

Monday, August 3, 2020

10:00 a.m.

Via Videoconference

State Capitol

415 South Beretania Street

House of Representatives

Thirtieth Legislature

Regular Session of 2020

House Select Committee on COVID-19 Economic and Financial Preparedness

**Report of the Select Committee's Fifteenth Meeting,**

**Held on Monday, August 3, 2020**

The House of Representatives established the House Select Committee on COVID-19 Economic and Financial Preparedness (Committee) pursuant to House Resolution No. 54 (Regular Session of 2020). The membership of the Committee includes selected members of the House of Representatives, state government officials, and business leaders from private industry and non-profit organizations located in each of the primary counties.

The Committee is tasked with:

- (1) Identifying the potential economic and financial impact to the State;
- (2) Developing short-term and long-term mitigation plans; and
- (3) Monitoring COVID-19 conditions and outcomes.

At its fifteenth meeting, the Committee received a Congressional update on federal funding to address COVID-19 concerns, as well as an

update from the Governor and an economic update from UHERO. The Committee also discussed the work of the subcommittees on Communications, Tourism, and COVID-19 CARES Funds.

**I. CONGRESSIONAL UPDATE**

Congressman Ed Case provided an update on the \$7.7 billion that has been received in the State through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and related relief funds.

Congressman Case previously acknowledged that what the CARES Act has provided so far is not enough and the current spike in COVID-19 cases requires another round of federal emergency assistance.

Congressman Case expects that Congress will soon pass an additional emergency legislative funding package; however, he noted that there is currently vast policy and political differences between the two versions proposed by each Congressional chamber. The U.S. House of Representatives passed its version, named the Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act, in mid-May, while the U.S. Senate offered its proposal, named the Health, Economic Assistance, Liability Protection, and Schools (HEALS) Act, at the end of July. He highlighted the differences between the HEROES Act, which appropriates around \$3 trillion, and HEALS Act, which appropriates around \$1 trillion, but stated that negotiations on a final measure are ongoing. While Congressman Case expects an agreement, it is unclear at this point what its final contents may include. Congressman Case noted that there are areas of agreement between the two proposals in providing relief for:

- (1) Health care providers for personal protective equipment, telehealth, and workforce protection;
- (2) Economic stimulus payments directly to individuals;
- (3) Re-opening of schools;
- (4) Unemployment benefits; and
- (5) Greater flexibility in the utilization and term of CARES Act funds.

Congressman Case responded to various questions from the Committee regarding:

- CARES Act funds deadline. Both the HEALS Act and HEROES Act have provisions to extend the deadline on use of CARES Act funds; however, the HEROES Act provides for a longer time frame.
- Pre-travel testing. The Federal Aviation Administration has not provided a clear answer regarding the jurisdictional ability of a state to require a negative COVID-19 test prior to travel; however, Congressman Case noted that if the State is not able to require pre-travel tests then a tough and enforceable quarantine will have to suffice.
- Small business assistance. The two proposals allow for the broader utilization of Paycheck Protection Program (PPP) funds and do not contain provisions that would bar prior recipients of PPP funds from reapplying for additional funds if available.

## **II. UHERO UPDATE**

Dr. Carl Bonham, Executive Director and Professor of Economics at the University of Hawaii Economic Research Organization (UHERO), gave an update on the State's economic outlook. (08-03-20 UHERO Update)

The U.S. real GDP fell by almost 33 percent in the second quarter of the year, in the largest decline since the Great Depression. Dr. Bonham noted that the quick economic bounce back that has been forecast is now at risk due to the increasing spread of the COVID-19 virus throughout the country. UHERO has seen recovery through the months of May and June, due to a combination of reopening the economy and the receipt of PPP funds, with some retreat from recovery during July, especially in places where there is a lack of control of the virus. Employment data from the U.S. Bureau of Labor Statistics exemplified a similar recovery trend, with a similar retreat predicted if locations must go back into a lockdown scenario.

Dr. Bonham noted that it was difficult to determine the potential employment loss impact as a result of the drop off of PPP funds. The Committee discussed the unpredictable impact on the State's economic recovery if employees decide to not come back to work due to retirement, fear of the virus, or other means. The Committee also discussed concerns about the prospects of small businesses staying open amidst declining revenues. Dr. Bonham noted that, according to the UHERO and Chamber of Commerce Hawaii survey of Hawaii businesses, businesses in the State increasingly indicated that they are uncertain if they will survive if the return of tourism is pushed back until October 1.

### **III. UPDATE BY GOVERNOR IGE**

Governor David Ige provided an update on the reopening of transpacific travel. Governor Ige said that the State is continuing to take steps to develop the pre-travel testing program, including

negotiating and executing contracts with retail pharmacies to build a robust network to administer tests for travelers. However, the Governor noted the increased difficulty in obtaining a test in locations where the virus is out of control. Governor Ige noted that the thermal screening program at the airports is on track as phase 1 is complete, meaning that thermal screening cameras are installed at gates that are currently being used. As airlines increase the number of flights, the thermal screening cameras will be expanded to all gates - this progress is also on track. Regarding monitoring travelers coming into the State for quarantine purposes, Governor Ige said that they have executed a new contract with Google for a digital program and hope to get a prototype up for testing very soon.

Governor Ige highlighted the Japanese government's identification of Hawaii as a preferred destination for safe travel of its citizens and noted that the State is the only one in the nation with this designation. They are currently exchanging protocols on testing and identifying testing companies in Japan with the hope to soon implement a travel bubble with Japan, potentially before the opening of mainland travel.

Governor Ige noted that as schools will be reopening later this month, every school will look very different going forward as not everyone will be on campus at the same time. He encouraged employers to support their employees as best as they can, as all employees are facing challenges during this time and the State can only be successful if everyone works together.

Governor Ige spoke of the signing and line-item veto of certain provisions of Senate Bill No. 126, S.D. 1, H.D. 1, C.D. 1, Regular Session of 2020. He specifically noted the timing of unemployment benefits that expired at the end of July and the uncertainty around any Congressional action in his decision to make certain reductions for greater flexibility.

#### **IV. COMMUNICATIONS SUBCOMMITTEE**

Mr. Raymond Vara, President and CEO, Hawaii Pacific Health, provided an update from the Communications Subcommittee which held its initial meeting last week. The Subcommittee's purpose is to develop a strategy for effective communication by keeping people informed and building confidence in the State's response and recovery. The Subcommittee plans to focus on an overall strategy for communication by developing a framework to handle the public health crisis and an economic strategy that looks toward the future of the State. There is a need for a unified and reliable communication strategy through mediums such as public service announcements that identify responsibilities for the State, businesses, and individuals. There is also a need to communicate the risks associated with certain activities within the community. Mr. Vara noted that this information is available; however, he questioned whether this information is effectively communicated on a statewide basis.

The Committee discussed how to effectively inform the public of how COVID-19 is being spread in the community, to raise awareness on the behaviors and risks associated with certain activities happening in the State. Speaker Scott Saiki agreed and noted that he made a

request to the Department of Health (DOH) to provide more specificity regarding cases of community spread in the State but DOH has been reluctant to disclose this information.

The Committee then discussed how to unify information that comes from multiple different sources, to avoid conflicting information and ensure that the community remains appropriately informed.

**V. TOURISM SUBCOMMITTEE**

Chris Tatum, President and Chief Executive Officer of the Hawaii Tourism Authority, reported that they are preparing protocols for the reopening of the tourist economy by working on pre-arrival and post-arrival communications campaigns for visitors. They have been working with industry partners to ensure that the message communicated to travelers is in line with what the State is telling its residents. When the pre-travel testing program is ready, dissemination of the right information will be critical, so that travelers understand the expectations when they visit the State. He then showed two video examples of the ideas the Subcommittee has been developing to share with travelers arriving in Hawaii.

**VI. COVID-19 CARES FUNDS SUBCOMMITTEE**

Ms. Lauren Nahme, Vice President of Strategy and Transformation for Kamehameha Schools, gave an update on the work of the Subcommittee, in collaboration with Hawaii Data Collaborative, in providing oversight and transparency over CARES Act funds appropriated to the State. The Subcommittee is tracking the funds to monitor their status and ensure the funds are utilized appropriately and in time. Ms. Nahme explained the Subcommittee's guiding process of maintaining

a historical accounting, identifying challenges and solutions, and raising future opportunities. The Subcommittee is building out a database of information by working with Hawaii Data Collaborative to increase transparency on the expenditure of all \$8.3 billion of the funds appropriated to the State through the CARES Act.

**VII. CLOSING**

Due to time constraints, the Hawaii COVID-19 Public Health Recovery Subcommittee, Housing and Homelessness Subcommittee, and Agriculture and Food Stream Subcommittee did not give oral reports. However, a report from the Agriculture and Food Stream Subcommittee ([Report](#)) is available on the Committee's website.

**VIII. NEXT MEETING**

The Committee will reconvene on Monday, August 17, 2020, at 10:00 a.m. via videoconference.

**IX. ADJOURNMENT**

The Committee adjourned its meeting at 11:32 a.m.