Executive Action for an Equitable and Inclusive Economy: What the Biden-Harris Administration Can Do to Ensure a Just Recovery and Economic Future

As the incoming Biden-Harris administration begins to address the economic fallout from the COVID-19 pandemic, it has an opportunity to issue a series of executive actions and other policy directives that address the deep and structural racial injustice at the heart of our economy, safety net, and regulatory framework, much of which has been exposed or exacerbated as a result of this crisis. As the new administration begins to chart a course on economic policymaking, it should do so with an eye toward building long-term power for Black and brown communities, investing in public goods and public infrastructure, and ensuring the equitable administration and distribution of economic resources.

In the short term, there are key areas in which the Biden-Harris administration can take executive action and work with agencies to deliver economic relief, protect workers and families, and reverse some of the worst consequences of deregulation, neglect, and inaction over the past 4 years. These include:

1. Advancing Environmental Justice and Climate Equity
2. Canceling Student Loan Debt
3. Enforcing Labor and Workplace Standards and Good Jobs
4. Protecting Consumer Credit and Debt

Given the deep economic pain heaped upon many Americans over the past year, particularly those in Black and brown communities, and the inability of Congress to deliver sustained relief throughout the pandemic, Demos urges the Biden-Harris administration to turn to these priorities immediately upon assuming office in January 2021.

1. Advancing Environmental Justice and Climate Equity

The cumulative impacts of pollution disparities and climate vulnerability have taken a devastating toll on Black and brown communities and tribal nations. During the campaign, President-Elect Biden made a strong commitment to combatting climate change and investing in a just transition for the most impacted communities. Achieving that

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commitment will require aggressive, concerted federal action starting on Day 1 of the Biden-Harris administration, with an emphasis on structural and regulatory reforms. These reforms should have a clearly stated twofold purpose, combining reparative justice for historic harms of environmental racism with forward-looking policy and investment mandates that prioritize the most impacted communities for protections and benefits of the clean energy transition. A bold package of reforms in this spirit should focus on the following:

Institute Climate Equity Mapping, Screening, and Stakeholder Empowerment

- **Establish a robust Equity Mapping tool** building on the EPA's (Environmental Protection Agency) EJSCREEN tool, which demonstrates environmental and socioeconomic burdens at varying geospatial scales across the country. The new Equity Mapping tool should incorporate a more comprehensive set of health, socioeconomic, and climate vulnerability indicators, and, most importantly,[i] the tool should adopt a methodology for identifying/scoring the most vulnerable communities as measured by combined and cumulative impacts of pollution exposure and population vulnerability. The Equity Mapping tool can be housed at EPA, but interagency cooperation should be required both for formulating the tool and for sharing data to ensure accuracy and robustness of the tool.
- Agencies, including, at a minimum, EPA, Department of Energy, Department of Transportation, Department of Interior, Department of Agriculture, and Department of Housing and Urban Development, should be required to use the Mapping Tool for purposes of Equity Screening/Analysis of climate, environmental, and energy policies, including proposed rules and programmatic investments. Compliance with Equity Screening should focus on guaranteeing sufficient regulatory protections for the most vulnerable communities, and distributing a minimum of 40 percent of federal climate investments for these same communities. OMB should house Equity Screening in a dedicated office responsible for oversight and interagency coordination of compliance with Equity Screening requirements.
- Equity Screening should be accompanied by stakeholder engagement and procedural justice for the most vulnerable communities identified by Equity Mapping. Precise avenues for this should conform to regulatory procedure but should intentionally elevate frontline Community-Based Organizations and their allies in decision-making processes. One way to do this is to establish dedicated climate equity liaison offices in each relevant agency, tasked with providing research and analysis on behalf of frontline stakeholders from the earliest stages of rulemaking. All pertinent rulemaking processes

should be subject to extended advance notice, and frontline stakeholder input should be resourced by liaison offices and formally considered from the earliest stages.

EPA Should Establish and Implement a Federal No Hotspots Policy

- **National Ambient Air Quality Standards (NAAQS) Compliance Reform:** The administration should issue an Executive Order to require the EPA Administrator to restructure NAAQS compliance so that Pollution Hotspots no longer escape regulation. The problem to be fixed is that large compliance areas and averaged pollution levels mask often illegal pollution exposure within the larger areas.

- **Cumulative Impacts:** Issue an Executive Order requiring Cumulative Impacts Assessment in Title V permitting under the Clean Air Act (air toxics facilities), and development of legal analysis to establish regulatory authority of Cumulative Impacts Assessment in pollution control programs. Cumulative Impacts Assessment is a critical regulatory tool for evaluating how a given facility or production process under review contributes to the overall pollution burden of a community.

- **Climate Policy and Co-Pollutants:** Issue an Executive Order or Policy Directive establishing that climate mitigation policies, whether in the form of Greenhouse Gas (GHG) rules and/or Clean Energy Standards, must integrate specific requirements to ensure that local co-pollutant reductions (non-GHG pollutants such as particulate matter, nitrous oxides, and ozone) are prioritized and maximized within the wider geographic distribution of GHG reductions in a state or other applicable jurisdiction.

Reform Regulatory Review

- **Revise, or repeal and replace, E.O. 12866, in order to:** 1) discontinue or restrict formal cost-benefit analysis of proposed regulations related to public health and safety, environmental protection, and complex climate risks; 2) assess distributional impacts, by both income and race, of proposed rules; 3) repurpose the Office of Information and Regulatory Affairs (OIRA) as an interagency regulatory coordination and research office, including complex risk analysis and legal research for agency rulemakings subject to Climate Equity Screening. The purpose of reforming regulatory review in this manner is to overturn the pro-business status quo of rulemaking initiated by E.O. 12866. Formal cost-benefit analysis in particular has deterred or delayed countless regulations by subjecting values of public health and welfare to monetary calculations of compliance costs for business, with the effect of undervaluing public benefits of regulation and increasing social risk for the benefit of economic elites.

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2. Student Debt Cancellation

Over 45 million Americans have $1.5 trillion in federal student loans, the burden of which has contributed to deep generational and racial inequities and threatens to undermine our economic recovery. Student debt is a particular burden for Black households and borrowers, and contributes to growing racial wealth disparities and economic fragility, particularly for Black middle-class families.[ii] Black borrowers are far more likely to take on debt, borrow thousands more than white families, and have much longer repayment timelines. This contributes to a dynamic in which Black college-educated households have far less wealth, at the median, than white households with a high school degree or less.[iii] Two-thirds of Black borrowers owe more than they originally borrowed over a decade after starting school.

Student debt cancellation would also be transformative for those with "some college" (meaning no degree), and debt.[iv] According to U.S. Department of Education data, nearly 4 in 10 borrowers with student loans do not have a degree within 6 years. Half of households with some college report experiencing a loss of income since March 2020, and 1 in 6 renters with some college are behind on rent payments—virtually the same percentages as those with just a high school education.

Existing authority[v] under section 432(a) of the Higher Education Act[vi] gives the president the ability to compromise, modify, or cancel federal student loans, authority that President Trump exercised in part to suspend payments and interest on federal loans as a part of COVID-19 economic relief efforts.[vii] During the campaign, President-Elect Biden proposed up to $10,000 in universal debt forgiveness as a part of COVID-19 economic relief efforts. The administration should build upon this promise and:

- **Issue an Executive Order canceling a minimum amount of student debt for all federal student loan borrowers.** Broad-based cancellation will eliminate debt for small-balance borrowers, who are among those most likely to struggle or default on their loans,[viii] and shorten the repayment timeline for millions more. Given the specific harm of student debt to Black households, any minimum amount of cancellation should be identified to maximize relief for Black borrowers, either by eliminating the amount equal to the typical balance for Black households ($30,000), or some other benchmark.
- **Issue an Executive Order providing enhanced cancellation for the populations most likely to struggle to repay.** In addition to broad-based cancellation for all borrowers, additional relief should be provided to those whose loans were taken on to attend for-profit undergraduate or graduate programs, those enrolled in income-driven repayment whose income is low enough to have a $0 payment, those who received unemployment insurance benefits in the past year, those who are enrolled in a means-tested federal

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benefit program, including SSI, TANF, CHIP, SNAP, and Medicaid, and/or those who currently receive the Earned Income Tax Credit. In addition, the administration should instruct the IRS and Treasury Department to assert that any student debt canceled through Executive Order is treated as a non-taxable scholarship, to ensure borrowers are not hit with an unexpected tax burden.[ix]

- **Instruct the Secretary of Education to direct student loan servicers to extend the current pause on federal student loan payments for all borrowers beyond the current expiration of December 31, 2020.** Ideally, any trigger for restarting student loan payments will be based on economic conditions, specifically for borrowers who are most likely to struggle, rather than an arbitrary date. For example, the administration could commit to pausing payments until the Black unemployment rate reaches pre-pandemic levels of below 6 percent, for at least a two-month period.

3. Labor and Workplace Standards and Good Jobs

Working people, especially Black and brown workers, have been systemically endangered and degraded by the Trump administration. Under Trump, the Department of Labor has stripped away rights to overtime pay for more than 8 million working people,[x] made it harder for workers to hold companies accountable for wage theft and other workplace abuses,[xi] and even tried to enable employers to pocket workers' tips, before being prevented by an act of Congress.[xii] OSHA has failed to issue enforceable standards to protect workers from the deadly pandemic or to shield whistleblowers who reveal critical gaps in workplace safety,[xiii] while the National Labor Relations Board has repeatedly placed obstacles in the path of workers trying to form unions and negotiate for a fair deal on the job.[xiv] The next administration must take action to address the essential concerns of working people, including shifting bargaining power toward workers, strengthening inspection and enforcement capacity for workplace protections and anti-discrimination laws, protecting workers from COVID-19, and raising pay and standards for federal contract workers.

- **OSHA must issue a strong workplace safety standard on COVID-19**. Currently there are no enforceable federal requirements mandating how employers must protect disproportionately Black and brown frontline workers[xv] from exposure to COVID-19 in the workplace, only voluntary guidelines.[xvi] This lack of mandated protections at work may be a major cause of the higher infection and death rate from coronavirus in communities of color,[xvii] and the Biden-Harris administration should act swiftly to remove any ambiguity and protect workers through strong workplace safety standards,

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including criteria for ventilation, access to personal protective equipment, sanitation, and increasing physical distance between workers.

- **Federal agencies must assertively investigate and prosecute violations of wage laws, labor laws, employment discrimination laws, and workplace safety protections, including misclassification of employees as independent contractors.** The Department of Labor, Equal Opportunity Employment Commission, and other enforcement agencies need greater investigation and enforcement capacity to pursue cases of wage theft, discrimination, and workplace safety violations. Agencies must act to restore worker protections that were weakened under the Trump administration.[xviii]
- **The president should sign an Executive Order to raise wages for federal contract workers to $15 an hour and generally use federal contracting powers to raise workplace standards.** Demos worked with the Obama administration on Executive Order 13658,[xix] "Establishing a Minimum Wage for Contractors," to raise the minimum wage to $10.10 for all workers on federal construction and service contracts.[xx] This minimum should be further increased to $15 to ensure that the federal contracting system neither funds low-wage work nor fuels inequality. Employers that violate labor and employment laws should not be considered for future federal contracting opportunities.
- **The president must appoint pro-worker members to the National Labor Relations Board.** Enabling working people to exercise their freedom to join unions and negotiate for a fair deal on the job is vital to shifting power back toward workers. As seats on the NLRB become vacant over the course of 2021, Biden must appoint members who will respect workers' right to engage in collective action and effectively hold employers accountable.

4. Consumer Credit and Debt

At a time when millions of households face financial crisis, the next administration must act to protect Americans from companies that seek to cheat, deceive, abuse, or discriminate against consumers. Under its previous leadership, the Consumer Financial Protection Bureau (CFPB) gained $11.9 billion in relief for 29 million consumers—yet the Trump administration acted systematically to weaken and undermine its authority. Now the agency must return to its mission of strong consumer protection.

- **The CFPB should revise rules on payday lending**. Payday lenders have a long history of targeting and draining wealth from Black and brown communities. The CFPB should return to the October 2017 rule,[xxi] issued under its Obama-appointed director, that would have required lenders to determine a borrower's ability to repay before making a loan. The CFPB, FDIC, and OCC should rescind Trump-era rules that allow banks to offer payday loans and enable payday lenders to evade state caps on interest rates.
- **The CFPB must reinvigorate its Division of Supervision, Enforcement and Fair Lending.** Under the Trump administration, the CFPB has weakened its enforcement against discriminatory lending and predatory financial practices.[xxii] A newly proposed reorganization of the Division of Supervision, Enforcement, and Fair Lending would make it even less effective, reducing enforcement authority and dispersing expertise.[xxiii] A strong CFPB is critical to enforcing fair lending so that Black and brown financial consumers are not cheated and discriminated against.
- **The CFPB should roll back rules allowing debt collectors to harass consumers, hounding households for very old debts and debts they may not even owe.** Debt in collections is more prevalent in predominantly Black and Latino neighborhoods and in communities experiencing financial distress.[xxiv] The CFPB must rescind its rules on the Fair Debt Collection Practices Act to protect consumers from abusive debt collection practices.[xxv]

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