

DELAWARE

ECONOMIC RECOVERY IN THE FIRST STATE

PUTTING DELAWAREANS BACK TO WORK

The necessary and well-considered restrictions enacted by the State of Delaware and the guidance from the CDC as a result of the COVID-19 pandemic have brought Delaware's economy to a standstill. Appropriately, state and health care industry leaders are laser-focused on dealing with the public health crisis; Delaware is blessed to have so many talented, experienced and compassionate health care workers at this critical time in history.

Just as those leaders are dealing with efforts to minimize the impact of the virus on Delawareans, business community leaders are beginning to consider the most effective way to **get Delawareans back to work and drive economic recovery in Delaware without a resurgence of the virus**. We believe the business community must be full partners in the decision-making process for development and implementation of any and all economic recovery initiatives that are undertaken.

KEY TRENDS AS A RESULT OF THE PANDEMIC:

- ▶ **Testing and surveillance availability will be essential** to reignite consumer and employee confidence.
- ▶ **Procurement of PPE and other supplies will be a major issue for both private and public sectors.** They enable a safe, responsible phased reopening and in the event of a resurgence.
- ▶ **Hospitality, restaurants, bricks and mortar retail, and other small businesses will have a long lead time to enact a phased recovery.** The yet-to-be-determined impact on commercial real estate could have downstream consequences for municipalities and school districts in terms of revenue.
- ▶ **Inequality with respect to income and health care access and affordability will emerge as an increasingly important, high profile public policy issue** as a result of the prevalence and incidence of COVID-19 in minority communities.
- ▶ **There will be a heightened focus on digitalization**, with working remotely, telemedicine and online learning expanding dramatically, thereby amplifying the need for enhanced broadband capacity statewide.
- ▶ **Business continuity and sustainability concerns will cause businesses to locate or expand operations in places other than large metropolitan areas**, with an accelerated population migration, particularly young people, moving to smaller cities or more rural areas with access to transportation links.
- ▶ **"American Made" will become more popular than ever before**, particularly in important commodities like medicine, PPE, etc.
- ▶ **Competition between states for jobs, talent and investment will be amplified**, particularly in high tech industries such as biopharmaceuticals.

Successful state economic development strategies coordinate three types of investment:

- ▶ Marketplace
- ▶ Workforce
- ▶ Community and infrastructure

Each investment has both short- and long-term costs and benefits that a state must balance to maximize resources and encourage economic progress. Unlike the federal government, Delaware is constitutionally bound to balance its budget. As a result of limited resources, Delaware must maximize its investment in key areas that will put Delawareans back to work and take this opportunity to resolve long-standing barriers to progress for individuals and businesses, while avoiding the temptation to be all things to all people or constituencies.

ECONOMIC RECOVERY AGENDA GOALS:

- ▶ **Put Delawareans back to work**
- ▶ **Compete more effectively in the region**
- ▶ **Drive state revenue to deal with the ongoing pandemic impact on the state**

There are federal, state and local recovery programs that either exist or are under development, and the process of making those programs easily understood and available will be a major determinant in how quickly Delaware recovers. Delaware-specific guidelines for the reopening of businesses must be clearly articulated and communicated. The State and business community should partner to ensure such communication is widely available, accurate and actionable. The following recommendations will have either immediate, mid-term or long-term impacts.

Initiatives in all three areas will be required to support a swift, safe and sustainable recovery.



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① TESTING DELAWAREANS

Perhaps the most important step toward a phased economic recovery is to focus on reopening Delaware with clear guidance from a public health perspective and ensure Delawareans go back to work healthy and protected.

- ✓ Prevent a resurgence
- ✓ Instill worker and customer confidence

STRATEGIES:

- ▶ Diagnostic testing
- ▶ Antibody testing
- ▶ Screening and surveillance
- ▶ Contact tracing

It is clear that such testing and screening/surveillance will require enormous resources from the federal and state government and from the business community. In this highly technical and dynamic environment where a delicate balance must be struck between public health and economic activity, **we recommend that Delaware begin now by establishing a leadership task force** comprised of experts from the state, the health care industry and the business community to bring together the leaders necessary to choose an effective path based on the best evidence and information available.

The availability of additional testing will enable the design and implementation of programs to ensure specific businesses can open safely. For example, the Division of Public Health could offer restaurants a **“Clean Bill of Health”** by requiring restaurant employees be tested to ensure they are healthy. Such designations could inspire consumer confidence that a particular restaurant has done everything possible to serve food in a healthy environment.

Reestablishing consumer confidence in restaurants, retail establishments and workplaces will be a key to how quickly Delaware can emerge from the pandemic.

Recent news reports indicate a growing concern from CDC leadership that a resurgence of the COVID-19 virus could occur later in the year or early in 2021. It is essential that Delaware leaders begin now to ensure that we have the health care capacity and necessary PPE and other equipment to deal with a possible resurgence.



② TEMPORARY REGULATORY RELIEF

With the economy slowed to a crawl, there are currently construction projects whose sponsors are teetering between go/no-go decisions on whether to complete projects.

- ✓ Keep projects moving forward

ACTIONS NEEDED FOR PROJECTS TO PROCEED:

- ▶ Remove impact fees and permits from all municipalities for 18 months
- ▶ Dismiss the need for major record plan approval for redevelopment projects on sites with similar or less proposed square footage of facilities that already have existed on properties since 2000
- ▶ Eliminate the “reset” requirement for traffic impact studies, instead relying on the traffic of the previous user (not the “reset” of traffic after the facility has been in decline or shuttered)

Regulatory relief must also be considered for a number of other industries and areas of our economy based on the relative economic impact of the pandemic.



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③ RETRAIN WORKERS

Because the pandemic impact will cause substantial disruption in businesses, resulting in cutback and bankruptcies, it is essential that we begin immediately an initiative to retrain the Delaware workforce.

- ✔ Train people so they can move from minimum wage, low-paying jobs to higher wage, in-demand jobs
- ✔ Fill jobs in industries where growing vacancies exist

INDUSTRIES WITH GROWING VACANCIES:

- ▶ Construction and trades
- ▶ Health care
- ▶ Information technology
- ▶ And others

There is a significant population in Delaware of underemployed workers that require additional skills training in order to improve their career trajectory. Through conversations with businesses and training providers, it is clear a model exists for high-quality training with positive results.

We propose a substantial investment by the State and the federal governments that would:

- ▶ Cover training costs for at least 500 trainees per year
- ▶ Provide for living expenses while that person is in training

This support removes the barrier most underemployed believe is standing between where they are and where they hope to be. Specifically, an eight-hour day, five-day week approach allows for a compressed schedule to ensure graduates make a transition quickly and efficiently.

To the extent an incentive to participate in such a program may be appropriate, policymakers could consider, for example, an additional stipend be made available to participants while they complete training.

Without focusing on this problem now as a result of the disruption caused by the pandemic, Delaware stands to lose an opportunity to significantly improve the quality of life for its workers and their families.

A CLASSIC 'WIN-WIN' PROPOSITION:

- ▶ Return on investment over time as people earn high wages, their Personal Income Tax increases
- ▶ There is a diminished need for social services
- ▶ Possible avoidance of trouble frequently associated with unemployment or underemployment

We recommend that consideration be given to the development of a program similar to Georgia's "QuickStart" program, which provides seamless, customized workforce training so that a company that chooses to locate in that state can hit the ground running.

④ RETAIN KEY EMPLOYERS

The business community must immediately survey as many businesses as possible – particularly large, key employers – to ask them what plans they have to reopen and to better understand any impediments they might have to reopening. This knowledge will aid in the crafting of safe reopening guidelines for employers and responsibly stage economic recovery without causing a resurgence of the virus.

- ✔ Learn and understand the challenges faced by the various industries that comprise Delaware's economy

SECTORS SEVERELY IMPACTED:

- ▶ Health care — Delaware's largest private employer
- ▶ Hospitality and restaurants
- ▶ Small businesses
- ▶ And others

In addition, many of the essential businesses that remained open have stepped up to offer their customers special payment consideration given the fact that many are out of work. For example, many companies have waived late fees and stopped disconnecting service to customers dealing with loss of income during the pandemic. Consideration should be given to establish a type of matching fund to assist businesses providing this much-needed assistance to lessen the burden on customers and help them get back on their feet over time.

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5 SITE READINESS

While the nation recovers from the impact of the pandemic, as part of their business continuity concerns businesses may consider the location and the potential benefits of having a footprint in part of the country that is not considered a major metropolitan area.

- ✓ **Increase the availability of infrastructure-ready sites in each of our three counties that are immediately available for such investment**

Governor Carney took a significant step forward in his proposed budget for the coming fiscal year by including a \$10 million Site Readiness Fund.

We would recommend that the Delaware Prosperity Partnership lead an effort to:

- ▶ Determine the extent to which we could increase the size of the Site Readiness fund and the speed by which funds could be made available
- ▶ Involve developers in these discussions
- ▶ Challenge county officials and others to identify three sites in each county that are consistent with their long range development plans

6 ANALYZE REGIONAL STATES

Even though Delaware has joined a number of states in the region to discuss ideas on how to reopen economic activity, **there will still be heightened competition in the region for economic development projects that expand and create jobs.**

- ✓ **Establish regional differentiation**

It is not important that Delaware be the best in the nation in terms of business climate; it is, however, incredibly important for us to be the best in our region.

PERFORM A STUDY TO LEARN REGIONAL STATE COMPARISONS IN:

- ▶ Laws and regulations impacting employment
- ▶ Labor
- ▶ Taxation
- ▶ Environment
- ▶ And others



7 IMPLEMENT READY IN 6

- ✓ **Compete with other states for jobs and investment**

We recommend that the State immediately proceed to enact components of the Analysis of Delaware's Permitting Competitiveness, which was prepared by the internationally recognized firm of KPMG and promoted by the Ready in 6 Coalition. The analysis includes virtually all segments of the business community statewide.

COMPONENTS TO ENACT NOW:

- ▶ Eliminate the Preliminary Land Use Service (PLUS)
- ▶ Require owner/operator of sewer system to conduct review process for DNREC Division of Water/Surface Water Discharge Section Construction Permit and eliminate DNREC's duplicative review
- ▶ Eliminate Department of Health and Social Services Application for Construction of New/Existing Water systems (redundant)
- ▶ Stacking the Permitting Process: Require all agency approval processes to be independent of other agencies. State or local agencies should not wait to review and/or approve submitted plans until other effected agencies review or approve. Agencies should base their approvals on their own codes and requirements and grant conditional approvals.
- ▶ Create a "Project Concierge" to assist in fast-tracking projects through the permit approval process, which was included in Governor Carney's proposed budget

AVERAGE PERMIT TIMEFRAME:

Pennsylvania and Maryland

6 months



Delaware

18-24 months



DELAWARE
BUSINESS
ROUNDTABLE



Photo of Ferris Home Improvements
Credit: Nick Wallace Photography

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8 INCREASE ACCESS TO BROADBAND

If the COVID-19 pandemic has taught us anything, it is the **critical importance of internet availability**. Many businesses have been able to have employees work from home, schools are virtually providing classwork to students at home, doctors and nurses are increasingly engaging in telemedicine to care for patients, and online shopping for daily necessities like groceries has increased dramatically. However, that's not the case for all in Delaware.

COUNTIES WITH LIMITED BROADBAND ACCESS:

- ▶ Kent
- ▶ Sussex

Many people and businesses cannot take advantage of work-from-home and virtual schooling opportunities in these counties because internet access and affordability are major issues.

- ✔ **Expand access to promote fixed wireless broadband solutions**
- ✔ **Reach underserved populations, particularly in rural areas, through the use of pilot programs**

In July 2018, the State began a program to accomplish this need. At that time, the Delaware Department of Technology and Information estimated that target areas for the program included approximately 127,700 homes and businesses in rural parts of Sussex and Kent Counties.

We are aware the Sussex County is already engaged in an effort to expand broadband capacity. However, it is clear that high speed internet must become a reality for all Delawareans.

We propose increasing the speed with which the State and counties are able to complete this effort. It must be determined the extent to which federal or state funds may be used to accomplish this goal, in concert with private sector investment.

9 BOLSTER INTERN DELAWARE

Key industries within the state rely on internships that pull from nearby colleges and universities to recruit new talent. The indefinite gathering restrictions and school closures have created uncertainty for company internship programs this year as companies are challenged with decisions to cut development programs or invest in resources to create virtual work environments. To combat this, Delaware must commit to:

- ✔ **Recruit and sustain a talent pipeline**

There is an opportunity to provide direction to companies looking for a solution so Delaware can effectively compete with neighboring states for talent. Intern Delaware is an organization dedicated to building the future workforce by attracting and retaining talent in the First State.

To help rebuild the economy, Intern Delaware can:

- ▶ Leverage its existing structure to increase opportunities for young professionals to intern in Delaware
- ▶ Focus interns on projects and solutions that help build and boost a recovering economy

RETURN TO WORK SAFELY



As we begin to think about reopening Delaware's economy, businesses need to create a return-to-work plan without jeopardizing employee's or customer safety. The Delaware State Chamber released guidance on COVID-19 Prevention Best Practices. It can be found online at:

www.DSCC.com/coronavirus