerto Rico to support their capacity to manage a rapid transition to a stronger and more resilient economy in a manner that meets the needs and opportunities of the Puerto Rican people.
Preserve rural affordable housing. The US Department of Agriculture’s (USDA) Rural Housing Programs improve the quality of life for low- and moderate-income people in rural America, including many seniors. These programs include low-cost loans, rental assistance, grants, and other support to improve housing conditions. The Section 502 Direct Loan Program has helped more than 2 million low-income rural families to afford a home and build their wealth. The program provides essential funding to meet needs that the private market simply does not and it should be preserved. USDA’s Section 515 Rural Rental Housing Program and the Farm Labor Housing Program support the development of rental housing to low- and moderate-income families in rural America. USDA should preserve and modernize these programs to address the evolving needs of rural communities, including preventing displacement and reducing long work commute times as a result of the lack of decent affordable housing.

Address the digital divide in rural communities. The Federal Reserve Banks of Dallas and Kansas City have published important research on the impacts of inadequate access to reliable high-speed broadband in rural communities. Ongoing federal investment is needed to help close the digital divide because of the high cost to build broadband infrastructures in rural areas and the fewer subscribers to cover those costs.

Create economic and educational opportunities for diverse populations in rural communities. Latinos and immigrants are stabilizing the populations of many rural communities and make up increasingly large portions of the school age populations in many rural school systems. Federal economic development and educational investments in rural communities must consider the evolving cultural and linguistic realities of rural America.