

THE BROOKINGS INSTITUTION
BROOKINGS CAFETERIA PODCAST
STATE AND LOCAL ISSUES IN THE 2020 ELECTION

Washington, D.C.

Friday, October 23, 2020

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DEWS: Welcome to the Brookings Cafeteria, the podcast about ideas and the experts who have them. I'm Fred Dews. The big contest in the 2020 election is, of course, the presidency. But Americans across the country are voting and will vote for governors, state lawmakers and other state officials, local officials, and for ballot measures of all kinds. On the show today to talk about the 2020 election from a state and regional perspective is Amy Liu, vice president and director of the Metropolitan Policy Program at Brookings.

In our conversation, she addresses these elections, the important relationships between the federal government and state leaders, especially during the coronavirus pandemic and the longer term work the Metro program and Brookings are doing on post-COVID recovery.

You can follow the Brookings Podcast Network on Twitter @policypodcasts, get information about and links to our shows, including Dollar & Sense: The Brookings Trade Podcast, The Current and our Events podcast. And now here's my interview with Amy Liu.

Hi, Amy, welcome back to the Brookings Cafeteria.

LIU: It's good to be with you, Fred.

DEWS: So let's dive right in. We're talking about state and local issues in the 2020 election. Two years ago, I interviewed you before the twenty eighteen midterms and you noted that it was a big election year for state governments with 36 governors' races and 80 percent of all state legislative seats on the ballot. How does this year compare?

LIU: Well, Fred, this year, there's no doubt that what's on the electorate's minds right now is the outcome of the Senate and White House races. And so that is more consequential than what is happening in states and cities. But that said, there are some interesting things to follow at the state level. So, to reinforce, this is an off year for governors' races. There are only 11 governors that are up for reelection this year. Again, that's compared to 36 the last time you and I talked. Of those 11, seven are Republican incumbents and three are Democratic incumbents, and each of them hoping to keep their seats. On the Republican side, that's Missouri and Indiana; on the Democratic side, that's Washington State and North Carolina. And I think for the most part, Fred, the sense is most of those 10 governors actually are going to keep their seats. There's only one toss-up. And that is Montana, because the current governor, Governor Bullock, is running for the Senate seat and everyone actually thinks that's a potential pickup for the Democrats.

I think what's more interesting, Fred, is the state legislative elections--nearly 80 percent of the seats are up in the legislative cycle at the state level. That's basically the same as two years ago. And the parties are actually quite focused on the state legislatures, turnouts. And let me tell you why. First is that who controls the two state chambers in each of the states will set the terms for congressional redistricting, which is this is the big year, as you know, for that and knock on wood, we're going to get some complete Census counts soon.

And so given that the Democrats are actually feeling energized right now about the chances of some state legislative pickups because of the mood of the country--and this matters because of who controls state legislatures no. Our listeners may not be

familiar with the fact that nearly all of the states but one has one party controlling both chambers of the legislature. So only Minnesota has a split party legislature, meaning the Democrats hold the Senate, Republicans hold the House. So that means of the 50 states, 29 state legislatures are controlled by Republicans and 19 are controlled by Democrats. So, the Republicans currently have 10 state advantage among state legislatures.

The Democrats right now are sensing momentum on their side. They're seeing these unprecedented record turnouts of voters in the early voting places like in Ohio and Texas because of the national election. And so there is a sense that the Democrats might be able to flip some of those state legislatures, putting them in at least a little bit more even advantage or position when it comes to redistricting.

Then obviously, state and party-controlled state legislatures will affect other issues beyond redistricting, like public health, the economy, racial justice reforms. But anyway, Fred, I think there's a lot of interesting things to watch on the state legislative side.

DEWS: One thing I've always found fascinating in this topic is reflecting on when I was a kid growing up in Texas, we didn't pay a lot of attention to the statehouse. I mean, it was there, it was important if you were a member of the state legislature you were kind of a big person, but it was still really, you know, who's the president? Who's the governor? It's just like in the last generation, the role of state legislatures--in politics, I mean, I know they've always had a role in policy for their states, but in terms of politics, it just seems to have really become a huge national issue that we are paying attention

to what's happening in the Michigan legislature or the Pennsylvania legislature, because it has many political implications.

LIU: Right, and I'm a resident of Virginia and I'm with you. I try to keep an eye on what my state representatives are discussing at the statehouse. But so one year ago, there was a huge Democratic sweep in the Virginia assembly, mirroring what we saw in the congressional races. And I do think what is changing over time is that the national effect of elections are increasingly having impact on the state races. And so that's something, Fred, you and I can continue to watch.

DEWS: So, Amy, even though there won't be as much attention to statehouses, especially governors' mansions on the balance this year, governors really have been in the spotlight this year more than usual due to the coronavirus pandemic. Can you kind of reflect on the role that governors have played over the past six or seven months in being leaders for their communities in response to the coronavirus pandemic?

LIU: Well, you're right, Fred, that the governors have been on the frontlines of the public health and economic crisis. In fact, I believe that President Trump actually delegated the entire public health response and the economic recovery, like the reopening decisions, to governors. And the way that governors came together on reopening did fall mostly along party lines, although ~~I did~~ we saw a bipartisan group of governors in New England led by Governor Cuomo, in the Midwest with Governor Whitmer, a bipartisan group of governors trying to create a more unified, coordinated front. But in the end, what I saw was a lot of governors stepping up, trying to follow the evidence, the public health data, to make some very complicated decisions that made sense for their businesses and their residents.

And I do think this issue about coronavirus and the recession itself caused by trying to respond to the public health risks, that these issues are going to stay with us for a long time. In fact, I was in an event with economist Mark Zandi of Moody's the other day, and he mentioned that most indicators of economic growth probably are going to not return to some semblance of normal until about 2022. So, this new state legislature, these governors, the states in general with the cities, are going to be grappling with the public health crisis and the economic recovery for at least another year or so. So, yes, still very important.

DEWS: It's incredible how all this has changed over the past seven months due to the coronavirus pandemic. But then on top of all that, we have America's cities and in large metropolitan areas, which, of course, is one of the main focal points for the research program that you lead at Brookings. And so, I want to turn our attention a little bit to cities. President Trump and many of his allies attack what they call "Democrat run cities," charging them with a variety of supposed failings in allowing civil unrest, especially after the murder of George Floyd, and property damage. Also, to harboring undocumented immigrants. And ultimately, then, President Trump threatens to withhold funds from cities--federal funds. So how do you, as a leader of our Metropolitan Policy Program, react to that kind of rhetoric that you hear from the president?

LIU: Well, Fred, it's gut wrenching, actually. It's gut wrenching the way this president has attacked cities with these highly racist overtones depicting cities as poor, as Black, as crime ridden, this rat infested, and as threats to suburbs. And it's not just because of the racist overtones, but it's also the fact that we have a president that

seems to not want to represent all residents and all communities in the United States, which is what we all believe a president ought to be doing.

And the reality is that the Democratically run cities, if you call it, and the Democratically run congressional districts, they actually represent a growing, vibrant parts of the U.S. economy. If you've seen the analysis by my colleague Mark Muro, what you find is that the blue cities and the blue districts, they're more likely to see growing median incomes. They're the ones with expanding GDP, higher innovation, more talent, expanding knowledge industries, more diversity than red districts. And so, in short, these blue cities, these blue districts, are our economic and social future.

The last thing I think any president ought to be doing is rooting against your economic bright spots. In fact, we should be partnering more together, especially when we need these blue cities or these regions to undergird the nation's economic recovery.

Now, all that said, there's no doubt that cities have a lot more to do on racial justice, on addressing the history of racial segregation in our communities. But that is a whole of society responsibility that cities ought not to be tackling on their own. And the good news for me or where I feel optimism about this is that all the local regional leaders I'm working with are genuinely attacking this issue about how we overcome systemic racism. What are the policies, changes, behaviors, norms we have to undo so that we can create more opportunities for Blacks and immigrants and Hispanics in our communities? There is a real racial reckoning. And so in some ways, even if cities are at the forefront of addressing the racial tensions in the country, I also think that they are places that are going to be most equipped to come up with the set of solutions, the new strategies, the new partnerships that can can guide us out of this crisis.

DEWS: I just want to follow up on that for a second, because one thing I've learned from from you and other scholars in the Metropolitan Policy Program when thinking about mayors of cities or some of the leaders of the regional areas that include cities and metro areas, is that these leaders are really just focused on the practical needs of the people who elected them to govern. They're not so much focused on kind of the national red versus blue politics and the national divide that we see at that level. They're really just focused on practical issues, problems and solutions for the people in their areas.

LIU: I would say this is true for some governors, too. Especially now, Fred, there's a real aversion to politics. We see it, I think, probably in just conversations with our friends. People are sick and tired of partisanship. They're sick and tired of the vitriol and the division. And Washington sort of represents that. And so, in my engagements with state and local leaders, there's a real desire to stay away from that, to keep their heads down, to not engage in that. Even among Republican governors, there's a desire to just focus on the tough issues at hand. And boy, are we not grappling with a series of phenomenal crises: huge unemployment rates, small businesses that are shuttering. These are issues that ought not be political issues. And so what I am encouraged by and what I see in my network is regardless of party, regardless of sector, regardless of whether you're pro-business or pro-racial equity, there is a desire to come out of this pandemic in a more robust, stronger, and more inclusive way. And that's where we're going to spend our time. And I want your listeners to know that there is real work going on. And I think this is part of the beauty of the American federalist system, is we have a

civil society out there that's going to continue to work on those hard issues closest to those people, even if our politics and our partisanship isn't getting the work done.

DEWS: Let me follow up on that point that you just made about building a stronger, more inclusive economy. That is a focus of the new area of research and activity that Brookings is standing up here during the last days of the election, but also looking ahead to after the election into the world when we have to start thinking about how do we rebuild the economy post coronavirus, if you will. So can you talk, Amy, about some of the work that Brookings is starting to do already with a view toward what should the economy would look like and how should the economy be for people as we're figuring out how to recover from the coronavirus pandemic?

LIU: I'll say first, Fred, that under John Allen's leadership, all of my peers across the entire institution is thinking about the post-election moment and what it means to govern in a post COVID environment. And what are the big ideas that we need to be advancing to ensure that we address the issues of a more robust recovery, a more inclusive recovery that acknowledges the real disparities by race and does so in a way that continues to put the U.S. in a stronger global position with its allies. So, I think that our readers should continue to look to Brookings for a set of ideas for post-election governing around this moment.

Inside Brookings Metro, in particular on the domestic side, our team already has been working on something we called an equitable recovery. We have a project and resource page on the Web site called the Metro COVID-19 Recovery Watch, and it provides resources for state and local leaders for how they can achieve a vision of a higher quality, more equitable recovery in which the wealth and good jobs and

opportunity are provided for everyone, regardless of race, and that we really close these racial disparities.

And I do believe that is the work ahead. I believe that this is the priorities for many of our mayors, our business leaders. I've been talking to CEOs that very much care about this, nonprofit leaders, philanthropy. What COVID has done has exposed a lot of the existing inequalities in our country, and we absolutely need to use this moment to not replicate the past.

And also what COVID has done is shown that we're going to accelerate our rise into a digital economy. You hear so many of our small businesses now, in order to survive, having to move everything online, to reach their customers in a completely different way, to embrace delivery and other apps. And we're hearing large companies beginning to automate even more. We are going to continue to accelerate our work into a digital economy and that digital economy is creating a K-shaped recovery where the people who can work in digital jobs and work from home are going to generally do fine and see their opportunities expand. And the people who are not in that digital economy, who are frontline workers, in retail, are going to suffer with lower wages and a lot of economic instability. And there are real disproportionate impacts on women, on African Americans, on Latino workers in that bottom of the digital rung.

And so this is what we have to grapple with. How do we emerge out of this COVID economy? In a knowledge economy? Black and Hispanic workers are at the center of the growing aspects of the future so they can find wealth creating opportunities out of that.

And the good news, I do think, is as we move from a crisis in the recession towards recovery planning, a lot of our local regional leaders are beginning to put in place some of the strategies on helping Black and Latino immigrant small businesses, in helping dislocated workers move into better paying jobs, neighborhood commercial districts that are seeing a lot of businesses close--how do we recover those neighborhoods? There are really interesting innovations underway that are going to put a down payment on the progress towards an inclusive future. And I would say, Fred, we know that systemic racism and the issues of inequality have been hard baked into this country for 400 years. We're not going to solve this overnight, but we have to start somewhere. And that is what I see in the work going on around the country, is that people are making genuine shifts so that we come out of this pandemic and come out of the racial unrest following George Floyd and Breonna Taylor in a much more shared, prosperous way.

DEWS: And so I'll, um, I'll put some links in the show now so listeners can more easily find the Metro Recovery Index and all of the other kinds of great materials, the great research and analysis that's already being put out over the past few months by Brookings experts across the institution, not just in the Metropolitan Policy Program, but particularly the Metropolitan Policy Program.

Fred, since you mentioned that I do want to say to our listeners, within the Recovery Watch, there is something called the Metro Recovery Index, and it is a tracker for the 200 largest and mid-sized large cities in the country on how the pandemic has impacted cities, everything from job losses, unemployment rates, small business closures, rental prices, even telework. All this data can be found for your community.

And I think what it shows is if we're going to be in this work from home environment for quite a while or where only half of the economy is really, truly back, there's going to be some hardwired patterns and some severe dislocation that's going to impact our communities across the country. And the places I'm most concerned about are the midsize, older industrial cities that were already struggling with reinventing their economies prior to COVID who are now in a structural disadvantage going into the next 18 months.

And we haven't even talked about, Fred, the fact that in the absence of another federal stimulus bill, we're going to see even greater state local budget stresses, more layoffs, at state and local governments, perhaps cuts in public services that is going to be even disproportionately impacted on weaker cities. So, I am very concerned that we're just still seeing the beginnings of what could be a really devastating impact on workers and communities because of this pandemic recession. But anyway, those resources are available for decision-makers at the local level as they figure out how to adapt and prepare for what is to come.

DEWS: So, again, I'll put a link to that in the show notes. But just to kind of educate listeners a little bit more, Amy, can you just talk very briefly about what kind of finances cities, metro areas, get from the federal government? So, again, back to when we hear President Trump threatening to cut off funding to certain cities that he doesn't like, what does that actually mean? I mean, how much of a city's budget is coming from the federal government? What kinds of things is that funding?

LIU: Couple of things about the CARES Act, Fred, is that there was direct aid to state local governments under the CARES Act. But unfortunately, that was \$450 billion,

I believe. But that aid went to all 50 states and only 35 of the largest cities. So, the vast majority of U.S. cities and mid-sized cities were completely left out of that aid. And over time, Fred, you're right, the local reliance on federal dollars has diminished over time. But what you don't realize is when there is a pandemic, when there are schools that have to adapt, when you have to put in place sanitation measures and readapting your spaces, it actually creates costs. And so what we saw from local governments in the months and weeks after the virus began to take hold and spread is a lot of the CARES Act dollar funds or public resources were spent towards everything from rental assistance, to getting food out to elderly households and low income households, to shoring up mass transit systems because frontline essential workers still relied on bus and transit to get to their jobs in hospitals and other things. And so, there was just an enormous rush to keep basic services going, especially for frontline workers and for certain businesses, even as people start to lose their jobs. And the unemployment issue is a huge challenge.

So I think what we're seeing now is we're starting to see large number of layoffs at the state and local level. We're starting to see some states beginning to consider more privatization of certain services to get those things off the books. And at the same time, we still we have philanthropy and private sector stepping in and partnering with government to fill in the gaps. So, I would say we definitely need continued help and support from the federal government for future recovery aid.

DEWS: That's a good segue into my wrap up question for this episode, Amy. A similar question that I asked in a recent episode to foreign policy scholar Tom Wright, I asked him to share his views of what a second term Trump administration might look

like or a first term Biden administration might look like in terms of foreign policy. Can you share your thoughts in a similar vein on Washington's relationship with state and local governments, depending on the outcome of the election, and especially in terms of the kind of policies that you and other colleagues at Brookings are focused on?

LIU: I think this is a consequential election, which is an understatement. I think the person who occupies the White House will dictate how seriously the public health crisis is taken, which all economists say if we can't control the virus or get a vaccine out there, we won't have an economic recovery. So the occupant in the White House is going to shape how serious this virus is taken, the nature and duration of the economic recovery, the relationship with state and local governments to manage all those things, and to what extent we will confront the issues of a rapidly diversifying society.

So when you think about that, there are stark outcomes, we believe, between a Biden and a Trump presidency. If Biden wins, and by some measures is a 70 percent chance that he could win the electoral map, I think what we'll see is a stronger partnership with state local governments to get the virus under control and to deliver the kind of aid to small businesses and vulnerable populations. I think we will start to see a robust federal stimulus package that may mirror parts of what we saw in the Heroes Act and perhaps more consumer economic confidence that we can handle all of these issues. And I think we'll have a lot more receptivity in a Biden-Kamala Harris administration to address the issues of racial equity.

I want to say, though, that a Biden victory doesn't solve all the issues at the state and local level. We will confront massive deficits and it isn't clear how much capacity our federal government will have to do reforms and make further investments. And the work

requires state and local leaders to still step up and address issues of land use and so on that have contributed to racial inequality. So, we don't want to say that's going to fix everything, but it certainly creates an opening to really tackle the public health, economic, and racial equality issues that are confronting the country.

I think that under a Trump scenario, or Trump victory, which, again, some estimates that 30 percent chance that he might be able to win the electoral map--if Trump wins, one scenario, Fred, is they're going to see a lot more antagonism with other levels of government. My biggest fear, frankly, is that he will retaliate against blue cities and blue states or segments of the economy or segments of the population that voted against him. And it won't just be a rhetorical flourish. It may result in changes in policy. You mentioned earlier on this podcast the withholding of funds. We've seen already the unabashed immigration raids and attacks on sanctuary cities. The fear is more of that, more of cutting major social safety net programs on the poor to pay for tax cuts for the rich. And I think we're going to see widening inequality.

There may be bright spots under a Trump administration in the sense that we may see even more leadership as the state and local level step up to problem solve, to address these issues, more capacity built at state and local levels to basically address head on the issues of unemployment and dislocated workers and opportunity that we absolutely need to have done. And so, I'm still going to put my eggs in the state and local basket in both scenarios as places where we're going continue to see new problem solving, new policy solutions, new innovations for the big issues confronting the nation.

DEWS: I like the optimism with which we're going to finish this interview, Amy. And I know whatever the outcome of the election, I know that you and all the other Brookings scholars are going to provide important insights, analysis, and recommendations on all the issues that confront America at home and abroad. So, thanks, as always, for sharing with us your time and your expertise.

LIU: Well, thanks, Fred, for these great questions, and I do want to reinforce that, at least at the state local level, these are not partisan issues. I think everyone sees the need to address the issues of the economy, the public health, a more unified, diverse nation. So, I look forward as a program continuing to work with a lot of listeners out there on making real inroads on these issues.

DEWS: The Brookings Cafeteria Podcast is possible only with the help of a team of amazing colleagues. My thanks go out to audio engineer, Gaston Reboredo and our intern, Ryan Jacobs; to Bill Finan, director of the Brookings Institution Press, who does the book interviews; to Marie Wilkin, Adrianna Pita, and Chris McKenna for their collaboration. And finally, to Camilo Ramirez and Emily Horne for their guidance and support.

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Until next time, I'm Fred Dews.

