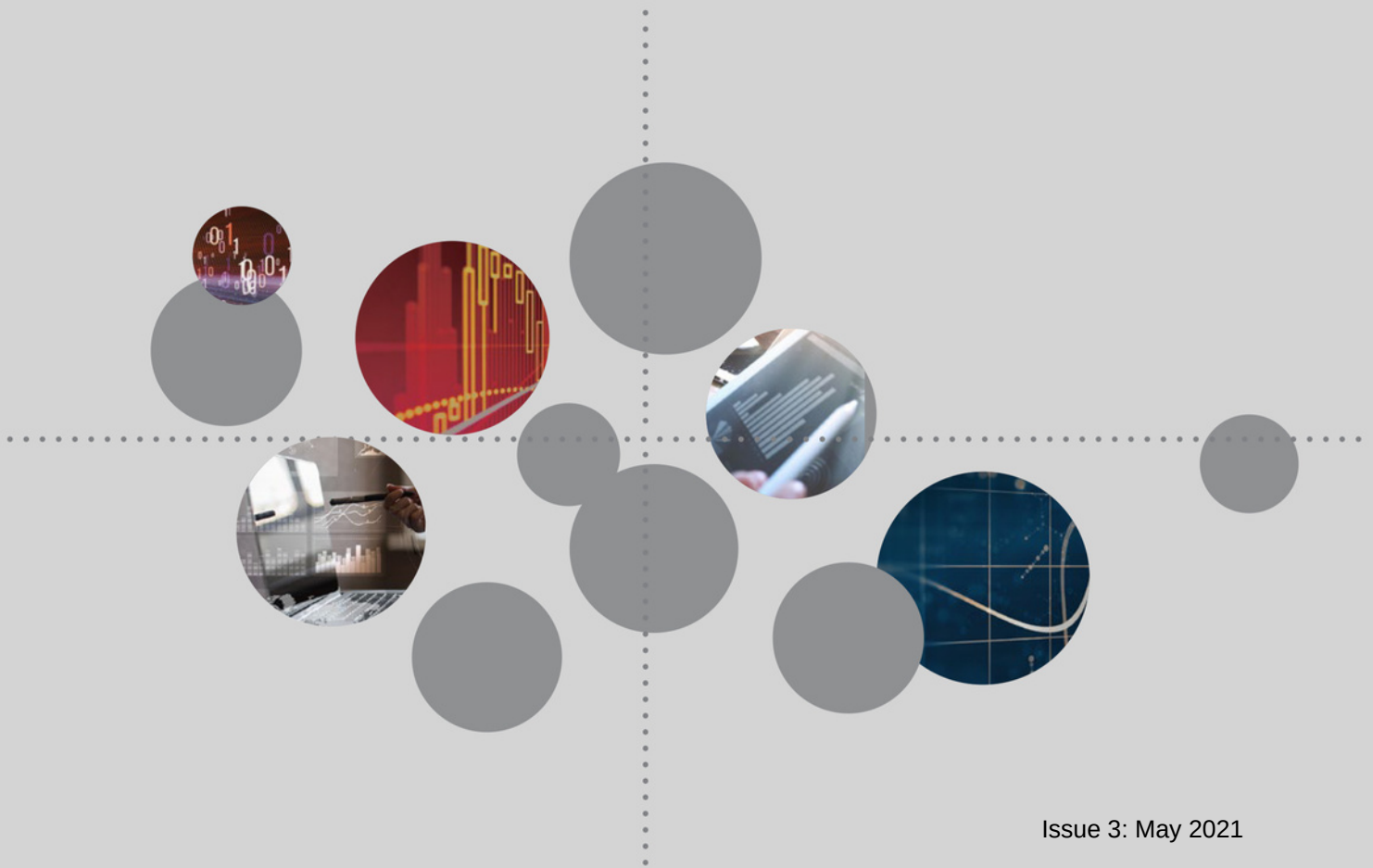


Policy Tracker



THE INSTITUTE FOR PUBLIC POLICY & ECONOMIC DEVELOPMENT



Issue 3: May 2021



COVID-19

FAST FACTS

PENNSYLVANIA VACCINATION BY THE NUMBERS: APRIL 15, 2021

Total Doses Given

7,811,291

Rank: 5th

Share of Delivered
Vaccines Administered

80.7%

Rank: 21st

Total People
Vaccinated*

5,129,217

Rank: 5th

Share of Population
Vaccinated*

40.1%

Rank: 10th

* At least one dose of
any COVID-19 vaccine.
Source: Kaiser Family Foundation

Vaccination Update

COVID-19 vaccines represent the most important tool in the effort to control the coronavirus pandemic and allow for a more complete return to normalcy. Mass vaccination is critical to preventing many deaths and hospitalizations from COVID-19, thereby allowing school reopening, lifting of restrictions on gatherings, and other important milestones in 2021. Pennsylvania's pace of vaccination has accelerated over the past few months. As of April 15, 2021, Kaiser Family Foundation reported that about 5.13 million Pennsylvanians had received at least one dose of a vaccine. This amounts to 40 percent of the state's total population. Pennsylvania ranks 10th among the 50 states and the District of Columbia in the share of population vaccinated, and 21st in the share of vaccines delivered that have been administered -- a measure of how efficiently doses are being distributed.

Equality

It is important for equitable public health outcomes to ensure that the vaccines are distributed equitably, including ensuring equal access to marginalized groups and those who may have barriers to accessing health care. Pennsylvania Department of Health data (as of April 15, 2021) also shows disparities at the county level. While Lackawanna and Luzerne counties have a higher share of their population at least partially vaccinated than the state as a whole, this is not the case in most of the rural counties of Northeastern Pennsylvania. In particular, Bradford, Monroe, Pike, and Susquehanna counties continue to lag in vaccinations.

Dose Distribution

Each of those counties lagging in vaccinations is host to at least one vaccination site receiving doses from the PA Department of Health, and several locations (mostly retail pharmacies) receiving an allocation of doses directly from the federal government. Thus, it is possible that some counties may be behind on the pace of vaccinations due at least in part to factors other than allocation, such as vaccine hesitancy, transportation barriers, or lack of information about vaccination appointments.



Vaccination Demand

Though demand for vaccines was high through the first quarter of 2021, it is expected that the United States will soon reach a point where demand will no longer exceed the growing pace of supply. While demand continues to be strong in the short term, vaccinating more difficult-to-reach individuals, including those hesitant or uninformed about the vaccine, will require shifts in strategy and continued effective communication.



Vaccinating more difficult-to-reach individuals and those hesitant or uninformed about the vaccine, will require shifts in strategy and continued effective communication.

TRANSPORTATION

FAST FACTS

TRANSPORTATION AT A GLANCE

In April 2020, nationwide vehicle miles traveled (VMT) were 40 percent lower than April 2019, while the statewide deficit was 47 percent.



Statewide, municipalities were allocated over \$486 million in March 2020 under the Municipal Liquid Fuels program for road and bridge maintenance. In March 2021, this allocation fell by over 7 percent due to declining fuel tax revenue.

7%

Transportation Funding Needs Comprehensive Look from Lawmakers

While there is no shortage of potential transportation projects around the Commonwealth, finding sustainable means of funding them is a critical policy challenge. The COVID-19 pandemic has underscored major deficiencies in current transportation funding approach, which emphasizes gasoline taxes.

Vehicle Miles Traveled

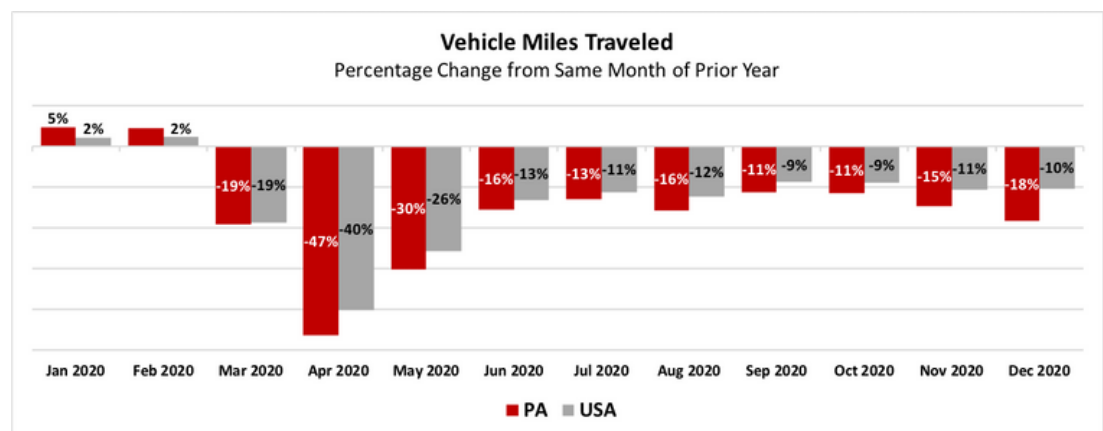
Federal data on estimated vehicle miles traveled (VMT) shows notable drop-offs in road travel associated with the pandemic. While January and February 2020 estimates showed higher traffic volumes than the same months of the prior year, this reversed in March. In April 2020, nationwide VMT were 40 percent lower than April 2019, while the statewide deficit was 47 percent. As restrictions eased, the shortfall in traffic volumes closed, but this trend has plateaued. In late 2020, nationwide traffic remained about 10 percent lower than the same months of 2019. Statewide, VMT was 11 percent lower in October 2020 compared with the previous year, 15 percent lower in November, and 18 percent lower in December.⁽¹⁾ Consistent with this data, a survey of regional traffic volume analyses around North America in April 2020 also found traffic count declines typically ranged from 35 to 65 percent when compared with previous levels.⁽²⁾

Fuel Tax

Fuel tax revenues are closely correlated with VMT. With the drop in miles traveled, there was a corresponding decrease in liquid fuel demand, especially in the early months of the pandemic. Though vehicle traffic volumes have been lower, the cost of maintenance of road transportation infrastructure is largely fixed, posing a statewide challenge due to reduced revenue in the Motor License Fund.

Fuel tax revenues are closely correlated with vehicle miles traveled.

This also impacts local governments around the state through the Municipal Liquid Fuels funding allocation. Statewide, municipalities were allocated over \$486 million in March 2020 under the Municipal Liquid Fuels program for road and bridge maintenance. In March 2021, this allocation fell by over 7 percent due to declining fuel tax revenue.



TRANSPORTATION

FAST FACTS

TAXING BASED ON MILEAGE DRIVEN

Taxing vehicles directly based on mileage driven would spread the burden evenly among all vehicles, regardless of fuel type or efficiency. Oregon and Utah currently have a form of mileage-based tax for alternative fuel vehicles.

IMPORTANCE FOR MASS TRANSIT

While unemployment rates rose during the pandemic, in 2021 many businesses are looking to hire workers and tight labor market conditions appear poised to return. Transportation is one of the most prominent non-skills barriers to individuals' participation in the workforce.

Sustainable Tax Revenue

In addition to the large, one-time dip in gasoline tax revenue associated with the statewide shutdown, the continued lag in VMT compared to pre-pandemic levels, even in late 2020, indicate that revenues from fuel taxes will continue to be a challenge in the coming year. If many workers continue to telecommute on a full-time or part-time basis, this represents a long-term structural challenge to gasoline tax revenues. This is in addition to existing challenges to gasoline tax revenues posed by increasing fuel efficiency of vehicles and growing market share of alternative fuel vehicles.

Various proposals exist for taxes that could result in a more sustainable revenue stream by equally reaching alternative fuel vehicles. Taxing vehicles directly based on mileage driven would spread the burden evenly among all vehicles, regardless of fuel type or efficiency. Oregon and Utah currently have a form of mileage-based tax for alternative fuel vehicles. There are several challenges with this form of tax, including higher cost to administer and collect relative to gasoline taxes and data privacy concerns. New mileage-based fees represent the largest effective tax increase on drivers of fuel-efficient vehicles and alternative fuel vehicles. This issue is addressed by a bill proposed in Minnesota that weights fees by fuel efficiency.⁽³⁾ Expanding fixed costs, such as sales taxes on vehicles, vehicle registration fees, and driver's license fees, could be an avenue for reducing the impacts of declines in VMT on transportation funds.

Another alternative funding source for transportation would involve exploring user fees such as tolls. Tolling has been proposed as an equitable and efficient way to distribute costs of highway infrastructure based on use levels. A study conducted for a proposed toll in West Virginia used an economic impact model, and found under all scenarios that the positive impacts of increased spending on infrastructure were greater than the negative effects of increased transportation costs on individuals and businesses, and would result in a net increase in employment, gross state product, and income.⁽⁴⁾ A public-private partnership to implement

tolls on several bridges throughout the Commonwealth is under consideration by PennDOT. While some research points to positive impacts of tolling on economic development via investment in better transportation infrastructure that this additional revenue can drive, impacts of this particular proposal should be thoroughly studied. As the toll bridge proposal concentrates toll collections in specific geographic areas rather than on all highway users, research should include a competitive analysis that considers the possibility that highway-dependent industries would be attracted to neighboring regions.

Federal and State Policies

Federal and state policy must also consider the importance of sustainable funding for mass transit services. While unemployment rates rose during the pandemic, in 2021 many businesses are looking to hire workers and tight labor market conditions appear poised to return. Transportation is one of the most prominent non-skills barriers to individuals' participation in the workforce. Thus, investment in public transit in large and small cities around the Commonwealth is important to helping bridge the gap between workers and employers.

At the federal level, the American Jobs Plan has been proposed as a major federal investment in many types of infrastructure. Investment in infrastructure is necessary to ensure the region, state, and country's economic competitiveness. Any transportation proposal should address these issues comprehensively, and state and federal policies should ensure the long-term sustainability of adequate transportation funding.

(1) Traffic Volume Trends. Federal Highway Administration. 2021.

(2) COVID-19 Traffic Volume Trends. Institute of Transportation Engineers. 2020.

(3) Duncan, I. The Washington Post. "Two states tax some drivers by the mile. Many more want to give it a try." 2021.

(4) Chi, J., and Waugaman, Regional Economic Models, Inc. "Regional Economic Impacts of a Toll Road in West Virginia: A REMI Model Approach." 2010.



FAST FACTS

HEARING & VISION SERVICES AT A GLANCE

About 28 states provide at least some hearing aid coverage under Medicaid programs, though many have a dollar limit on coverage per year or multi-year period.

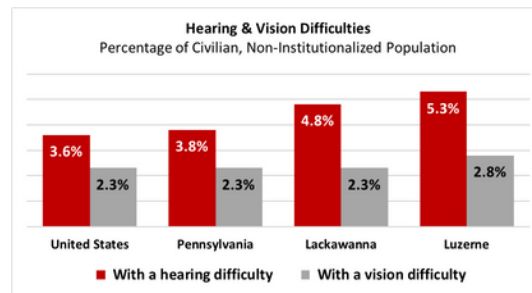


Medicare Part B typically covers eye exams for diseases such as glaucoma and diabetic retinopathy, and Medicare covers allowable charges related to cataracts. Hearing aids or exams are not covered by Medicare.



Hearing & Vision Services for Public Health Insurance Programs

In Lackawanna and Luzerne counties, over 26,000 individuals have a disability related to hearing, and over 13,000 have a disability related to vision. As a percentage of all civilian, non-institutionalized residents, this is an equal or greater share in both counties than in the US and Pennsylvania as a whole.



Hearing Coverage

For some with hearing difficulties, accessing hearing aids may be difficult. In Pennsylvania, Medicaid does not provide coverage for hearing aids. About 28 states provide at least some hearing aid coverage under Medicaid programs, though many have a dollar limit on coverage per year or multi-year period. Most states providing coverage also specify minimum hearing loss in order to receive coverage and may specify medical documentation needed for coverage.(1) Some states provide coverage for diagnostic testing, hearing therapy, hearing aid repair parts and services, and batteries. Federal law mandates all state Medicaid programs provide coverage for audiological assessments, evaluation, and medically necessary hearing aid services to children from birth through age 21.(2)

In Pennsylvania, Medicaid does not provide coverage for hearing aids.

Pennsylvania does provide some coverage under Medicaid for eyeglasses. However, coverage is limited to those with a diagnosis of aphakia.

Eyesight Coverage

Pennsylvania does provide some coverage under Medicaid for eyeglasses. However, coverage is limited to those with a diagnosis of aphakia. While at least 33 states offer some coverage for eyeglasses, several other states similarly only offer coverage in specific circumstances, such as after cataract surgery or when treatment is necessary to prevent permanent eye damage. Several other states, including Kansas, Maine, and Florida, offer broader coverage of eyeglasses under Medicaid, though in most cases, there are yearly or lifetime limits on coverage.(3)

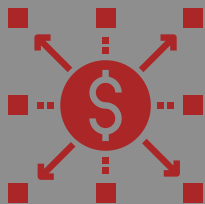




FAST FACTS

HIGH COSTS OF HEARING & VISION SERVICES

The relatively high cost of hearing aids and eyeglasses, and lack of coverage under public health-care plans, indicates that there may be needs in the community for assistance in paying for out-of-pocket costs.



Coverage Through Medicare

For older adults receiving health coverage through Medicare, coverage for hearing and vision services is limited. Medicare Part B typically covers eye exams for diseases such as glaucoma and diabetic retinopathy, and Medicare covers allowable charges related to cataracts. Hearing aids or exams are not covered by Medicare. For most older adults, the only way to receive comprehensive hearing and vision coverage is through a Medicare Advantage plan, offered by private insurance companies.

State and Federal Policy Changes

State policy changes to expand hearing and vision coverage under Medicaid would likely have an outsized impact in Northeastern Pennsylvania due to the larger share of individuals with disabilities in the region. Several other states use varying approaches to coverage for hearing and vision, providing a menu of potential changes to policy.

This issue could also be addressed at the federal level through changes in federal Medicaid policy. Federal law already mandates hearing coverage for children through age 21, and a similar mechanism could be used to expand coverage to adults and/or provide for expanded vision coverage.

Regardless of any changes in current policy, the relatively high cost of hearing aids and eyeglasses, and lack of coverage under public health-care plans, indicates that there may be needs in the community for assistance in paying for out-of-pocket costs. There may be opportunities for new partnerships between public agencies, philanthropic organizations, and nonprofit organizations already providing services for the visually impaired and hard-of-hearing community to ensure that all individuals with disabilities have access to important health care.

(1) Kaiser Family Foundation Medicaid Services Database. 2018.

(2) Hearing Loss Association of America. Accessed at <https://www.hearingloss.org/>.

(3) Kaiser Family Foundation Medicaid Services Database. 2018.



FAST
FACTS**HOUSING IN
NORTHERN
PENNSYLVANIA
AT A GLANCE**

In Lackawanna and Luzerne counties and Pennsylvania, renter-occupied households are more than twice as likely as owner-occupied households to have incomes under \$35,000 per year, and at least half of households with income below this level are cost-burdened.

**Bridging the Housing Gap in
Northeastern Pennsylvania**

While Northeastern Pennsylvania's housing is relatively affordable compared with more expensive metropolitan areas around the United States, there is still a gap in affordability, especially for lower-income households. Households with higher incomes are much less likely to be cost-burdened than those with lower incomes. This trend is consistent across all regions examined here, and it is true for both renters and homeowners. The table below shows the percentage of cost-burdened households in five income categories. While Northeastern Pennsylvania households earning above \$35,000 per year are less likely to be cost-burdened, this advantage is lessened among lower-income households.

Renters vs Homeowners

In Lackawanna and Luzerne counties and Pennsylvania, renter-occupied households are more than twice as likely as owner-occupied households to have incomes under \$35,000 per year, and at least half of households with income below this level are cost-burdened. Throughout the Commonwealth, about 20 percent of homeowners have incomes in this range, compared to 44 percent of renters. This trend is reflected in the two counties.(1)

Housing Assistance

Income-eligible residents may also qualify for project-based rental assistance (PBRA) or housing choice vouchers (HCV) through a local public housing authority. Within the metro area, public housing authorities administered 3,874 housing choice vouchers in 2017, and there are more than 14,600 subsidized units through PBRA and other programs. However, the total number of assisted households has fallen in Lackawanna County since 2010, and the number of housing voucher households has fallen in both counties since 2010. This stands in contrast to nationwide trends, where the number of subsidized households has grown among both PBRA and HCV.

Affordable Housing

One important step is to expand the supply of affordable housing units. In 2020, the Pennsylvania General Assembly passed Act 107, which creates a state housing tax credit to incentivize the development and preservation of affordable housing. The bill is modeled after the federal low-income housing tax credit (LIHTC), which is responsible for the majority of affordable housing construction nationwide.(2)

**Percentage Cost-Burdened, of All Occupied Housing Units by Household Income (2018)**

Household Income	< \$20,000	\$20,000 – \$34,999	\$35,000 – \$49,999	\$50,000 – \$74,999	≥ \$75,000
Pennsylvania	83.4%	58.5%	34.2%	16.9%	4.2%
Luzerne County	78.8%	50.6%	22.9%	7.8%	1.4%
Lackawanna County	87.3%	60.3%	23.7%	10.9%	3.5%
Pittsburgh	81.6%	61.0%	31.6%	13.1%	2.7%
Philadelphia	85.8%	66.7%	42.7%	19.6%	2.7%
USA	83.2%	62.8%	40.8%	23.5%	6.9%



FAST FACTS

HOW TO HELP INCLUSIONARY ZONING

The Commonwealth can help bolster use of inclusionary zoning by amending the Municipalities Planning Code to more clearly enable it. Federal incentives could also promote local-level inclusionary zoning policies.



Affordable Housing (cont.)

Pennsylvania may be able to build on the success of the existing federal program by supplementing it with this state housing tax credit. In its current form, the bipartisan legislation would offer a financial incentive for private rental housing developers to build and maintain affordable housing units. At least 10 percent of the program's funds will be used to provide housing for extremely low-income households (at or below 30 percent of the area median income).

Land use policies also affect supply of affordable housing. Zoning and land development decisions are made at the municipal level, enabled by the Municipalities Planning Code. Inclusionary zoning refers to local land use policies that "create affordable housing by encouraging or requiring developers to set aside a percentage of housing units to be sold or rented at below-market prices."⁽³⁾ Several states have adopted laws preempting municipalities from enacting mandatory inclusionary zoning over concerns that it would discourage private development. Evidence appears mixed on this issue, as well as whether inclusionary zoning may be effective in increasing the number of affordable housing units, though results vary based on factors such as age of policy, real estate market conditions, enforcement, and if the policy is mandatory or voluntary.⁽⁴⁾ In Pennsylvania, planners have interpreted the Municipalities Planning Code as allowing for inclusionary zoning.⁽⁵⁾ Due to the ongoing need for affordable rental housing in Northeastern Pennsylvania and importance of tailoring solutions to local level markets, inclusionary zoning is a potentially useful tool that should be permitted to remain in the toolbox of local jurisdictions. The Commonwealth can help bolster use of inclusionary zoning by amending the Municipalities Planning Code to more clearly enable it. Federal incentives could also promote local-level inclusionary zoning policies.

Inclusionary zoning refers to local land use policies that "create affordable housing by encouraging or requiring developers to set aside a percentage of housing units to be sold or rented at below-market prices."

Federal Level Help

At the federal level, expanding the available opportunities for affordable rental housing could take several forms. Expanding the funding for and/or eligibility criteria of housing choice vouchers would allow a greater number of households to access a subsidized unit. These approaches would necessitate an increase in available funding, particularly under a scenario where the voucher program became an entitlement program. In this situation, all households meeting formal eligibility criteria would be offered a voucher, rather than capping the total number of households, which has resulted in closed waiting lists for subsidies in many areas.

(1) The Institute for Public Policy & Economic Development. "The Housing Divide in Northeastern Pennsylvania." 2020.
 (2) Housing Alliance of Pennsylvania. "Pennsylvania Needs A State Housing Tax Credit: A Look at the Potential Impacts." Accessed at <https://housingalliancepa.org/economic-impact/>. 2019.
 (3) Ramakrishnan, Kriti, Treskon, Mark, and Greene, Solomon. The Urban Institute. "Inclusionary Zoning: What Does the Research Tell Us about the Effectiveness of Local Action?" 2019.
 (4) Ibid.
 (5) Lehigh Valley Planning Commission. Inclusionary Zoning Model Ordinance. Accessed at <https://lvpc.org/pdf/InclusionaryZoning.pdf>. 2015.

The Institute

Turning Information into Insight

THE INSTITUTE FOR PUBLIC POLICY & ECONOMIC DEVELOPMENT



Policy Tracker

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