



[www.njbia.org/recovery](http://www.njbia.org/recovery)

**Date: August 10, 2020**

**TO: Governor Murphy**

**FROM: New Jersey Business Coalition**

African American Chamber of Commerce of New Jersey, Inc.  
American Camp Association NY/NJ  
New Jersey Camps Government Affairs Project  
American Council of Engineering Companies of New Jersey  
American Physical Therapy Association of New Jersey  
Bernards Township Regional Chamber of Commerce  
BioNJ  
Burlington County Regional Chamber of Commerce  
Bus Association of New Jersey  
Cape May County Chamber of Commerce  
Capital Region Minority Chamber of Commerce  
Chamber of Commerce of Greater Philadelphia  
Chamber of Commerce Southern New Jersey  
Chemistry Council of NJ  
Commerce and Industry Association of New Jersey  
CrossState Credit Union Association  
Downtown New Jersey  
Early Childhood Education Advocates  
Eastern Monmouth Area Chamber of Commerce  
Employers Association of NJ  
Fuel Merchants Associates of NJ  
Garden State Pharmacy Owners, Inc  
Global Business Alliance  
Gloucester County Chamber of Commerce  
Greater Atlantic City Chamber of Commerce  
Greater New Jersey Motorcoach Association  
Greater Toms River Chamber of Commerce  
Greater Westfield Area Chamber of Commerce  
Healthcare Institute of NJ  
Hoboken Chamber of Commerce  
Home Care & Hospice Association of New Jersey  
Home Health Services Association of New Jersey  
Hudson County Chamber of Commerce  
Hunterdon County Chamber of Commerce  
Insurance Council of New Jersey  
International Health, Racquet and Sportsclub Association  
Jersey Shore Partnership

Mahwah Regional Chamber of Commerce  
Marine Trades Association of New Jersey  
Middlesex County Regional Chamber of Commerce  
Meadowlands Chamber  
Monmouth Ocean Development Council  
Morris County Chamber of Commerce  
NAIOP-NJ  
National Federation of Independent Business (NFIB)  
Newark Alliance  
Newark Regional Business Partnership  
New Jersey Asphalt Pavement Association  
New Jersey Association of Osteopathic Physicians and Surgeons  
New Jersey Association of Mental Health & Addiction Agencies  
New Jersey Business & Industry Association  
New Jersey Campground Owners and Outdoor Lodging Association  
New Jersey Civil Justice Institute New Jersey Coalition of Automotive Retailers  
New Jersey Concrete and Aggregate Association  
New Jersey Dental Association New Jersey Gasoline-Convenience-Automotive Association  
New Jersey Hotel and Lodging Industry Association  
New Jersey Independent Electrical Contractors Association  
New Jersey Liquor Store Alliance  
New Jersey Manufacturing Extension Program, Inc.  
New Jersey Motor Truck Association  
New Jersey Pharmacists Association  
New Jersey Podiatric Medical Society  
New Jersey Realtors New Jersey Restaurant & Hospitality Association  
New Jersey Retail Merchants Association  
New Jersey Salon and Spa Coalition  
New Jersey Self Insurers Association  
New Jersey Society of Certified Public Accountants  
New Jersey State Chamber of Commerce  
New Jersey State Funeral Directors Association  
New Jersey State Veterans Chamber of Commerce  
New Jersey Tourism Industry Association  
New Jersey Utilities Association  
New Jersey Warehousemen & Movers Association  
New Jersey Utilities Association  
New Jersey YMCA State Alliance  
North Jersey Jewish Business Alliance  
Ocean City Chamber of Commerce  
Princeton Mercer Regional Chamber of Commerce  
Professional Insurance Agents of New Jersey (PIANJ)  
Recreational Fishing Alliance

Salem County Chamber of Commerce  
Somerset County Business Partnership  
Southern NJ Development Council  
Southern Ocean County Chamber of Commerce  
Statewide Hispanic Chamber of Commerce of NJ  
Sussex County Chamber of Commerce  
TechUnited:NJ  
The United Boatmen of N.J.  
Union Township Chamber of Commerce  
Washington Borough BID

## **Re: The New Jersey Recovery and Reinvention Framework - 2.0**

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### **Executive Summary:**

On May 2, 2020, the New Jersey Business Coalition issued the “Recovery and Reinvention Framework”([www.njbia.org/recovery](http://www.njbia.org/recovery)). The document was meant to be dynamic and updated as more was to be learned about COVID-19 and its impacts on our state.

We have learned a great deal about COVID-19 since its onset, its peak, and the long-term decline in positive cases, rate of transmission, deaths and hospitalizations. Of course, we recognize there is still more to learn. However, if “data determines dates” relative to reopening, as Governor Murphy has consistently said, it is appropriate that as our COVID-19 cases continue to go down, New Jersey’s economic numbers should rise.

Unfortunately, this is not the case and we find ourselves and our economy in an unnecessary and extenuated “pause mode”.

The Governor should be moving forward now to continue the reopening of our economy and this “Recovery and Reinvention Framework 2.0” explains why; incorporating and building upon the existing document, while calling for the following actions to take place now:

- Continue the reopening of New Jersey’s economy:
  - The continuing trend in all of the numbers that the Governor has relied upon since the onset of COVID-19 warrant the continued safe and responsible reopening of New Jersey’s economy now;
  - Take responsible risk, while we have decreased hospitalizations and capacity in our medical facilities. Businesses can balance hybrid models of indoor and outdoor activities while the weather is still nice. This was exactly the notion behind the direction of flattening the curve.
  - Get people back to work. The indirect public health impacts being experienced by New Jersey residents warrants the continued safe and responsible reopening of New Jersey’s economy now.
- If the Governor does not continue to reopen the economy now, he must present plans for three COVID-19 scenarios (described below) to allow better visibility for proper business planning;

- Decisive action is needed immediately so businesses will know whether to plan for a further reopening now or a prolonged limit on their business, necessitating greater government support.
- In the absence of a full reopening, the Governor should embrace a regional approach to allow those counties in our state that have had sustained low COVID19 numbers to reopen further, if “hotspots” persist in other counties.

### **Public Health & Economic Conditions**

As Governor Murphy has said, New Jersey has “crushed the curve” for the COVID-19 spread. As of August 10, the RT- rate of transmission is .98 and the Positivity Rate is 1.6. Our current data, compared to most states, justifies a much stronger pace of reopening, but we are lagging, due mainly to a reliance on spiking numbers in other states, as well as a brief spike in New Jersey’s numbers resulting from social gatherings.

Public Health Direct Impacts from COVID-19: At the state level, New Jersey was experiencing a slight upward trend in cases over the last 14 days, which has since declined once again ([See Attachment A](#)). As Governor Murphy has acknowledged, this was stemming predominately from large gatherings and house parties. As a result, the Governor placed new restrictions on social gatherings both indoors and outdoors. There is no evidence that any of the spikes were the result of a spread from any indoor business activities in the state.

Further, the rise in cases has not been experienced at equal rates across counties. Counties such as Ocean, Monmouth, Bergen, Camden, and Essex have experienced more appreciable rises than Sussex, Hunterdon, Salem, and Somerset. The New Jersey Department of Health data demonstrates this variance in the number of new cases per day across counties.

To put the total number of new cases and total cumulative cases into perspective with the population of New Jersey, consider the following:

- Using the NJ Department of Health’s recent daily new case total of 384 in a state with a population of approximately 9,000,000 people means that less than 1% (0.004%) of New Jersey’s population was newly infected as of August 7th.
- Even if you take the cumulative total of cases in New Jersey (184,061) and do the same calculation, only 2% of the state’s population has been infected to date.

As noted, as of August 10, 2020, the test positivity rate in New Jersey is a stable 1.6%--well below the WHO guideline of 5%. This indicates two crucial factors, according to Johns Hopkins:

- 1) New Jersey’s testing capacity is adequate and 2) an observed rise in cases may be the result of increased testing, not increased transmission.

In addition, the RT is .98, once again below the 1.0 target that Governor Murphy has set as a critical data point.

**Public Health Indirect Impacts from COVID-19:** The public health impact of COVID 19 expands well beyond contracting the virus, with our overall New Jersey population experiencing a significant rise of mental health concerns, opioid abuse and acts of violence.

Some of the reasons for this impact, as reported by New Jersey’s mental health providers include:

- The mental health impact of isolation;
- Depression if jobs are lost and possible anxiety about potential job loss;
- Depression and anxiety associated with the loss of what had been normal routines and socializing opportunities, as well as possible loss of access to support networks and other resources

According to a May 8, 2020 survey by *Healthline*, individuals nationwide were experiencing more symptoms of depression, anxiety and fear, compared to prior to the pandemic. The demand for mental health and substance use treatment services has significantly increased during the pandemic.

Further, as reported by our New Jersey State Police, the greatest increase in opioid overdose deaths occurred in May 2020, compared to all other months over the previous three years. The State Police also report that gun violence has been on the rise.

Of further concern are “deaths from despair”, which are those resulting from excessive alcohol and other drug use, and suicide. A recent report, “*Projected Deaths of Despair from COVID-19*,” published in May by *Well Being Trust and Robert Graham Center* provides some sobering statistics:

- For every one-point increase in unemployment, the suicide rate increases by approximately 1 to 1.3% and the rate of drug-related deaths increases by 3.3% (3.9% for opioid-related deaths).
- Individuals who have low incomes, live in rural areas or belong to racial and ethnic minority groups are at greater risk of deaths of despair.
- Based on a moderately estimated 1.3% impact on unemployment from COVID19, New Jersey will experience from 23.10 to 28.17 additional deaths of despair per 100,000 population between 2020 and 2029.

This data highlights the fact that large portions of our population that are not directly suffering from contracting COVID-19 are suffering in other devastating and consequential ways. These impacts can be mitigated in part by getting people safely back to work and other activities that may alleviate stress. Balancing how we address the direct and indirect public health impacts of COVID-19 is critical.

**Economic Conditions:** As COVID-19 cases have decreased and remained steady, New Jersey businesses slowly began reopening with limited capacities and strict guidelines. Both indicators should result in the improvement and stabilization of New Jersey’s economic activity, i.e. the

number of businesses that are open should continue to increase, their revenue should increase, and the unemployment rate should begin to fall. However, despite some glimpses of improving economic conditions in June, this was no longer the case in July.

While economic indicators showed signs of positivity in June, including businesses open and the revenues they were producing, the July numbers show a plateau, and in some cases a decline in economic activity. ([See Attachments B1 and B2](#)). This can only mean that our companies are NOT surviving and are being forced to close. Further, while national retail sales are up, New Jersey's are lagging, making our state an outlier.

Furthermore, over 30% of our Civilian Labor Force or 1.4 million people have filed for unemployment insurance since March. Despite the partial reopening of business, the Garden State's unemployment rate worsened from May (15.4%) to June, registering the second highest unemployment rate in the nation at 16.6%. New Jersey Department of Labor Commissioner, Robert Asaro-Angelo has said that New Jersey is experiencing "economic devastation".

As a result of these challenging economic trends, New Jersey's GDP continues to contract at a rate surpassing the national GDP. New Jersey's GDP contracted by 5.5% in Q1, versus the national average contraction of 5%. According to the latest release from the US BEA, the nation's GDP contracted by an additional 32.9% in Q2; the worst quarter in recorded history.

If the trend from Q1 holds, which is likely as a result of the impacts of mandatory stay-at-home orders and non-essential business closures, New Jersey's Q2 contraction is likely to be even worse than the national average. What is clear is that New Jersey businesses are struggling and as a result, our workers and the state are struggling, as well.

### **The Road Back: Restoring Economic Health through Public Health**

On April 27, 2020, Governor Murphy announced "The Road Back: Restoring Economic Health through Public Health," which outlined six key principles and benchmarks to guide the process for restoring New Jersey's economic health by ensuring public health. The six principles are:

- **Sustained reductions in new cases:** The Governor said state officials will look for a 14-day trend showing sustained drops in new cases, hospitalizations and other metrics.
- **Expand testing in the state:** The Governor said he wants to at least double the level of testing in the state. Healthcare workers and first responders will still be prioritized, but the governor wants the ability for all residents to be tested.
- **Robust contact tracing:** The Governor said he wants an "army" of people to perform contact tracing so new cases or outbreaks could be immediately tracked and mitigated.
- **Safe places for isolation:** People who test positive need to have proper contacts with officials so they can get needed support service to remain in quarantine.
- **An economic restart:** The Governor announced he created a commission to advise the process of reopening.

- **Resiliency:** Officials need to prepare for the possibility of a resurgence.

Further, early on, the Governor's "data determines dates" scorecard was a balance of four factors in order to "flatten the curve" and ensure that our healthcare industry could manage the virus:

- New hospitalizations
- Patients in hospital
- Patients in ICU
- Patients on ventilators

These numbers, as well as the RT and Positivity Rate, which the Governor now relies upon, have consistently declined. Now 21 weeks after the Governor's "shelter in place" EO on March 21 and 15 weeks after the Road Back plan announcement, New Jersey is appreciating the public health benefit of the Governor's cautious approach to reopening, with the state ranking nationally near the top of the best case scenarios of COVID-19 numbers.

Simultaneously, however, our economy has continued to stagnate with more and more businesses unable to sustain their existence as each day passes. At this time most businesses are only operating at 25% capacity, if open at all and the state has been in a "*pause mode*" for six weeks with no further openings or increases in capacity to operate.

Continuing in a "*pause mode*" is not sustainable for our businesses or our economy. We can safeguard our residents and open our economy in unison. These things are not mutually exclusive. Figuring out how to continue to reopen in the "*pause mode*" will also inform the process for how to react should the state see a resurgence in the fall. Given the impacts of the first state shutdown, we know our residents, our businesses and our economy cannot withstand a second de novo shut down. Rather, a measured approach is needed in how we take steps to mitigate the impacts of the virus in balance with all of the other health and economic impacts of a statewide shutdown.

### **Planning for continued reopening now and the potential for a resurgence:**

Business owners need to be able to decide whether to "cut their losses now" or "continue to incur debt." The time for negotiating debt is over. They need visibility to the duration of the "*pause mode*" and what the specific triggers in the health statistics will be to allow further reopening.

Further, this will bring needed clarity to understand what period of time businesses will need immediate additional government support.

We are aware that the State is looking at various models regarding our current COVID -19 healthcare status and potential for resurgence over the next six months. Visibility to these models and scenario planning around the models is needed now.

The Governor should immediately present three scenarios to allow for proper planning, with triggers driving levels of activity within and among the scenarios:

- Best case scenario - recognition that our state economy will remain in a “pause mode” until the fall; September 15, or sooner.
- Mid-case scenario - continuation of “paused mode” through year’s end or beyond.
- Worst case scenario- further rollback and timing of that rollback/shutdown.

**Embracing a Regional Approach:** To maintain our limited recovery now and plan for these scenarios, the state should embrace a regional approach. This will afford the state the opportunity to continue the safe and responsible reopening process, while safeguarding residents and avoiding “hotspot” locations that are not ready to reopen.

Currently, all medical data is presented by county. As such, a grid of “safe” vs. “cautious” counties can easily be developed. We should continue to reopen in regions of the state where the trend lines indicate the ability to do so. In turn, in other regions where the numbers are more challenging, those communities might be able to learn what best practices were in place elsewhere to keep the numbers in control.

Working at the regional level will also inform a resurgence plan should our numbers experience a persistent spike warranting such action and would provide a warning, allowing businesses to plan, versus a second de novo shutdown.

Community engagement would include local/county teams that could properly balance the healthcare capacity of the region to any projected healthcare implications, while also fostering a local culture of responsibility toward wellness safeguards.

Local Engagement should include:

- New Jersey League of Municipalities and their municipal leaders
- New Jersey Association of Counties and their county leaders
- Healthcare Industry representatives
- Business – state/local business/nonprofit groups, Chambers of Commerce and their members
- Education leaders from preschool through post graduate
- Civic leaders

Considerations at the Local Level:

- Healthcare capacity
- Additional safeguards to being open and rules of engagement
- PPE availability
- Technical assistance
- Funding
- Community campaigns for awareness

We understand that New Jersey is a dense state, but we do not share the “too small and dense”



argument against a regional/local approach. From what we observe, the medical data would support that concept and again, the Governor has reiterated that ‘data determines dates’.

### **The Call for a Continued Responsible Reopening**

Getting business to the next step is critical to New Jersey’s overall economy. While we watch the politics play out at the national level, we grow more concerned about how much additional relief may come to our state, our businesses and our communities. The revenue generated by our businesses is critical to our state and local economies and is the revenue missing right now causing the current revenue shortfall.

As noted, public health can continue to be achieved, while economic health rebounds. Businesses now open are using safeguards that are proving to keep people safe, as we are not seeing surges in businesses that are acting responsibly. It is these businesses that must move on to a higher capacity now in order to survive.

For those businesses currently not open, again, if “data determines dates, these should now be allowed to open.

- Indoor Dining ([See Attachment C](#))
  - Health data:
    - In states that have opened indoor dining (example Connecticut), there has not been any related spike.
    - Nationally, there is no factual evidence to directly tie COVID spikes to restaurants.
    - To avoid greater socialization, it should be noted that states have either limited or closed bars.
  - Economic data
    - 30% of New Jersey small independent restaurants will either not reopen or will close within the next 90 days.
    - In 2019, the state’s restaurant industry employed 350,000 people. On March 13th 85% of those workers were either laid off or furloughed. As of July 15th only 23% returned to work with either full or temporary hours.
- Health and Fitness Centers ([See Attachment D](#)).
  - Health data:
    - Training facilities operating under appropriate guidelines, with good hygiene and social distancing measures (1 meter for floor exercise, 2 meters for high intensity), saw no increase in COVID-19 transmission.
    - A national industry survey reports 394 COVID-19 cases out of 8.9 million check-ins as of July 22. This is 1 case in every 22,589 visits or an occurrence rate of .0004%.
  - Economic Data
    - The industry employs over 53,000 in over 1,100 facilities
    - Nationally- \$7 billion in lost revenue through July 1, 2020

- Nationally- 25% of clubs could close by the end of 2020

### **Assisting business during the “*pause mode*”**

If it is determined that there will continue to be a prolonged “pause mode,” state government needs to be decisive in taking action to support businesses in a more robust way than we have seen thus far. While the Governor has directed approximately \$70M of CARES ACT money to meet business needs by way of grants, the amount falls considerably short of the need. The amount equates to approximately 4% of the full New Jersey Federal CARES ACT allocation, with a large majority of the balance still sitting unused on the sidelines.

Business owners are operating at a loss, whether open at 25% or not open at all. In a recent NJBIA survey, 65% of businesses said it will take them more than 10 months to get back to preCOVID revenue, with the majority saying it will be a year or more. Many others say they will never recover to that extent.

Current revenue shortfalls for businesses include:

- Payroll
- Rent/mortgage
- Inventory
- PPE
- Equipment leases
- Accounts payable building up
- Accounts receivable not coming in
- Lags and gaps in philanthropic and government funding for our nonprofits to deliver social service and safety net programs to our most vulnerable populations
- Facing looming cost increases in health insurance, workers’ compensation, minimum wage and unemployment insurance

We know that both grants and loans are needed. However, given the lack of appetite for loans as evidenced by the PPP money left on the table and the lack of demand for the Main Street program, grants are the answer. Regardless, any new programs must be easy to access and have allocated amounts that can meet the needs of a large portion of the business community.

While the recently announced New Jersey Redevelopment Authority rent assistance program places \$6 million in “burdened communities,” the reality is that an overwhelming amount of businesses across the entire state have rent defaults occurring as we speak. The Governor shut down all businesses at the same time in the same manner. Choosing select towns now to receive the benefit of rental assistance exacerbates the losses elsewhere, especially when the determination of these “burdened communities” is questionable. This is a critical need across the spectrum and one that needs urgent attention with significantly more dollars for all businesses who are in arrears.

The following types of resources are those that federal CARES Act money, through grants,

should be focused on:

- Cash infusion to fund overdue rent/mortgage payments
- Cash infusion to supplement payroll/expenses
- Enable new sales opportunities through technical assistance to build online sales capacity
- Training money to enable workforce in new skills
- Funds to purchase PPE and equipment, as well as financial incentives and assistance to manufacturers to produce products to meet these needs
- Funds for our social service providers to ensure the continuing delivery of necessary resources to address the increasing instances of mental health, addiction and depression
- At the employee level
  - Childcare credits or direct cash infusion to industry to bring costs down
  - Tax credits to incentivize a return to work
  - New childcare grants or tax credits to meet the needs of K-12 families if their children do not return physically to school
  - Support to the childcare industry to provide a safely supervised environment for children of working parents who cannot stay home

Beyond new funding, businesses need a break from having to respond to new burdensome mandates. State government has imposed the massive mandate of closure on the business community to protect public health, and now it is time to avoid any other mandates as they struggle to reopen and recover. Now is certainly not the time to make it harder to operate a business in New Jersey when they are just hoping to survive.

In closing, if “data determines dates”, New Jersey is there. We are calling on the Governor to continue the reopening process now. We can safeguard our residents and further open our economy in unison. The extenuated “*pause mode*” we find ourselves and our economy in is unnecessary and not sustainable.