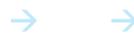




→ **UTAH**
RISING

Initiatives for a Broad & Rapid
Economic Revival



2020

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INTRODUCTION: INITIATIVES FOR A RAPID & BROAD UTAH ECONOMIC REVIVAL

Produced by the Finance Committee of the Utah Economic Response Task Force

At times of great societal transformation, when all the balls are in the air, opportunities exist to harness uncertainty and emerge from the crisis stronger than ever.

The COVID-19 pandemic has been tragic and stressful as it has upended the economy and many aspects of our lives. But by taking courageous action and making wise investments, our jobs and economy can and will rebound, and we can even accelerate progress on long-standing challenges facing our state.

Moody's Analytics recently issued a report placing two Utah cities, Salt Lake City and Provo, among the top 10 cities in the United States best positioned for rapid coronavirus recovery. This national recognition is well-deserved, and is further evidence that Utah is resilient and on track to lead the nation in recovery. Thanks to wise leadership and effective management practices over many decades, Utah enjoys excellent budget flexibility, with significant reserves and bonding capacity. Resources are available to make astute investments that stimulate our economy and create family-supporting jobs.

The purpose of this document is to provide Utah policymakers a menu of ideas as they develop a modern-day Marshall Plan for economic rebound. Some ideas are large, some are modest, some are "big gears" or "moonshots." They cover a variety of economic sectors to turbocharge Utah's economy, so we don't linger in the doldrums for two or three years.

The ideas presented here are not organized into a coordinated plan. Some ideas are well developed,

others are not. Some are short term, others are long term. Some may spark additional ideas, or may be incorporated into other initiatives. Most of these ideas require government leadership. But in many cases, public/private partnerships will produce the desired results.

It is exciting to consider that if we take rapid and courageous action, not only can we revive the economy — we can recover to an even higher level and address some of Utah's long-term growth challenges. We can take advantage of trends accelerated by the pandemic to improve air quality, reduce congestion, and spread Utah's rapid growth to rural areas, creating rural jobs. We can rethink work arrangements and approaches to education. We can invest in long-needed infrastructure, including parks and open space. We can boost tourism in Utah's wide-open spaces, where social distancing occurs by default. We can emerge healthier and more resilient than ever.

Strategic investments in the downturn will pay off in the long term with balanced budgets and increased tax revenue from a burgeoning economy. Thanks to Utah's fiscal discipline and country-topping credit ratings, record-low interest costs enable Utah to make large and strategic investments that will provide jobs today and position the state for future prosperity.

It is important to note that in moving rapidly out of survival mode and into robust growth, Utahns must follow proper health practices and prevent flare-ups of the COVID-19 virus. We must learn to live with the coronavirus and keep it in check, while reviving our economy and returning to work.

AGRICULTURE AND RURAL



GOAL: ENERGIZE UTAH AGRICULTURE AND RURAL COMMUNITIES.

“ DAIRY FARMERS, HAVE BEEN FORCED TO DUMP MILK AND SELL MILK COWS FOR GROUND BEEF.

BACKGROUND

The economic strains on rural communities are nothing new. However, difficulties and disparities have grown heavier during the pandemic as these communities have been affected by disappearing tourism revenues, disrupted agricultural supply chains and sharp downswings in demand for some agricultural products.

Dairy farmers, for instance, have been forced to dump milk and sell milk cows for ground beef. Meanwhile, rural community economies that depend on the energy sector have been severely damaged by major downturns — particularly by plummeting oil prices.

Unemployment levels vary across Utah, but some rural counties have been hit hard, particularly tourism-dependent Grand and Garfield counties and the energy sector-dependent Duchesne and Uintah counties.¹

STRATEGIES

A handful of programs have been developed to assist rural small businesses with credit and capital needs. SBA Disaster Assistance loans continue to be available to agriculture-focused small businesses.² In addition, the U.S. Department of Agriculture has provided \$1 billion in loan guarantees to rural businesses and ag producers.³ Numerous additional approaches can be taken to support rural communities. These include developing of local food co-ops for processing and marketing, bolstering the Utah Conservation Corps program, enlarging Utah's rural grants program and further developing rural broadband.

Strengthen Local Rural Supply Chains. The state could help small farming operations overcome barriers to marketing, processing and delivery by creating a distribution center for local agricultural products through a food hub; there are hundreds of such centers across the U.S.⁴ The state could also kick-start demand by expanding programs that put local produce in school lunches through a farm-to-school program and expand SNAP benefits when purchasing at farmers' markets through the Utah Department of Health's Double Up Food Bucks program. These measures could help provide the economies of scale needed to enable a robust on-line marketing and ordering system, as well as additional processing facilities, including mobile slaughter and processing, and efficient delivery.

Bolster Outreach to Consumers. Utah can tap civic pride by asking consumers to focus their food purchases on homegrown farm products, such as Oakdell Egg Farms and Rosehill Dairy. A campaign could also feature Utah producers that use local agricultural products, such as Gossner Foods.

Make Use of Agricultural Products That Would Otherwise be Wasted. Farm operations and producers experiencing supply chain disruptions could receive a tax credit for donating unsellable food for charitable purposes. One Utah company, Beehive Cheese, produced cheese

with milk that would have been wasted to produce cheese. The company kept workers employed, and the cheese was donated to local food banks. Ranchers also participated in the Feed Utah program, giving sheep to the Navajo Nation.

Boost Employment While Investing in Rural Tourism. Utah Leads Together 3.0 suggests that Utah "invest in and develop infrastructure such as trails, bike paths and other amenities that make Utah's unique vistas and landscapes more accessible to and enjoyable for Utah families and out-of-state visitors." The Utah Conservation Corps does just that.⁵ Ramping up the Utah Conservation Corps program could help with unemployment and rural stimulation now, and rural tourism development in the future. Utah could expand the program or develop a larger program based on the AmeriCorps model.⁶

Invest in Rural Utah's Economic Expansion. The state could help with rural economic expansion by increasing support for the Rural County Grant program. Created in 2020, the program aims to address the economic development needs of rural counties, including: business recruitment, development and expansion; workforce training and development; and infrastructure, industrial building development and capital facilities improvements for business development.⁷

Breach the Broadband Divide While Enabling a Rural Workforce. Utah Leads Together 3.0 recommends that Utah "deliver high-speed reliable telecommunications access for all Utahns, in both unserved areas and underserved areas."⁸ This would allow rural Utahns better opportunities to market agricultural goods worldwide, provide remote employment access, and allow for world-class health care and educational opportunities.⁹ Creating a solid broadband infrastructure also allows rural Utah to market its higher quality of life and proximity to outdoor amenities in attracting teleworkers that will use their salaries to build local economies.

ACTIONS

- Provide funding for a food hub program to better enable processing, marketing and distribution for local agricultural products produced by small farmers.¹⁰
- Provide funding for a farm-to-school program to put local produce in school lunches.¹¹
- Tap civic pride by encouraging Utah consumers to purchase local agricultural products.
- Expand Utah Department of Health's Double Up Food Bucks program, which allows expanded SNAP benefits when used at local farmers markets.
- Expand the Utah Conservation Corps with participation incentives, wages and extended service opportunities.
- Expand the Rural County Grant program as needed beyond the \$10 million price tag, with additional funding in 2021.
- Provide state grants for broadband infrastructure to provide last-mile access to underserved communities and households.
- Leverage state and municipal highway and road construction to provide broadband providers the opportunity to install internet infrastructure at lower costs.

¹ Utah Department of Workforce Services, [Current County Unemployment](#).

² Small Business Administration, 2020, "Disaster loan applications."

³ US Department of Agriculture, 2020, "USDA to provide \$1 billion in loan guarantees for rural businesses and ag producers."

⁴ U.S.D.A. [Local Food Directories: Food Hub Directory](#).

⁵ [Utah Conservation Corps](#). Crew members live and work outdoors as part of a 5-10 person crew, completing various conservation projects throughout Utah, including invasive species removal, revegetation, riparian zone restoration, fence construction, fire mitigation work, habitat surveys and trail construction. During 2018, 225 AmeriCorps members restored acres of habitat, built and improved 61 miles of trails, improved 74 miles of waterway and built 12 miles of fence. The UCC operates primarily from grants from the state and the federal government. In some instances, the UCC relies on students themselves to apply for available grants.

⁶ Utah State University, "[Become a UCC Crew Leader.](#)" The Corps Network, "[Utah Conservation Corps.](#)" Utah Conservation Corps, "[2020 AmeriCorps Field Crew Member Description.](#)" AmeriCorps.

⁷ Utah State Legislature, Senate Bill 95.

⁸ [Utah Leads Together 3.0](#).

⁹ Utah's high urbanization allows a high level of broadband accessibility in urban counties, but it can drop off in rural counties (see Cooper, T., and Tanberk, J., [Best and Worst States for Internet Coverage, Prices and Speeds, 2020, BroadbandNow, March 3, 2020](#).) An additional consideration is that broadband must not only be available, but affordable. While Utah's broadband accessibility is above average, its ranking when considering affordability and local competition is below average (see Cooper, T., and Tanberk, J., [Best and Worst States for Internet Coverage, Prices and Speeds, 2020, BroadbandNow, March 3, 2020](#), and [Federal Communications Commission, Fixed Broadband Deployment, FCC web site, June 2019](#). (Accessed May 22, 2020).

¹⁰ Requested amount by the Local Food Advisory Council, from Rep. Steve Handy, Chair of the Local Food Advisory Council.

¹¹ Ibid.

TECH GRANT PROGRAM

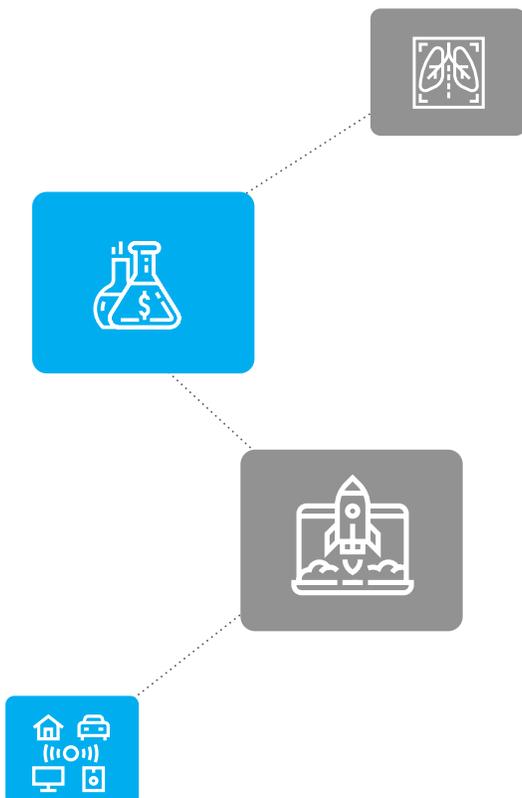


GOAL: SUPER-CHARGE INNOVATION.

BACKGROUND

A key driver of Utah's success over the past 20 years has been the development of devices and products by entrepreneurs that flowered into major enterprises. In many cases, university research and technology transfer have played roles. A cost-effective, scalable innovation in biotech, for instance, can in a matter of a few years move from the idea stage to the international standard for health care. As a result, a relatively small upfront investment, along with university collaboration, can open the way for creating a major employer in Utah with well-paid jobs and economic ripple effects. The unprecedented demands the coronavirus crisis is placing on the diagnostics, medical device and pharmaceutical industries in particular opens new opportunities and a need for higher education institutions to bring additional capacity.

The state can play a key role in promoting innovation by supporting its own higher education institutions alongside private enterprises. It may also include funding for university internships and funding to pay for private sector use of core facilities at higher education institutions.



STRATEGIES

Utah could develop a program that includes grants and university collaboration to support good ideas and develop already-proven concepts. For example, a company needing help with product R & D, materials or technology development, manufacturing processes, automation, etc., could receive a grant that would be transferred to a college or university department that has the specifically needed expertise among its professors or students. By helping the company with its needs, jobs are created and Utah's economy benefits. This approach also overcomes the challenge of commercializing new technologies emerging from universities, because a company would be waiting for and needing the invention or product.

Utah could also create a program with a focus on small grants for projects to be executed within tight time frames. The funds would flow only when grant recipients met certain benchmarks at a certain time. Furthermore, Utah could create a 501(c)(3) that provides small grants and loans, where commercial loans are not feasible, and takes equity positions in larger funding efforts. A nonprofit would be eligible for many more types of national grants and could take equity in companies — potentially providing funding for future generations of grants. A number of states have such programs. For instance, Oklahoma offers three stages of support: 1) under \$50,000 for proof of concept, 2) \$50,000 to \$300,000 loans, and 3) \$300,000+ for equity positions.¹

Utah has a significant pool of academic and business talent regularly engaged in reviewing applications for federal grant programs; these experts could be complemented with out-of-state reviewers. Utah's new program could empanel academics to review proposals seeking small grants to demonstrate proof of concept for joint projects between Utah universities and entrepreneurs. For larger loans and grants, it could empanel business leaders in the relevant field to evaluate whether the product is viable or commercially ready, whether the applicants have the resources to pull it off and whether the available funding is adequate to the task. Conversations with state and university officials and leading entrepreneurs suggest that funding for such a program should be at least \$10 million per year. Though more money could be helpful in the current crisis, they suggest sustaining the program over time.

Internships should be a feature of the program, either within or separate from a grant program. Providing funding for graduate students to expand the capacity of a startup company, for instance, would offer the students transformational educational experiences, enhance the state's human capital and create a pipeline of employees for these emerging companies.

Finally, providing funding for qualifying companies to use university core facilities would allow those companies to expand their research capacity at a low cost. It would provide a funding stream to sustain and upgrade those facilities. It would also support related-facility personnel and support higher education institutions more broadly.

ACTIONS

- Create a grant program to facilitate university experts and students helping companies with tech development, manufacturing processes, etc.
- Create a smaller-scale funding program for products in the proof-of-concept stage.
- Create a larger-scale funding program for products seeking to commercialize.
- Allocate a minimum of \$10 million per year to support the innovation programs.
- Provide funding for internships at Utah startup companies.
- Provide funding to support the use of university core facilities by qualifying companies.

¹ In Oklahoma, [OCAST \(Oklahoma Center for the Advancement of Science and Technology\)](#) does early stage investing, while [i2E](#) was created as the venture arm. In Georgia, the [GRA Venture Fund](#) is another good example.

BUSINESS INVESTMENT FUND



GOAL: ENCOURAGE ENTREPRENEURSHIP BY PROVIDING CAPITAL FOR UTAH COMPANIES IN NEED.

BACKGROUND

Higher risks, drawdowns on existing lines of credits and regulatory constraints are limiting lenders' ability to respond to the needs of Utah companies amid the pandemic economy. This is affecting a wide swath of firms, from startups to established companies seeking capital in order to grow.¹

The Paycheck Protection Program opened up commercial lending to extraordinary levels.² Small businesses in Utah managed to secure \$5.3 billion of these funds, with 73% of eligible small business receiving or approved for funding. The \$5.3 billion also represents 94% of eligible payroll for the program. This suggests that most of the remaining 27% of Utah's small businesses were not structured to benefit from the program. Yet many may still need assistance.³ The State of Utah can help overcome this problem by creating a program that opens the way to needed capital, bridging the lending gap and jump-starting economic activity. Rather than going it alone, Utah can create a bigger impact by leveraging public-private partnerships.

\$5.3 BILLION

PAYCHECK PROTECTION PROGRAM
FUNDS SECURED FOR UTAH

73%



of Utah eligible
small businesses
received or were
approved for
funding.

STRATEGIES

One way to encourage more capital investment is by creating a new and different pooled investment fund that provides money to lenders and venture capital firms that commit to boost investments in Utah companies. This can be designed in some ways similar to Utah's old Fund of Funds, but with important distinctions. The Utah Fund of Funds was created in 2003 to promote venture capital in Utah, and later upgraded to improve transparency, performance measurement and accountability. As of its 2018 annual report, the fund had invested nearly \$150 million in entities that have, in turn, invested nearly \$1 billion in Utah companies.⁴

Any such program should invest directly into growing Utah companies that have the potential to develop into large businesses employing many Utahns. Funding should not go to out-of-state venture capital firms.

An additional approach would be to scale up existing small-business loan programs. Utah's Small Business Growth Initiative already helps small businesses that have the greatest difficulty in gaining access to capital. It does so by helping companies obtain loans from private entities by underwriting some of the risk or matching private loan funds with a subordinate loan.⁵ Utah could also offer similar services to larger companies. It was initially funded with \$13 million in 2013.⁶

Efforts focused on small businesses could gain momentum by bolstering the state's Small Business Development Centers' mission to aid small business in accessing capital. This could be followed up with a public awareness campaign targeting small businesses about the Centers' role in supporting

access to capital and other vital advisory services. If the state preferred a more direct approach, it could itself directly offer capital investments in return for equity. As with the Fund of Funds approach, the state would need to statutorily create a special purpose body to manage public investments. Such a body would require investment expertise and should be charged with vigorous reporting requirements to promote transparency and accountability. Put warrants (agreements to allow the government to sell its equity at a set price in the future) could limit or prevent losses to government investments.

Any of these approaches should be structured so they do not duplicate or compete with private lender programs, including Small Business Administration programs. They should fill gaps, supplement and partner with commercial lending institutions where possible. Small firms should be targeted that have limited access to other government aid, and larger companies should be prevented from absorbing too much of available funding.

The state could also leverage higher education research institutions to support growing companies and create jobs. A company needing help with product R & D, materials or technology development, manufacturing processes, automation, etc., could receive a grant that would be transferred to a college or university department that has the specific expertise among its professors or students. This overcomes the challenge of commercializing new technologies emerging from universities because a company would be waiting for and needing the invention or product.



Create a pooled investment fund



Scale up small-business loan programs



Aid small businesses in gaining capital



Leverage higher education research institutions

ACTIONS

- Via statute, create a special purpose body to manage public investments, build Utah companies, create jobs and provide a return to the state.
- Use recommendations from the 2014 audit of Utah's Fund of Funds program to ensure efficiency, transparency, performance measurement and accountability.
- When investing directly, use put warrants to limit or prevent losses to government investments.
- Scale up the Utah Small Business Growth Initiative.
- Provide additional support to the state's Small Business Development Centers.
- Develop a public awareness campaign targeting small businesses regarding the role of Small Business Development Centers in supporting access to capital and other vital advisory services.
- Leverage higher education research institutions to support growing companies that need help with product and technology development, automation, manufacturing processes, etc.
- Identify and target companies that have had the least access to other forms of governmental aid (like the PPP).
- Create funding earmarks based on business size.

¹ Haque, M., and Field, J., 2020, "Startup Ecosystem Faces Capital Crunch over Coming Months," National Venture Capital Association.

² More money has been loaned since March 11, 2020, than the previous five years. See [Commercial and Industrial Loans reported by the Federal Reserve Bank of St. Louis](#); Arensmeyer, J., 2020, More PPP funding is desperately needed, but small businesses will be left behind once again without grant assistance," [Small Business Majority](#).

³ Data through May 16, 2020. See Mider, Z. and Cedric S., 2018, "[Hardest-hit states, once shortchanged on small-business aid, are catching up.](#)" Bloomberg.

⁴ Office of the Utah Legislative Auditor General, 2014, "[A performance audit of the Fund of Funds.](#)"

⁵ Utah Center for Neighborhood Stabilization, 2016, "[Utah Small Business Growth Initiative.](#)"

⁶ Ibid.

EMPLOYEE RECRUITMENT



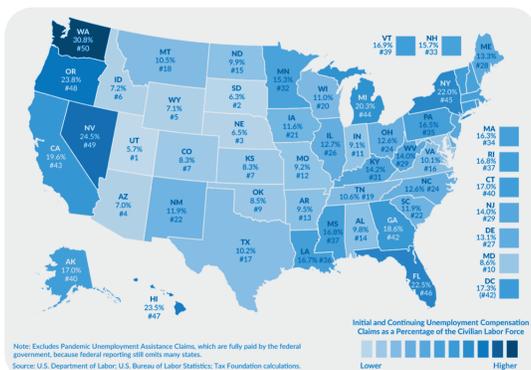
GOAL: MAKE UTAH THE PLACE FOR EMPLOYMENT OPPORTUNITIES TO PAVE THE WAY FOR UTAH’S COMING ECONOMIC EXPANSION.

BACKGROUND

Utah’s diverse economy, relatively low coronavirus infection levels and good economic fundamentals have positioned Utah to recover economically much more quickly than many other states.¹ In fact, as of May 16, 2020, Utah had the nation’s lowest percentage of unemployment claims as a share of the labor force.² (See the Tax Foundation map.)

One of the chief challenges for growing Utah companies in recent years has been finding qualified workers to fill their ranks.³ While the massive job losses would normally indicate a large pool of available workers, a much higher share of recently unemployed Utahns remain marginally attached to their previous jobs.⁴ In addition, concerns for personal and household safety have created a situation where many have voluntarily left the workforce until public health conditions improve.⁵ Moreover, an unintended side effect of the federal government’s generous unemployment benefit program in response to the current crisis is that it provides incentives for individuals not to return to work.⁶ These factors combined — Utah’s previous shortage of qualified employees, a higher level of marginally attached workers, a shrinking labor pool and perverse unemployment incentives — could lead to labor shortages among certain industries.

UNEMPLOYMENT COMPENSATION CLAIMS AS A PERCENTAGE OF THE CIVILIAN WORKFORCE



STRATEGIES

By connecting unemployed Utahns with new opportunities, providing job retraining and, where gaps remain, recruiting from other states, Utah can address the human capital needs of Utah companies and infuse the overall economy with new energy.

Utah's first strategy should be to address employment crunches by facilitating the reallocation of workers to high-demand industries and encouraging able Utah workers to enter or re-enter the labor force. Taking advantage of Utah's well-developed job training infrastructure, employers that provide a living wage or better will enable and incentivize Utahns to retrain to high-demand jobs. The creation of a stipend program to support those retraining for high-demand positions would allow them to ramp up their credentials while supporting their families.

Utah Leads Together 3.0 suggests investing in rapid upskilling for high-demand positions. It envisions two years of funding with investments focused on three categories: non-degree certificate programs ranging from six to 30 weeks that build knowledge and skill in areas such as data analytics and applications, systems operations, cybersecurity, technology tools for education and business, project management, and health care fields; one-year graduate programs that support Utah industries such as software development, information systems, finance, security operations and educational technology; and short-term technical education credential programs in high-demand technical areas, such as skilled trades (welding, electrician, and others), allied health (certified nursing assistants, medical technology, and others), and information technology (web, mobile development and others). It suggests considering the allocation of \$30 million to \$50 million in CARES Act or other funding to vouchers for students, scholarships, income-share programs, and other support. It also suggests providing incentives for program completion, the consideration of public-private partnerships; and the spread of investment throughout the state.⁷

Where Utah's local workforce is insufficient to meet specific industry needs, Utah could take advantage of the state's positive economic situation (relative to other states) to encourage others to move into Utah or work remotely for

Utah companies to meet local employment needs. To assist directly with recruitment, the state might create a program to match signing bonuses for high-demand employees relocating to the state. It might also consider a tax credit for relocation costs.

As demand for skilled workers increases, employers and government leaders could think "outside the box" regarding employee benefits, especially for younger workers who are motivated differently than older workers. Many forward-looking firms have been re-thinking benefits, offering such things as student loan repayment, flexible work schedules, health savings accounts, financial wellness programs, more generous paid parental leave, mental health assistance, tuition assistance, and telehealth options. Offering more choices and flexibility in benefits could have a large impact in attracting millennials to work in Utah or to work remotely for Utah companies.

By focusing on industries that have a high job-multiplier effect, the state can leverage its investments to benefit the economy at large. For instance, creating or filling a job in the utilities, manufacturing, real estate and information industries will support at least four additional jobs across the rest of the economy.

As remote working opportunities become more available, Utah also has a significant opportunity to attract workers to live in Utah while continuing employment elsewhere. Many coastal tech companies are encouraging some or all of their employees to telecommute. That means they can live almost anywhere high-speed internet access is available. With Utah's relatively low cost of living and excellent quality of life, Utah could initiate a campaign to attract young professionals from Silicon Valley and the East Coast to live in Utah and work remotely. A recent survey indicated that more than half of workers in the Bay Area said they would prefer to live elsewhere if they could work remotely.

Utah has a unique opportunity to take human capital market share of smart people from urban centers on the coasts. A strong case can be made for professionals to enjoy Silicon Valley compensation while living in Park City, Moab, Torrey, or many other attractive Utah locations.⁸

ACTIONS

- Fund a workforce training program with a living stipend to reallocate workers to high-demand industries.
- Focus on non-degree certificate programs ranging from six to 30 weeks that build knowledge and skill in key areas, one-year graduate programs that support Utah industries; and short-term technical education credential programs in high-demand technical areas.
- Launch a state advertising blitz highlighting the opportunity to find a new and improved place in Utah's dynamic economy through relatively short-term training programs.
- Consider creating a program to match signing bonuses or provide a temporary tax credit for relocation costs in high-demand industries that require a high degree of technical proficiency.
- Rethink employee benefits to attract young professionals who may have different priorities than older workers.
- Create a national advertising program promoting Utah as a place to work, highlighting opportunities for both residents and non-residents.
- Prioritize industries that have a high job-multiplier effect to leverage state investments.
- Capitalize on Utah's life quality to attract urban tech industry professionals who can relocate to Utah while continuing to work for their technology companies.

¹ Van Wagner, M. and Samuels, N., 2020, "[Moody's assigns AAA to Utah's GO Bonds Series 2020B; outlook stable](#)," Moody's Investor Service.

² See Economic Response Task Force, 2020, "[Utah Leads Together 3.0: Utah's plan for health and an economic recovery](#)," State of Utah,. See also Tax Foundation, "[A Visual Guide to Unemployment Benefit Claims, May 21, 2020](#)."

³ Collard, C., 2017, [Help Wanted: Workforce Participation, Wages, Job Desirability, and Skills Gaps](#), Utah Foundation, Salt Lake Chamber, 2020, "[Utah has more employment opportunities than employees](#)."

⁴ Semerad, T., 2020, "[As Utah reopens its economy, some say the COVID-19 unemployment benefits could be a barrier to working](#)," Salt Lake Tribune.

⁵ Sullivan, A., 2020, "[Americans too scared to go to work risk losing unemployment aid, experts say](#)," Reuters.

⁶ Sullivan, A., 2020, "[Americans too scared to go to work risk losing unemployment aid, experts say](#)," Reuters.

⁷ Economic Response Task Force, [Utah Leads Together 3.0](#), May 20, 2020, p. 16.

⁸ Bivens, J., 2019, "[Updated employment multiples for the US economy](#)," Economic Policy Institute,.

INFRASTRUCTURE



GOAL: LAUNCH AN INFRASTRUCTURE PROGRAM OF GENERATIONAL SIGNIFICANCE.

BACKGROUND

Infrastructure investments have the potential to create jobs today to meet immediate economic needs while producing long-term assets in finished products that help drive future economic growth.¹ Utah has the potential of unlocking significant new bonding capacity, opening the way for a large-scale capital program of generational significance.

One appealing approach would be to lock in a 100-year bond at today's exceptionally low interest rates. Part of the bond proceeds could be used for affordable housing, with rental income covering the annual bond payments. Hence, Utah would increase affordable housing and create a revenue stream for bond payments, and significant bond proceeds would be available for other state infrastructure projects. While president of Ohio State University, Gordon Gee took a similar approach, using one-third of the proceeds of a 100-year bond to build student housing. Rental income covered the bond payments and Ohio State used two-thirds of the proceeds for research and other priorities.

However, issuing bonds that have a maturity longer than 20 years may require constitutional change.² The legislature also has imposed a statutory 15-year cap on maturity, which can limit the benefit of locking in at current low rates. Utah's constitution also poses a hard cap on the amount the state can bond — 1.5% of taxable property in the state. With current

obligations at \$2.4 billion, that leaves an additional \$3.4 billion in available bonding capacity.³ However, the state has also set lower statutory limits that currently reduce additional general obligation funding capacity to \$1.1 billion.⁴ (It should be noted that this limitation does not apply to highway projects.)

A key consideration is the impact bonding on such a large scale would do to Utah's ability to raise future funds. Not only would a large bonding program limit how much Utah could raise through bonding in the future, it could also make bonding more expensive if such actions threaten Utah's AAA credit rating. However, a number of factors beyond total obligations contribute to Utah's positive rating, as highlighted by the recent affirmation of Utah's credit rating by the three major credit rating agencies.⁵ But steep increases in bonding levels have raised concerns in the past.⁶ It might be useful to determine a good balance between maximizing the positive impact on the economy without threatening Utah's long-term bonding capacity. For instance, if Utah were to target 2013 levels of debt — the most recent peak — compared to its current income, it could raise \$2.3 billion, more than twice its statutory limit.

BONDING CAPACITY

Constitutional	\$3.4 billion
Statutory	\$1.1 billion
Based on 2013 peak levels	\$2.3 billion

STRATEGIES

Bonding to ramp up large infrastructure projects was one of the strategies that helped Utah weather the 2008 recession better than many other states. A similar (or greater) effort today can help turbo-charge the economy with new jobs. It may also bring new excitement to citizens and potential investors in the state, further stimulating economic activity.

A benefit of bonding for transportation infrastructure and building projects is the potential to free up general fund sales tax revenue for other critical state needs. Currently, the state is spending about \$650 million annually in cash from sales tax revenue for transportation infrastructure. Bonding for some or all of that amount would make that general fund revenue available to use elsewhere.

There are ways for the state to leverage its impacts. One option would be to offer matching revenues to local governments. This could encourage school districts, water agencies, and other local infrastructure providers to issue bonds in a beneficial financial environment to further the impact and provide more jobs during a trying economic period. Working with local governments could also speed up the economic impacts, since local governments often have projects of a manageable scale that are shovel ready or nearly so.

The state could also create additional incentives to encourage or facilitate local infrastructure bonding. The state currently allows schools to borrow on its AAA rating, allowing taxpayers to save money. The state could temporarily expand this program to cities, counties, school districts and special purpose districts ready to act now. Alternatively, the state could offer direct assistance, covering the difference between the interest rate for a AAA government bond and whatever rate the local government is able to receive in the private market.

There is one infrastructure category that may warrant particular attention: Creating greater connectivity through investments in mass transit. Double-tracking UTA's Frontrunner, for instance, is a capital-intensive project

that transportation officials see as a vital next step for the Wasatch Front. Other projects include ready or near-ready bus rapid transit projects. Other such projects to expand Utah's transit systems could help to drive transit-oriented development. Coupled with an extended regime of free or reduced fares, commuter habits could shift to transit (and simply shift back to transit following the steep decline during the pandemic), yielding long-term benefits in air quality and quality of life.

In addition, previous work around quality of life and growth has found a greater public desire for high-quality growth, with a key strategy being the enhancement of pedestrian-friendly amenities. These include projects to create more walkable streetscapes and more bike lanes and trails. It may also include investment in new urban green spaces.

Water infrastructure projects, necessary to sustain Utah's long-term growth, may also warrant special consideration.

Many mega projects take years to develop as they address environmental remediations and preparation activities. Funds will be most effective for near-term economic stimulation when prioritized toward shovel-ready projects. State and local bond proceeds may be able to jointly address needs that are part of Utah's long-term planning protocols, like those in Utah's Unified Transportation Plan or Utah's Statewide Water Infrastructure Plan.

Finally, bipartisan discussions on a major infrastructure bill have been going on for years and may get fresh impetus from the current economic crisis. Such a bill would offer Utah the opportunity to supplement state and local infrastructure funds with federal monies.

At the federal level, a large infrastructure funding program is being considered as part of a future stimulus package. Utah's congressional delegation should support infrastructure funding.

ACTIONS

- Consider a long-term infrastructure bonding program with a revenue stream to cover bond payments. Pursue a constitutional change as needed.
- If both longer-term bonding and larger debt capacity are needed, pass legislation to adjust statutory limits accordingly.
- Offer matching revenues to local governments statewide to take advantage of low rates, large local needs and the potential for quick project turnaround.
- Allow local governments to temporarily borrow on the state's AAA rating, or cover the difference between interest rates for AAA ratings and what local governments are able to achieve alone in the municipal bond market.
- Invest in mass transit projects that promote connectivity and open the way for transit-oriented development.
- Invest in pedestrian-friendly amenities and greenscapes to enhance community spaces and quality of life.
- Invest in top-priority water projects.
- Use bonding proceeds to move up timetables on the most ready infrastructure projects.
- Support federal-level efforts to provide infrastructure funding.

¹ Haughwout, A., "Infrastructure Investment as an Automatic Stabilizer," Brookings Institute, 2019.

² Utah State Constitution, Article XIII, Sec. 5:3.

³ Utah's 2019 CAFR puts outstanding GO at \$2.374 billion. It appears Utah bonded another \$447 million in 2020. Utah Department of Administrative Services, 2019, "Utah Comprehensive Annual Fiscal Report," Utah Office of State Treasurer, 2020, "Utah 'AAA' credit rating affirmed, state saves taxpayer dollars on infrastructure during pandemic," Utah Policy.

⁴ Utah Department of Administrative Services, 2019, "Utah Comprehensive Annual Fiscal Report," Utah Office of State Treasurer,

⁵ Utah Office of State Treasurer, 2020, "Utah 'AAA' credit rating affirmed, state saves taxpayer dollars on infrastructure during pandemic," Utah Policy.

⁶ Utah took advantage of low interest rates in 2009, which helped the state complete tasks under budget while supporting the economy. However, when evaluating Utah's debt in 2013, Moody's Analytics commented on Utah's "debt burden that has risen quickly to an above-average level" as a challenge to the state. Lombardi, J., 2013, "Utah has \$3.6 billion in debt outstanding; outlook is stable," Moody's Investor Service.

⁷ See Utah Foundation, Utah Foundation Quality of Life Survey: Measuring Utahns' Perceptions of their Communities, Personal Lives, Sept. 2018, and Utah Foundation, Building a Better Beehive: Land Use Decision Making, Fiscal Sustainability and Quality of Life in Utah, June 2019.

RENTAL ASSISTANCE



GOAL: KEEP UTAH'S REAL ESTATE AND RENTAL HOUSING MARKETS VIBRANT, AND DEVELOP ADDITIONAL HOUSING TO MEET DEMAND.

BACKGROUND

Utah Leads Together 3.0 recommends that Utah “invest in affordable housing options for single individuals, families and the elderly throughout the state” in an effort to overcome Utah’s continuing housing shortage.”¹ That is an important long-term goal for Utah, which would also help stimulate Utah’s economy in the short term with construction employment.

This type of affordable housing development was thoroughly discussed during the 2020 General Session. Senate Bill 39, as passed, provided \$10 million for affordable housing development and preservation through the Olene Walker Housing Loan Fund.²

For those recently unemployed Utahns who are able to access unemployment insurance, the CARES Act extends those benefits through the end of 2020.³ These Utahns should feel secure in their ability to pay their rents and mortgages until that time. However, by early 2021, Utah might see higher residential vacancy rates as well

as more pressure on homeless service organizations to support those Utahns who are unable to remain in their homes.

Utah’s April session saw the passage of Senate Bill 3006, which included \$20 million for COVID-19 Residential Housing Assistance.⁴ That program is currently being designed by the Utah Department of Workforce Services.

Meanwhile, Utah businesses that have been affected by the pandemic are losing revenue and may be finding it difficult to pay their rents. With respect to commercial real estate, those firms fortunate to have received Paycheck Protection Program loans/grants can use those amounts to cover their lease payments. In addition, Utah’s COVID-19 Commercial Rental Assistance program was designed to provide a small amount of funds to support Utah businesses. However, these funds are limited. The pressure on companies may increase in the coming months to find the revenues to pay their rents.

STRATEGIES

The State of Utah could provide commercial rental assistance and household mortgage and rental assistance. Because of the immense number and amount of assistance that would be needed across the state's 80,000 businesses⁵ and 1,000,000 households,⁶ this assistance could take the form of loans (at low interest rates over long terms). Additional grant amounts would overwhelm the state, given that the PPP loans/grants paid out \$5.3 billion in over 47,000 business loans – over one quarter of Utah's annual budget.⁷ The COVID-19 Commercial Rental Assistance Program itself had a price tag of \$40 million.⁸

Utah could start with business loans through GOED. The program could mirror or improve upon the qualifications under Utah's COVID-19 Commercial Rental Assistance Program.⁹ Payments on the business loans could be directed to GOED to further its mission.

Residential rental assistance — like unemployment benefits — would help keep families in their homes. It would have the added benefit of keep down foreclosure rates, which skyrocketed during the Great Recession.¹⁰ Multifamily development foreclosure rates also saw a large increase.¹¹ By 2021, the state could begin providing loans to Utahns when their unemployment benefits expire. The loans could mirror the parameters of the COVID-19 Residential Housing Assistance program. The loans could provide for a maximum monthly amount — such as \$1,500 — of a Utahn's rent or mortgage payment.¹²

Payments on the household loans could be directed to the Olene Walker Housing Loan Fund to further its mission, including the development of affordable housing.

ACTIONS

- The Utah Legislature could direct funding to GOED for business loans, which GOED would distribute under the Commercial Rental Assistance program guidelines.
- The Utah Legislature could direct funding to the Olene Walker Housing Loan Fund program for residential loans, which the Utah Department of Workforce Services or the loan fund itself could distribute for mortgage and rental assistance.
- GOED and Olene Walker Housing Loan Fund could receive payments on the loans over some term (such as 10 years) to fund their respective missions.

¹ [Utah Leads Together 3.0](#).

² [Utah Legislature, Senate Bill 39](#).

³ [Department of Labor, Unemployment Insurance Relief During COVID-19 Outbreak](#).

⁴ [Utah State Legislature, Senate Bill 3006](#).

⁵ [Department of Workforce Services Firm Find tool](#).

⁶ U.S. Census Bureau, American Community Survey, 2018, one-year data, S2501 Occupancy Characteristics, DP04 Selected Housing Characteristics. Utah Foundation calculations.

⁷ Bloomberg, [Hardest-Hit States, Once Shortchanged on Small-Business Aid, Are Catching Up](#), May 20, 2020, .

⁸ [Utah State Legislature, Senate Bill 3006](#).

⁹ [GOED, Utah COVID-19 Commercial Rental Assistance Program](#).

¹⁰ Statista, [Foreclosure rate in the United States from 2005 to 2019](#).

¹¹ Joint Center for Housing Studies of Harvard University, [Rental Market Stresses: Impacts of the Great Recession on Affordability and Multifamily Lending](#), July 2011.

¹² U.S. Census Bureau, American Community Survey, 2018, one-year data, S2501 Occupancy Characteristics, DP04 Selected Housing Characteristics. Utah Foundation calculations.

REOPENING SCHOOLS



GOAL: REOPEN SCHOOLS SO PARENTS CAN GET BACK TO WORK.



BY FINDING RESPONSIBLE MEANS OF REOPENING SCHOOLS BY THE FALL, THE EDUCATION COMMUNITY CAN HELP TO JUMP-START THE UTAH ECONOMY.

BACKGROUND

The closure of Utah's schools has significant potential consequences for student advancement and limits many parents' ability to work outside the home.

By finding responsible means of reopening schools by the fall, the education community can help to jump-start the Utah economy and minimize longer-term consequences for student performance. Meanwhile, creating and taking advantage of robust and proven online learning opportunities would help minimize impacts in case of school-year disruptions.

STRATEGIES

While widespread school closures have been the norm in the U.S.,¹ other countries have developed strategies to reopen schools in the face of public health risks associated with the coronavirus outbreak.² For instance, in Australia, many students have returned, but whether and how depends upon the state and territory. While in some areas students are still learning remotely, in other areas students have returned one day per week, only the youngest and oldest students have returned, or governments are staggering the return of students. The states and territories are employing a host of health measures, such as increased handwashing.³ Across Europe, students are returning to the classroom, but in different ways. The youngest children are returning in England, while the oldest are returning in Germany. And social distancing appears to be key. Classes in Germany are split into two — alternating between lessons at school and at home.⁴ In France, younger students are returning, but to smaller classes, without many sports, and with staggered school breaks for kids. And in Sweden, day care and classes for students 16 and younger have remained open — as with much of the economy, they are taking a “herd immunity” approach, under the theory that while Sweden’s death rate is among the highest in the world now, it will be lower when looking back upon the course of the epidemic.⁵

Health and safety are paramount, but economic health is also of particular importance given that hundreds of thousands of Utah’s workers depend on child care or the child care role that schools provide.⁶ Furthermore, just as students already lose some of what they’ve learned over the summer by the start of the next year, Utah’s students will have lost a lot more during the 2019–20 curtailed year and the shift to remote learning.⁷

There are numerous approaches to safely returning to school. Schools will require social distancing measures — which at a minimum may increase the feeling of safety for kids and their parents — and could include measures that limit the interaction between students.

Aggressively ramping up testing capacity at school sites with a simple and fast saliva sample could play a critical role.⁸ Innovative testing approaches that reduce costs by zeroing in on possibly vulnerable groups have been tried in Israel and Iceland; closer to home, similar approaches have been deployed by Nebraska and the Stanford Medical Center.⁹ In Utah, Merit Medical is studying a test that would produce accurate results in a few hours.

For instance, health professionals could swab (two to three times for each test) all students, teachers and staff (and any interested parents that are dropping off kids) two or more days per week, testing as a group and then retesting any positive groups individually. Group tests could be done at the classroom level in Utah schools. A positive test in a class would trigger individual tests for each student, teacher, faculty member, etc., within that class. As testing progresses and coronavirus numbers decrease, testing could expand to larger groups.¹⁰ This pattern of testing could allow school sports to resume, and tested individuals could attend school sports and other events.

Further, if significant new outbreaks again force school closures, it will be critical for school districts to put in robust online programs for distance learning. For instance, Granite School District is gathering data and insights from its spring 2020 experience with home learning to create a stronger online program for its pupils. The district expects some students to continue tele-education even if schools do open, either out of health concerns or from a newfound preference for online learning. Adopting robust online programs will allow schools to serve these students. By centralizing coursework in a parallel curriculum, districts can create a resource for teachers to incorporate into their teaching, easing teacher preparation. It will also allow students to continue to learn without losing ground when they’re sick or otherwise do not attend school.

One internationally recognized Utah-based online learning program is Waterford UPSTART (see <https://waterford.org>), a home-based early reading program that has been recognized by The Audacious Project, a TED Talk group of philanthropists, as one of the best ideas in the world (<https://audaciousproject.org/ideas/2019/upstart-project>). Donors have contributed some \$35 million to help it expand. All parents, from immigrants and refugees to college professors, should have the opportunity to take advantage of this program and teach their children to read prior to entering first grade. It would also make sense for the Head Start organization, nationally and locally, to obtain federal funding to incorporate UPSTART into the Head Start curriculum. It would be an excellent funding prospect for a future federal stimulus package.

In the longer term, the state could take actions to develop cleaner environments — such as upgrading school ventilation.¹¹ Upgraded ventilation would help dilute the air in classrooms with clean and filtered outdoor air.¹²

The state could focus on hot spot areas, then move to the remaining schools in the state. While expensive, this could have additional benefits of improving the cognitive functioning of students and improving the overall air quality inside schools with adequate filtration to remove PM2.5 and other pollutants.¹³ But in the meantime, Utah can focus on ramping up summer programming.¹⁴ The Summer 2020 Supplemental Grant program from the Utah Office of Child Care provides up to \$4,500 per week to organizations statewide that offer in-person summer programs for children.¹⁵ The grants attempt to address health and safety concerns and the low enrollment spurred from the pandemic. More funding could help ramp up summer learning programs. This would also allow more parents to return to work. Furthermore, the state could consider directing funds toward home-based summer programs, as summer learning programs appear to be more efficient when policies offer options for students to engage and are accessible through cost-effective home-based programs.¹⁶

ACTIONS

- Where needed, shift to alternating schedules, with students attending two to three days per week, and learning remotely on the other days. This would allow for social distancing within classrooms.
- Stagger class start times for students, resulting in fewer children in the halls at any given time.
- Restrict students to certain areas of their schools. Blocking hallways between grades with temporary barriers would help limit interaction.
- Implement regular handwashing protocols throughout the day. Where needed and as feasible, install handwashing stations.
- Use fast, easy saliva tests to ramp up testing for all students.
- Identify schools most in need of ventilation upgrades and implement such upgrades to the extent feasible.
- Bolster and refine online offerings for pre school and for school and district levels, including summer programs, to keep all kids on pace. Consider local solutions like Waterford UPSTART.

- ¹ Nationwide, 42 states closed schools before the end of the school year, six additional states recommended closures and two states varied by district and school. [Education Week, Map: Coronavirus and School Closures, May 15, 2020.](#)
- ² World Economic Forum, [“COVID-19: Countries Around the World are Reopening Their Schools. This is What it Looks Like,”](#) May 2, 2020.
- ³ Australian Broadcasting Company, [“Schools are reopening, so here’s a guide to the situation in each state and territory,”](#) May 4, 2020.
- ⁴ The Guardian, [“European schools get ready to reopen despite concern about pupils spreading COVID-19,”](#) May 1, 2020.
- ⁵ The Economist, [“Is Sweden’s approach to COVID-19 wise or reckless?”](#) May 16, 2020.
- ⁶ The broad discussions around opening day care and pre-K, elementary and secondary educational facilities center around three fundamental questions. When? For whom? How? Briefly, the when and for whom questions relate to overall public health and safety concerns, balanced with economic health, student needs and whether schools are ready to reopen. McKinsey & Company, [Safely Back to School After Coronavirus Closures](#), April 29, 2020.
- ⁷ Quinn, D., and Polikoff, M., [“Summer learning loss: What is it, and what can we do about it?”](#) Brookings Institution, September 14, 2017. Note: Summer learning loss is the phenomenon in which students begin the academic year in the fall with achievement levels lower than where they were at the beginning of summer break. The “faucet theory” offers an explanation as to why lower-income students might learn less over the summer compared to those with higher incomes. According to the theory, the “resource faucet” is on for all students during the school year and allows for students to make learning gains. The flow of resources, however, for students from disadvantaged backgrounds during the summer slows, while students from advantaged backgrounds still maintain access to financial and human capital resources. Entwisle, D.R., Alexander, K.L, and Olson, L.S. (2000) “A notion at risk: Preserving public education as an engine for social mobility (pp. 9-30), New York, NY: Century Foundation Press.
- ⁸ The approaches may include not just increasing the number of tests but potentially using new ways of testing — such as group or pooled testing that is being used in some areas. Group testing consists of pooling many samples together within the same test. The benefit of doing so is that it allows for the testing of groups of individuals to see if there is at least one positive test within the group for the price of one test. If a positive test is found, individual testing could be done within that group to identify infected individuals. However, if no positive is found, that group could be more or less cleared to return to normal. Group testing is more economically efficient and allows for faster testing of larger groups; while also allowing individuals in a group that includes a positive test to then get an individual test. Kotlikoff, L., and Kotlikoff, M. [How to get the economy safely back to work in just 2 weeks.](#) The Hill, March 31, 2020. Researchers suggest that “the implementation of this strategy in the short run requires limited investments and could bypass the current immense shortage of testing capacity.” See Gollier, C., and Gossner, O., Centre for Economic Policy Research, [“Group testing against COVID-19,”](#) COVID Economics, Issue 2, April 8, 2020.
- ⁹ See Centre for Economic Policy Research, [“Group testing against COVID-19,”](#) Covid Economics, Issue 2, April 8, 2020.; Kotlikoff, L. [“Group Testing Is Our Surefire Secret Weapon Against Coronavirus,”](#) Forbes, March 29, 2020. Conger, K., [“Testing pooled samples for COVID-19 helps Stanford researchers track early viral spread in Bay Area,”](#) Stanford Medicine blog, April 7, 2020.
- ¹⁰ Note that researchers have created a guide for the optimal group sizes based on a [“prevalence ratio.”](#) Gollier, C. and Gossner, O., Centre for Economic Policy Research, [Group testing against COVID-19](#), COVID Economics, Issue 2, April 8, 2020.
- ¹¹ McKinsey & Company, [Safely Back to School After Coronavirus Closures](#), April 29, 2020.
- ¹² Lehman, T. and Hopf, M., [Maintaining School HVAC Systems to Address COVID-19.](#)
- ¹³ Senz, K., [Why COVID-19 Raises the Stakes for Healthy Buildings](#), April 20, 2020. See also [CDC, Considerations for Schools](#), May 19, 2020, and Lehman, T. and Hopf, M., [Maintaining School HVAC Systems to Address COVID-19.](#)
- ¹⁴ Utah Office of Child Care, [“Summer 2020 Supplemental Grant.”](#)
- ¹⁵ Department of Workforce Services, Utah Office of Child Care. (May 19, 2020). “Press Release: Summer 2020 Supplemental Grants created to assist Utah’s summer programs for children.” [Congress, House, CARES Act, 116th Congress, 2020, H.R. 748.](#)
- ¹⁶ Researchers have found some success with lower-cost home-based learning in the summer that can be effective for low-income students. For example, the READS program delivers students with eight books in the mail throughout the summer that match their interests and reading levels. With each book, students also receive a paper that leads them through a pre-reading activity and a post-reading comprehension check. Home-based programs such as READS can be more cost-effective; the cost of READS per student is between \$250–\$480, while other programs can cost as much as \$1,700 per student. Quinn, D. and Polikoff, M., [“Summer learning loss: What is it, and what can we do about it?”](#) Brookings Institution, September 14, 2017.
- ¹⁷ Kotlikoff, L. and Kotlikoff, M., [How to get the economy safely back to work in just 2 weeks](#), The Hill, March 31, 2020.

TOURISM



GOAL: DRAW AMERICA TO UTAH'S GREAT OUTDOORS.

BACKGROUND

In recent months, tourism and tourism-related industries have seen significant drop-offs. In Utah, this decrease is hovering around 90% — from about \$26 million per day down to \$3 million.¹ Tourism accounts for a significant portion of Utah's economy — roughly 10% — with communities such as Moab and Park City depending heavily on travel dollars.

Reaching out to both in-state and national travelers will help to revive tourism in Utah and assist businesses and individuals hard hit by the drop-off. Moving hotel occupancy to 60% or higher would save many motels and hotels that may otherwise close, and will also provide ancillary jobs in rural areas.



STRATEGIES

Travel industry experts have said that our state is uniquely positioned for a rebound in tourism compared to other states because most of its core destinations are outdoors. While air travel and car rentals have dropped to a fraction of its previous numbers, paralleling the overall drop in tourism, passenger and rental numbers have slowly but steadily been increasing, bringing an increased likelihood of visitors to Utah. Funds could be directed to the state's Tourism Marketing Performance Fund to accelerate the trend. Past advertising programs both in-state and out-of-state have successfully brought visitors to Utah's attractions.

But competition will be fierce. States and countries are mounting major efforts to rekindle tourism. Both Italy and Japan, for example, are developing programs to not just aggressively market tourist attractions, but to actually subsidize visits. The Japan Tourism Agency announced a plan to attract foreign travelers by subsidizing half of their travel expenses. The southern Italian island of Sicily has said it will pay for half of flight costs and a third of hotel bills. (<https://www.travelpulse.com/news/destinations/japan-offering-tourists-a-subsidy-plan.html>)

Utah can tap the civic spirit of Utahns by encouraging them to explore their own state and spend their vacation budgets closer to home. Such an approach should emphasize that doing so could make the difference in helping a Utah business survive or a hospitality worker keeping a job. Furthermore, Utah is blanketed with national parks and forests, as well as state parks, that would be the envy of most other states: There is much for Utahns to explore close to home, beyond just day trips. Such a campaign may also appeal to Utahns looking to avoid picking up infections from traveling out of state.

An issue of increasing concern has been large crowds in the Mighty Five. Utah can spread the tourism footprint and its benefits by encouraging visits to lesser-known, but remarkable attractions in state parks and at places like Dinosaur National Monument, Bear Lake and Bears Ears.

One specific project that would help disperse crowds at Zion National Park, Utah's most popular and most crowded national park, would be supporting visitor

amenity development at the east park entrance with an electric bus system connecting all sections of the park. Such development would improve air quality, reduce carbon emissions and reduce auto congestion, in addition to dispersing visitors to areas of the park that are very beautiful, but are lesser known. The development of tourist accommodations on the east side would generate jobs and boost the economies of Kane and Washington counties. An economic and fiscal impact analysis for this proposal is being sponsored by a public-private partnership.

Encouraging travelers to explore Utah through driving vacations may also be worthwhile in the face of low fuel costs. Such an approach could be particularly effective in light of some travelers' fears of flying and the unprecedented curtailment of international travel.

The travel industry has stepped up its sanitary efforts, moved toward "touchless" transactions and imposed social distancing measures. Educating the public on those businesses' efforts to promote public health will help build confidence in travel. There may also be side benefits worth highlighting. For instance, Delta has announced that it will limit passengers to 60% of the seats on its flight, making flights not only healthier, but more comfortable.²

In the somewhat longer term, it would be beneficial to identify and invest in tourism infrastructure needed to help tourism-based communities attract and handle more tourists. For instance, the increasing crowds, both in-state and from out of the state, on Utah's trail systems suggest it may be time to invest in expanding those systems.

In addition, with the summer travel season approaching, state and local tourism offices could explore partnerships with recreational vehicle manufacturers/dealers and bike companies that are seeing dramatic sales increases. RV purchases could be incentivized with reservations at campgrounds at Utah's state and national parks. A promotion could be: "Buy an RV and get a week of camping at Utah's amazing attractions." Bicycle companies could offer organized cycling trips through the parks. Those companies currently have high traffic and their customers are looking for destinations.

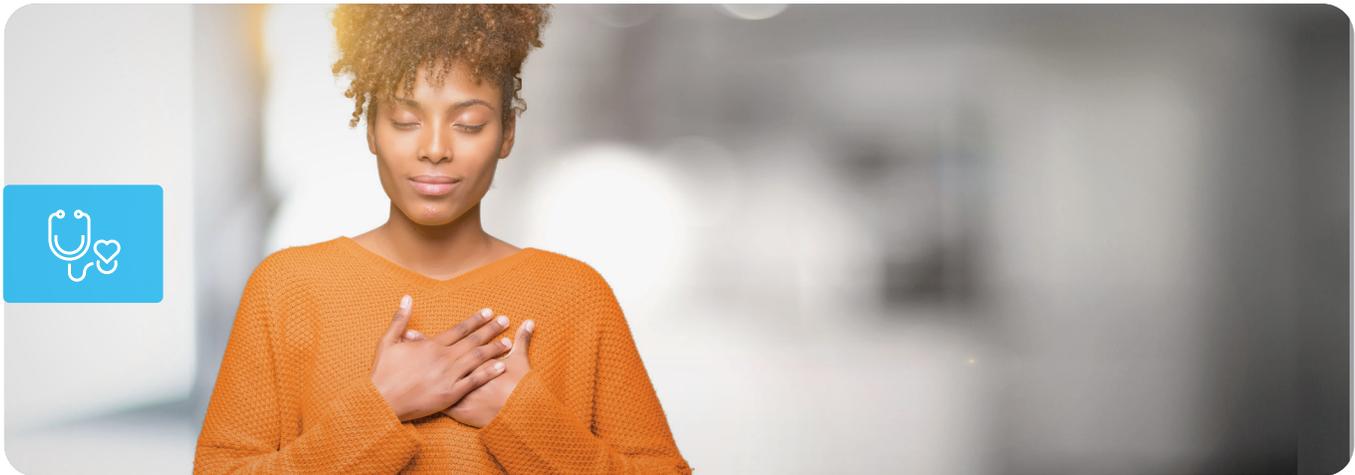
ACTIONS

- Launch an advertising campaign emphasizing Utah's open spaces and open-air attractions where social distancing occurs by default.
- Launch in-state campaigns that tap Utahns' civic spirit and encourage them to spend their tourism budgets exploring their own state's rich offerings.
 - o This should include a push "Beyond the Mighty 5" to lesser-known gems.
 - o Promote travel by car, emphasizing low fuel costs.
- Raise awareness of sanitary and social distancing efforts within the tourism industry.
- Identify tourism infrastructure that should be expanded, upgraded or created, such as development on the east side of Zions National Park.
- Seek partnerships with RV and bike manufacturers and dealers offering trips and campground reservations at Utah's scenic attractions.

¹ Vicki Varela, Managing Director of the Utah Office of Tourism, during a Utah League of Cities and Towns' Town Hall for Local Leaders on May 18, 2020.

² Reuters, "[Delta CEO: More summer flights seen as U.S. travel slowly rises](#)," May 20, 2020.

BRINGING HEALTH CARE BACK



GOAL: REVITALIZE THE HEALTH SECTOR.

BACKGROUND

Hospitals and other medical facilities nationwide have sustained tens of billions of dollars in losses in recent months, and Utah's health sector has not been spared its share of the damage. Health care executives have spoke of major revenue drops. State and federal leaders asked hospitals to postpone elective surgeries and routine procedures to free up hospital beds and conserve personal protective equipment. That caused revenue to plummet.

Executives report that overall visits are down by one-third or more, with emergency room visits down by half and surgeries down still more. Telehealth visits, by contrast, are up exponentially (one provider estimated an increase of roughly 450 times the pre-COVID-19 numbers). However, there are practical limitations to telehealth. Providers worry about the damage that a misplaced fear of visiting health facilities will do both to sustaining the health sector and to public health. They are already seeing significant health impacts from patients deferring needed care. Finally, health executives worry about supply chains for lab tests/swabs, pharmaceuticals and personal protective equipment, especially in the event of a new surge of coronavirus infections during the next flu season.

At the state level, policymakers should be prepared for a surge in the Medicaid rolls in the face of job losses and diminished household incomes. Health care observers predicted at least a 5% to 10% increase. However, the increase should be manageable considering that Medicaid rolls had actually been decreasing in recent years.



TELEHEALTH visits increase

450X

STRATEGIES

Health care companies could undertake a large public information campaign encouraging Utahns to take care of their regular and ongoing health needs, including elective surgery, without delay. It is critical for Utahns to understand that it is safe, and important, to receive health care. The health sector has always had to manage infections and contagious issues. One health system executive said that, of those health care employees who tested positive for the coronavirus, more than 90% were not infected on the job, but at home or in other places. Although the coronavirus outbreak has been challenging, patients should not delay needed treatments out of fear of coronavirus infection. Indeed, deferring standard health care will result in poor outcomes.

Utahns must be vigilant about reducing their risk through simple health practices. These include regular hand-washing, limiting exposure to others during illness, eating healthy foods, and continuing to get annual physicals to know personal risk factors and enable the health system to have baseline information on individual health. The fact that health care workers can remain safe even while treating coronavirus patients shows that any environment can be made

safe. But it is critical to aggressively disseminate information on how.

Meanwhile, Utah health systems must continue to build their resiliency in case of a new surge of infections, without having to reduce or defer non-emergency services. The Utah health sector is committed to meet whatever contingencies arise. But it may need assistance in stocking needed diagnostic, treatment and safety supplies, shortening supply chains and building capacity within Utah to produce these supplies. There may be opportunities for Utah companies to supply and export critical health care supplies, rather than have Utah health systems depend on vulnerable international supply chains. Utah manufacturers could follow the lead Intermountain Healthcare is taking in developing generic pharmaceuticals that are more affordable and more available for Americans.

Finally, as health care moves swiftly (and to some extent permanently) to telehealth, it is important to ensure that core costs are being met. Telehealth has great potential to reduce health care costs while expanding access, particularly in underserved parts of the state.

ACTIONS

- Launch a large public information campaign highlighting the safety of Utah's health facilities and encouraging Utahns not to put their health at risk by deferring treatment.
- Launch a public information campaign focused on deputizing Utahns to take control of their health, emphasizing good sanitary practices and remembering to take a physical on time.
- Support the resiliency of Utah health providers; identify any pharmaceutical, diagnostic and safety equipment needs of Utah health providers, and assist the health sector with ensuring adequate stockpiles of these items.
- Identify Utah companies that can shorten the supply chains for medical supplies and ramp up opportunities for Utah companies to serve as the supplier of the future for items that otherwise depend on far-flung, vulnerable supply chains.
- Develop plans to live with some level of COVID-19 infections, without shutting down routine health care and postponing elective surgeries and procedures. Perhaps COVID-19 patients could be centralized in certain hospitals, or in hospital wings, while other facilities remain open for regular health services.

AIR QUALITY



GOAL: TAKE AIR QUALITY EFFORTS INTO THE STRATOSPHERE.

BACKGROUND

The impacts of air quality issues in Utah go beyond health concerns. Employers, particularly along the Wasatch Front, perceive that air quality issues are a key impediment in attracting and recruiting talent. Observers also perceive that air quality issues impede growth by discouraging business relocations to the region.

There are multiple strategies and actions Utah can take to maximize the potential for air quality improvements, including: changing commuter behavior, planning pedestrian-friendly live-work-play development patterns, incentivizing cleaner heavy-duty vehicles, promoting rail freight transport and making the inland port an international model for air quality stewardship.



STRATEGIES & ACTIONS

Promote transit ridership. Public transportation agencies must provide assurances that buses and trains are safe and clean to ride. Otherwise, commuters will be slow to return to public transit. That is the No. 1 priority to boost transit ridership to previous levels.

In addition, expanding transit offerings through upgrades (as discussed in the Infrastructure memo) and increased frequency will improve the utility of transit systems, and thereby make it more appealing for ridership. Offering a fare-free system (at least temporarily, to change habits) will also help to boost ridership.¹ The reduction in fare revenue could be partially offset by eliminating planned fare infrastructure improvements, farebox maintenance, dissolving the fare division of the office of finance, and reducing fare compliance. That may offset as much as 10% of fare revenues.² The rest of the lost revenue could be made up by less than half of Governor Herbert's 2020 ask of \$100 million to improve air quality, or could even be funded by a 25% increase to Utah's vehicle registration fees.³

Explore the potential of telework. A recently released report focusing on the practical considerations for public and private sector employers, and the state of Utah have already made major moves to promote telework among state employees.⁴ A second report, examining the potential for telework as a means of improving air quality is currently being developed.

Create live-work-play community spaces. The 2019 report, Building a Better Beehive explores the important connections between air quality and land use patterns. It also lays out a series of strategies, highlighting strategies that have already been deployed across Utah, for creating high-quality, walkable communities that reduce the need to commute or otherwise drive longer distances for work, shopping or entertainment. The strategies are meant to simultaneously improve quality of life and ensure that local governments are fiscally sustainable. A key approach relevant to the item above is to promote transit-oriented developments.⁵ In addition, promoting infill development would allow local governments to leverage existing employment centers' commercial assets, particularly in downtown and main street

areas and through retrofitted suburban centers. These community spaces will improve local air quality by reducing distance traveled and frequency of trips.

Incentivize clean fleet upgrades. The 2019 report Driving Toward a Cleaner Future found that large public- and private-sector fleet vehicles account for one-third to one-half of Utah's vehicle emissions, even though they account for only 3% of the vehicle miles traveled.⁶ The report suggested that Utah could get a substantial air quality return on its tax credit investments by increasing its incentives on conversions to cleaner heavy-duty fleet vehicles. The public sector can play its part directly by upgrading its fleets to cleaner vehicles.

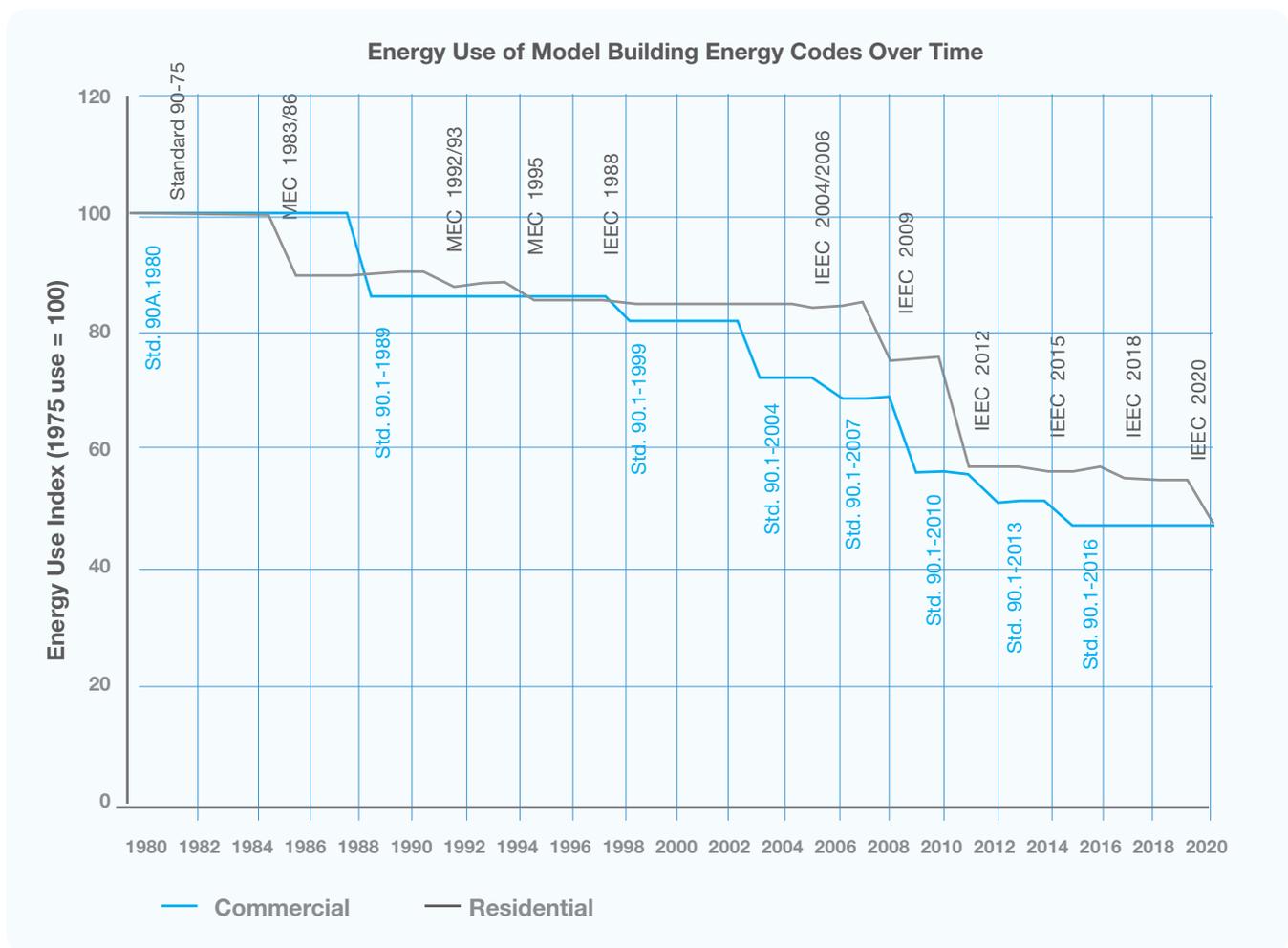
Encourage movement of freight by rail. A single freight train can move the same cargo as hundreds of trucks, relieving traffic congestion and reducing air quality impacts. The American Association of Railroads has made environmental friendliness one of its calling cards. It asserts that freight railroads account for only 0.6% of total U.S. greenhouse gas emissions and only 2.0% of the transportation-related sources, while accounting for well over a third of intercity freight ton-miles, and that, on average, railroads are three to four times more fuel efficient than trucks.⁷ While truck transport will remain a key component of freight movement, the state should explore policy approaches that prioritize the use of rail to move freight within Utah in order to reap the air quality benefits. It should also continue to explore creating and funding an incentive program to encourage conversion to clean diesel locomotives, with an eye toward even cleaner possible future alternatives, such as hydrogen.

Make the inland port part of the solution. Utah's emerging inland port should serve as an international model for environmental stewardship, particularly with regard to air quality. The Utah Inland Port Authority's new strategic plan offers a number of broad-strokes suggestions to promote the use of cleaner freight vehicles and responsible behavior by port users.⁸ It also encourages shifting cargo from truck to rail.⁹ The plan offers a well-articulated starting point that should ultimately yield a series of substantive strategies and policies.

Update building codes to address area sources.

As newer cars and cleaner fuels become more utilized along the Wasatch Front, gasoline- powered fuels will contribute less to Utah’s bad air quality, while area sources — like residential and commercial buildings — will contribute more.¹⁰ Utah relies on marginal improvements of outdated energy standards mixed from 2006, 2009 and 2012.¹¹ The latest series of energy efficiency codes (2021) will add flexibility and potentially be 10% better than the previous 2018 standards, and substantially improved over Utah’s current energy standard.¹² By improving energy efficiency, Utahns will burn less natural gas to heat

their homes and consequently contribute to improved air quality.¹³ While compliance with higher energy standards may be more expensive in upfront building, it is offset by lower owner maintenance costs.¹⁴ It is also substantially cheaper than retrofitting houses to upgrade energy efficiency standards. When houses will continue to pollute at the same levels at which they were built for the next 50 to 100 years, this becomes a substantial long-term issue. As Utah sees further population growth, being a leader rather than a laggard in terms of energy standards could go a long way to improve Utah’s long-term air quality.



ACTIONS

- Promote transit ridership through investments in making systems more convenient, and provide funding to allow free fares for an extended period of time.
- Build on the state's successes in teleworking to reduce unnecessary commuting.
- Make land use changes to promote live-work-play environments that reduce distance traveled and frequency of trips. Promoting transit-oriented developments and infill development should be part of this strategy.
- Provide targeted incentives for users of heavy-duty trucks to upgrade to alternative fuel/clean models; lead the way directly by moving to cleaner public sector fleets.
- Identify opportunities to promote the movement of freight by rail, and explore incentives to encourage cleaner locomotives.
- Create a program and rules of operation to make the Inland Port an international model for air quality stewardship.
- Upgrade building codes with a focus on state-of-the-art efficiency measures that reduce emissions from homes and other buildings.

¹ Davidson, Lee, 2019, "[New Provo-Orem rapid bus now rivals the ridership of TRAX Green Line.](#)" Salt Lake Tribune, October 7. The launch of UTA's UVX Bus Rapid Transit (BRT) line (which runs every 6 minutes) from Orem to Provo increased bus ridership eightfold. Orem and Provo FrontRunner stations (terminal connection points for UVX) became the top and second most busy FrontRunner stations as a result. While students explain much of the growth, 40% is driven by non-student community members. The UTA regional manager attributes this massive growth to free fares, which has encouraged community members to overcome psychological barriers to ridership. UTA has 200 more miles of additional BRT planned for Ogden, West Valley City, and Davis County. The one-two punch of expanded access of rapid transit and free fares have demonstrated in Provo and Orem as a way to substantially grow transit ridership. While it does have fiscal costs, it also has a host of broad economic benefits. The higher adoption of mass transit will improve the Wasatch Front's air quality, providing health benefits to millions. It will also lower barriers for individuals to use transit (like fares), and the expansion of key planned BRT lines with rapid service can reduce the pains of wait, transfer and transit times.

² Utah Foundation calculations based on information from UTA's Budget; Utah Transit Authority, 2018, "[2019 Budget.](#)"

³ Utah Foundation calculations based on information from Utah State Tax Commission. See Utah State Tax Commission, 2019, "[History of the Utah Tax Structure.](#)"

⁴ Utah Foundation, *Work Away from Work: The Challenges and Promise of Teleworking*, April 2020, and Utah Foundation, "Utah Thrives Podcast: The State of Utah Embraces Teleworking," May 4, 2020.

⁵ Utah Foundation, *Building a Better Beehive: Land Use Decision Making, Fiscal Sustainability and Quality of Life in Utah* (June 2019), pp. 11-12, pp. 24ff and p. 41.

⁶ Utah Foundation, *Driving Toward a Cleaner Future: Alternative Fuel Vehicles in Utah*, November 2019.

⁷ American Association of Railroads, "[Freight Rail: The Most Environmentally Friendly Way to Move Freight Over Land.](#)"; American Association of Railroads, "[The Environmental Benefits of Moving Freight by Rail](#)" July 2019.

⁸ See, for instance, Utah Inland Port Authority, "Strategic Business Plan FY2020-2024," May 2020, pp. 23-24.

⁹ *Ibid.*, p. 31.

¹⁰ Collard, Christopher, and Shawn Teigen, 2016, "[Bringing air quality home: Reducing residential yoghurt.](#)" Utah Foundation.

¹¹ In 2013, the Utah state Legislature drafted a law that essentially created its own energy efficiency code, blending standards from 2006, 2009, and 2012. (See H.B. 202 [Energy Conservation Code Amendments from the 2013 legislative session.](#)) [Current state statute](#) (15A-3-701 (4)); and Emerson Kevin, 2013, "[Report on REScheck Software Update for Utah as per House Bill 202, Energy Conservation Code Amendments: A letter submitted to Utah Uniform Building Code Commission.](#)" U.S. Department of Energy, requires a 4% improvement over these standards. This is likely a marginal improvement. A 2016 report found that Utah's adoption of non-customized 2015 standards would annually save Utah residents 24% of the average cost of their utilities (See Mendon, V.V., M. Zhao, Z.T. Taylor, and E. Poehlman, 2016), "[Cost-Effectiveness analysis of the Residential Provisions of the 2015 IECC for the state of Utah.](#)" Pacific Northwest National Laboratory. 2021 standards promise to be even more efficient.

¹² New Buildings Institute, 2019, "[Local governments vote resoundingly for improved national energy codes.](#)"

¹³ Collard, Christopher, and Shawn Teigen, 2016, "[Bringing Air Quality Home: Reducing Residential Emissions.](#)" Utah Foundation.

¹⁴ Mendon, V.V., M. Zhao, Z.T. Taylor, and E. Poehlman, 2016, "[Cost-Effectiveness analysis of the Residential Provisions of the 2015 IECC for the state of Utah.](#)" Pacific Northwest National Laboratory.

ARTS AND CULTURE



GOAL: SPARK A RENAISSANCE OF ARTS AND CULTURE.

BACKGROUND

The Bureau of Economic Analysis reports that the arts and culture workforce contributed \$739 million, or 3.3%, to the state's GDP in 2017.¹ But arts and cultural organizations have been struggling under the pandemic. A Utah survey of 648 organizations and individuals shows that, as of April 12, the pandemic had already caused the cancellation of 89% of scheduled arts and cultural events, leading to a total revenue loss of \$56 million.² In addition, artists/creatives are among the most severely affected workers by the COVID-19 crisis in the state; 47% have become fully unemployed.³ Many cultural organizations will have a longer runway before they can reopen. Some performing arts organizations may not be able to fully function until there is a vaccine, because of the need for large, indoor audiences.

Past and current actions by the federal and state governments provide some support to the industry. In several Utah counties and cities, RAP (recreation, arts and parks) taxes will help provide some organizational support. In addition, Utah received \$443,100 from the National Endowment for the Arts (NEA) and will likely receive a similar amount from the National Endowment for the Humanities (NEH) via the CARES Act to support

local arts and humanities institutions to mitigate the economic damage on the cultural community from COVID-19.^{4,5} The NEA also granted the Western States Arts Federation (which includes Utah) a total of \$1,043,800. But only four to six organizations in Utah are likely to receive this funding, according to the Utah Division of Arts & Museums. An additional \$45 million of the NEA's and NEH's CARES Act funding will be awarded nationally directly to applicant organizations. Only 27 Utah arts organizations are eligible for these very competitive funds, according to the Utah Division of Arts & Museums.

Utah has received \$18 million in CDBG COVID-19 related funds (to assist in the economic damage from COVID-19) that, contingent on local authorities' discretion, CDBG funds can be used for art-related programs.^{6,7} Many arts and culture institutions may also receive benefits from federal programs such as the SBA Paycheck Protection Program and the SBA Economic Injury Disaster Loan. The Federal Reserve is considering creating a Main Street program for non profits.⁸ Additional funding for many of these programs may be available should congress pass the HEROES Act.⁹

STRATEGIES

Utah could provide stop-gap funding to Utah's arts, cultural and entertainment organizations using funding from the \$1.5 billion the state is getting from the CARES Act and from additional federal recovery funding that may be approved later.¹⁰ Alternatively, a statewide RAP tax of 1/10 of 1% on the state sales tax could provide much-needed short-term funding to existing organizations, as well as a benefit to smaller organizations and much-needed recreational activities in rural communities.¹¹ A statewide RAP tax could bring in roughly \$50 million per year.¹² The

Utah Legislature previously approved placing a statewide RAP tax on the ballot, but that action was subsequently rescinded. Citizens should have the opportunity to vote on a statewide RAP tax.

Utah could ensure that its cultural institutions remain accessible to all during the pandemic and into the future by setting aside grants specifically designed to innovatively increase virtual access and reach underserved populations.

ACTIONS

- Direct federal recovery funding toward the Utah's cultural and arts organizations. The Legislature and governor could set aside \$50 million for the arts under the state's \$1.5 billion CARES package. The Utah Arts Council could help develop a distribution formula.
- Implement a statewide RAP tax benefiting arts and cultural organizations — and including rural communities' recreational development.
- Create a grant program for institutions that innovatively expand access. Ensure the cultural sector is included in economic recovery discussions and connected with tech companies to assist in arts and culture online transition.
- Grow awareness of www.artsandmuseums.utah.gov so both art producers and consumers recognize it as a central clearinghouse to make virtual art experiences accessible to Utahns across the state.
- Ensure that nonprofits generally remain eligible for SBA loans and similar small-business assistance.
- Mount a lobbying effort by Utah leaders to encourage the Federal Reserve to make non-profits eligible for the Main Street program.
- Ensure that nonprofits that are deemed too large for the SBA loans can still get assistance. Some cultural organizations have been left out of some resources because they have more than 500 employees (i.e., Thanksgiving Point, Utah Symphony | Utah Opera, Hale Centre Theatre).

¹ Cultural Advocacy Group, [The Arts Sector and COVID-19 Relief, May 2020](#); U.S. Bureau of Economic Analysis, "[Gross Domestic Product by Industry: Private Industries: Arts, Entertainment, Recreation, Accommodation, and Food Services: Arts, Entertainment, and Recreation: Performing Arts, Spectator Sports, Museums, and Related Activities for Utah](#)," 2017 (latest data available), U.S. Bureau of Economic Analysis, "[Gross Domestic Product by Industry: Private Industries: Arts, Entertainment, Recreation, Accommodation, and Food Services: Arts, Entertainment, and Recreation: Performing Arts, Spectator Sports, Museums, and Related Activities for Utah](#)," 2017 (to compare to the arts sector).

² Utah Department of Heritage and Arts, Utah Division of Arts and Museums, Utah Museums Association, Utah Humanities, Utah Cultural Alliance, "[COVID-19 and its Economic Impact of the Cultural Sector](#)" April 13, 2020.

³ Americans for the Arts, [COVID-19's Impact on The Arts, Research & Tracking Update, May 18, 2020](#); US Bureau of Labor Statistics, April 2020, "[Economy at a Glance: Utah](#)."

⁴ National Endowment for the Humanities. "[NEH Offers Emergency Relief Funding to Cultural Institutions Affected by Coronavirus](#)," April 20, 2020.

⁵ National Endowment for the Arts, "[National Endowment for the Arts CARES Act Funding to States](#)," April 15, 2020,

⁶ See Figure 1 on attached Word sheet.

⁷ HUD, "[HUD COVID-19 Resources and Fact Sheets](#)."

⁸ Arts Action Fund, "[Federal Arts Funding Opportunities for Nonprofit and Commercial Arts Organizations and Individual Artists](#)."

⁹ Americans for the Arts, [U.S. House Moves First on Next Relief Package, May 20, 2020](#).

¹⁰ The Utah Division of Arts and Museums sought \$8 million from the Utah Legislature for their grants budget. They received \$3.5 million. However, with combined annual operating budgets of approximately \$300 million, Utah's arts and culture organizations would need more funding under the pandemic. One source suggested there would be a reduction of 30% of revenues in 2020, which would equate to revenue losses of \$90 million.

¹¹ This would be particularly helpful to rural communities that do not have the tax base to support a RAP tax, creating equity in recreation, arts and cultural organizations and activities across Utah's counties. A statewide RAP was previously floated as a ballot proposal but was not acted upon.

¹² Analysis from the Department of Heritage & Arts.

PROVIDING CREDIT FOR SMALL BUSINESSES



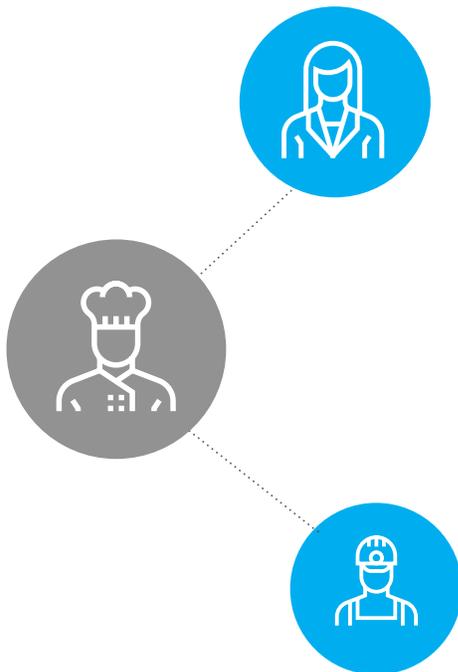
GOAL: REV UP SMALL BUSINESSES WITH EXPANDED LENDING OPPORTUNITIES.

BACKGROUND

As of 2018, Utah has 277,140 small businesses, making up 99.3% of total Utah businesses and employing just under half of all Utah workers. Policymakers have long known that credit for small businesses can be more difficult, as small-business loans can be more costly for banks and credit unions due to the level of risk inherent in the lending and the difficulty in evaluating and monitoring that risk.³ In times of crisis, those challenges only increase. In April 2019, large banks and credit unions nationally approved over 25% of small business loan applications. In April 2020, they approved 9%. Small banks and credit unions nationally showed a similar trend, approving half of small business loan applications in April 2019, but only 12% in April 2020.

In a survey of 760 Utah businesses with fewer than 50 employees, 90% of businesses reported a negative impact on revenue, with 60% reporting an extremely negative impact. The largest disruption reported was a drop in business demand. The most useful type of assistance would be low- or no-interest loans or grants with flexible repayment terms. When highlighting the amount of assistance needed, 78% reported they needed less than \$100,000.⁴

A number of programs exist, or have been recently created, to address the credit needs of small businesses.



BACKGROUND CONTINUED

- Paycheck Protection Program provided \$5.3 billion to 73% of eligible small business in Utah. The \$5.3 billion also represents 94% of Utah's eligible payroll for the program.⁵
- SBA Disaster Assistance loans were available for all Utah small-business loans with low interest rates repayable over 30 years.⁶ As of May 17, 2,198 businesses have been approved for the Economic Injury Disaster Loan awarding \$246,085,300 to Utah small businesses.⁷ The Economic Injury Disaster Loan advances up to \$10,000 that does not need to be repaid.⁸ As of April 15, eligibility was restricted to agriculture small businesses.⁹
- Bridge loans up to \$25,000 are available to businesses that have a business relationship with an SBA express lender that can be used as a short-term loan or until they secure longer-term financing.
- SBA will be paying 6 months of principal, interest and fees for many types of SBA loans (7(a), 504, and microloans issued before September 2020).¹⁰
- The U.S. Department of Agriculture has provided \$1 billion in loan guarantees to rural businesses and ag producers, many of which classify as small businesses.¹¹
- The U.S. Chamber of Commerce is partnering with philanthropic partners to award \$5,000 grants to as many small businesses as possible.¹²
- The Treasury and Federal Reserve are committing \$600 billion in equity and debt through the Main Street Lending Program to purchase loans to small and medium-sized businesses in coming months.
- Business Loans of Utah offers additional credit opportunities to small businesses that did not qualify for SBA credit in participating localities (Provo, Orem, Ogden, Spanish Fork and Weber County)¹³ The Utah Center for Neighborhood Stabilization seeded the fund with \$8 million. Participating communities take subordinate positions and contribute to the funding.

STRATEGIES

There are a number of strategies Utah can use to increase access to credit for small businesses, ranging from indirectly lowering impediments to offsetting risk to directly lending to small businesses.

Utah can lower the indirect costs for obtaining small-business loans. Research from the Federal Reserve indicates that most small-business lending occurs at a local level.¹⁴ Utah can enlist the Utah Center for Neighborhood Stabilization to create local networks between banks and credit unions and local small businesses. This can be augmented by creating a simplified single application process that can be sent to multiple local banks and credit unions.

Utah could also mitigate some of the risk inherent in small-business loans by guaranteeing a portion of loans granted. Utah could do this by scaling up its Small Business Growth Initiative, which has offered such guarantees in the past.¹⁵

Utah could also engage in direct lending to small businesses. One option is the expansion of the Business Loans of Utah program, providing relief for the increasing number of small businesses denied traditional small-business loans, or perhaps serving an even broader population of small businesses.

ACTIONS

- Provide more education so more Utah businesses take advantage of federal lending and grant programs.
- Create local networks between bankers and small businesses.
- Create a simplified single application process that can provide the necessary data to multiple lending institutions.
- Dedicate more funding to Utah's Small Business Growth Initiative to offer loan guarantees for small-business debt.
- Provide additional funds to the Business Loans of Utah program, allowing for statewide services.
- Scale up capacity of Utah Small Business Development Centers.
- Launch an ad campaign targeting small businesses to inform them of available programs and assistance from Utah Small Business Development Centers.
- Focus on smaller loans, less than \$100,000, with low interest and flexible repayment schedules.

¹ Small Business Administration Office of Advocacy, 2018, "[2018 Utah small business profile.](#)"

² Federal Reserve Board of Governors, 2017, "[Report to congress on the availability of credit to small businesses.](#)" Federal Reserve.

³ Biz2Credit Small Business Lending Index, 2020, "[Small business loan approval rates dropped to record lows in April 2020.](#)"

⁴ EDCUtah, 2020, "[Covid-19 business impact dashboard.](#)"

⁵ Data through May 16, 2020. See Mider, Zachary R. and Cedric Sam, 2018, "[Hardest-hit states, once shortchanged on small-business aid, are catching up.](#)" Bloomberg.

⁶ Utah Governor's Office of Economic Development, 2020, "[Utah offers small business assistance amid coronavirus \(Covid-19\) pandemic.](#)"

⁷ Small Business Administration, 2020, "[Disaster assistance update nationwide EIDL loans.](#)"

⁸ Small Business Administration, 2020, "[Disaster loan applications.](#)"

⁹ Ibid.

¹⁰ Small Business Administration, 2020, "[SBA debt relief.](#)"

¹¹ US Department of Agriculture, 2020, "[USDA to provide \\$1 billion in loan guarantees for rural businesses and ag producers.](#)"

¹² U.S. Chamber of Commerce Foundation, 2020, "[Save small business fund.](#)"

¹³ Utah Center for Neighborhood Stabilization, 2020, "[Business Loans of Utah.](#)"

¹⁴ Federal Reserve Board of Governors, 2017, "[Report to congress on the availability of credit to small businesses.](#)" Federal Reserve.

¹⁵ Utah Center for Neighborhood Stabilization, 2016, "[Utah Small Business Growth Initiative.](#)"

ADDITIONAL STRATEGIES

In this section, we address additional strategies, in brief form, to help Utah recover quickly from the pandemic-induced economic downturn. The concepts are presented with strategies and actions combined. In some cases, additional research would be needed to flesh out concepts.

GOAL: SUPPORT UTAH BUSINESSES BY ENGAGING LOCAL PATRONAGE AND BY HELPING THEM DEVELOP DIGITAL SALES AND SERVICES.

Utah's local businesses have taken a hard hit from the current crisis, particularly retail and restaurant operations. Continued health fears and changing consumer habits, such as an accelerated shift to online shopping, impose ongoing vulnerabilities. But these local businesses are critical to Utah's economy and often provide commercial amenities that are important to the fabric of the built environment and quality of life. Outreach to Utah consumers highlighting the importance of Utah businesses could provide a lifeline to support these enterprises.

In addition, some businesses need help selling their goods and services online using e-commerce platforms and applications. With reduced foot traffic, many businesses must turn to e-commerce. However, the array of online digital transaction services and sales platforms can be confusing. Providing guidance and advice for e-commerce would help many small businesses survive the crisis.

STRATEGIES AND ACTIONS

Utah should bolster the Buy Local First Utah marketing program and similar efforts to tap into civic pride and highlight the benefits of "staying local" and supporting Utah's businesses, including:

- Local businesses keep more of the money Utahns spend — and Utah's wealth — within the state.
- They help to preserve the middle class, social connectivity and economic mobility in the state.
- They are critical to the overall economy.
- They often improve the urban fabric and provide amenities that enhance quality of life.
- They are typically more invested in the future of Utah.

An accompanying approach would be to focus marketing efforts on one or two made-in-Utah products at a time to raise consumer awareness of Utah-made items.

An office could be established within the Governor's Office of Economic Development to help small businesses develop e-commerce capabilities to market goods and services and transition to digital transactions.

ADDITIONAL STRATEGIES (CONT.)

GOAL: TAP THE FULL POTENTIAL OF THE POINT OF THE MOUNTAIN AREA.

The Point of the Mountain area extends from Sandy to Lehi in the two economic powerhouse counties of Salt Lake and Utah. It includes a 500-plus-acre site that will be available for redevelopment once the state prison relocates. The area is home to a number of high-tech firms, is located between University of Utah and Brigham Young University, and provides immediate access to the extraordinary quality of life amenities Utahns prize. ¹The prison relocation offers a once-in-a-lifetime opportunity to make a major economic development play in the area with thousands of new jobs.

Utah has two organizations, the Point of the Mountain Development Commission and the Point of the Mountain Land Authority, helping to promote and guide development of the area. They have solid plans for the region with the potential to make the old prison site a model of mixed-use, sustainable development.

STRATEGIES AND ACTIONS

Utah has already assembled a compelling case for attracting a major high-tech player to the area through its bid to attract Amazon's headquarters two years ago. It can update this effort to reach out to major international firms, highlighting the site's immediate access to a highly educated workforce, critical mass of successful high-tech industries and high quality of life, all in a favorable business environment. Some have even suggested that the prison site could ultimately provide a sort of "second downtown" for the region.

The Legislature, state administration and local governments should continue strong support of the Point of the Mountain Development Commission and Land Authority and provide resources to make the exciting vision for the area a reality.

GOAL: CONNECT UTAH COMPANIES WITH FEDERAL CONTRACTS.

Ongoing federal stimulus efforts and a potential crisis-response shake up of some federal agencies will offer fresh opportunities for Utah contractors to obtain federal contracts. The state can assist Utah businesses in their efforts to do so.

STRATEGIES AND ACTIONS

The state should support a team within the Governor's Office of Economic Development that is focused on connecting Utah companies with federal contracting opportunities. The team should work both to identify federal contracting opportunities and those Utah firms that may be a fit to respond. It should also provide education for Utah firms to inform them of opportunities and guide them through any bidding complexities.

ADDITIONAL STRATEGIES (CONT.)

GOAL: CONNECT UTAH COMPANIES WITH FOREIGN INVESTMENT OPPORTUNITIES.

The current crisis is certain to produce a new landscape for international investment, with investors and investment firms gravitating toward economically stable environments like Utah's. This offers Utah an opportunity to attract international investors to bet on Utah enterprises, especially with the high number of well-educated Utahns fluent in a wide variety of foreign languages.

STRATEGIES AND ACTIONS

The state of Utah should support WTC Utah's Foreign Direct Investment program, and the governor and Legislature should work to attract foreign investments in the state. Concerted policy efforts to make Utah the nation's most friendly foreign-investment environment, coupled with leadership promoting Utah to foreign investors, will attract foreign dollars seeking a predictable and supportive home in an unpredictable global economy.

GOAL: FIND FOREIGN MARKETS FOR UTAH BUSINESSES.

Heightened levels of distrust in the international trade environment offer an opportunity for solid, reliable businesses like those in Utah the possibility of reaching new markets.

STRATEGIES AND ACTIONS

The state should support SBA and World Trade Center programs that aim to assist small businesses in exporting overseas. It should also tout the on-time, high-quality reliability of the "Made in Utah" brand.

GOAL: MAKE UTAH'S ECONOMY VIRUS-PROOF.

It is unclear how long we will have to live with coronavirus infections. With or without a vaccine, Utah must find ways to maintain a strong economy and keep moving forward. Utahns must find ways to continue to work, shop, recreate, enjoy family, etc., without fear.

STRATEGIES AND ACTIONS

Utah should encourage responsible individual actions while eliminating irrational fears of infection. The state should prioritize taking measures that are sustainable and could be continued indefinitely whether or not a COVID-19 vaccine is developed. In consultation with infectious disease professionals, the state should maintain an official, user-friendly repository of the best critical data points that provide clear direction for decision-making to neutralize fear mongering while encouraging responsible practices. It should also be aggressive in identifying and rebutting myths that promote either irrational fears or laxity in sanitary practices.

ADDITIONAL STRATEGIES (CONT.)

GOAL: ENSURE REASONABLE PROTECTIONS SO ENTERPRISES CAN REOPEN WITHOUT FEAR OF RUINOUS LAWSUITS.

Utah businesses and other enterprises will be constrained in resuming full operations if they fear being slapped by frivolous or unreasonable lawsuits. During a recent special session, Utah's Legislature approved a bill providing immunity from civil liability for damages from exposure of an individual to COVID-19 on the premises owned or operated by the person.² Federal legislation protecting against unwarranted pandemic-related lawsuits is also being considered.

STRATEGIES AND ACTIONS

The state should monitor outcomes to ensure the law provides adequate protection. It should also support broader efforts, including federal legislation, to protect businesses and other enterprises from unreasonable liabilities in the current crisis.

¹ For more information, see the [Point of the Mountain Development Commission website](#).

² SB 3007, 2020 Third Special Session, State of Utah.

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