

Monday, December 7, 2020

10:00 a.m.

Via Videoconference

State Capitol

415 South Beretania Street

House of Representatives

Thirtieth State Legislature

House Select Committee on COVID-19 Economic and Financial Preparedness

**Report of the Select Committee's Twenty-Fifth Meeting,**

**Held on Monday, December 7, 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 twenty-fifth meeting, the Committee was introduced to and had a discussion with county mayors-elect Mitch Roth and Rick Blangiardi and received an update on Hawaii's economy from the University of Hawaii Economic Research Organization (UHERO) and reports

by the Communications and Strategy, CARES Funds, and Housing and Homelessness Subcommittees.

## I. UPDATES AND REPORTS

### A. Introduction of the County Mayors-Elect

Hawaii County Mayor-elect Mitch Roth and City and County of Honolulu Mayor-elect Rick Blangiardi introduced themselves to the Committee and expressed their enthusiasm to collaborate and work with the Committee.

Both mayors-elect provided their views on improving the Safe Travels Hawaii Program, such as the Proposal to Modify the Safe Travels Hawaii Program (White Paper) as jointly submitted by the Committee's Public Health Subcommittee and Strategy and Communications Subcommittee (see [White Paper](#) on the Committee website). Mayor-elect Roth stated that he is generally not in favor of proposals requiring more quarantines. Based on a family member's experience, Mayor-elect Roth knows that the Safe Travels Hawaii Program works, as it requires persons to be tested who might not otherwise be tested because they are asymptomatic. Mayor-elect Roth noted that Hilo Hospital does not have any patients with COVID-19.

Mayor-elect Blangiardi expressed support of the White Paper and interest in seeing aggressive strategies that utilize good science with common sense to move the State forward. Mayor-elect Blangiardi reiterated that good public health and a stable economy are not mutually exclusive concepts and has been encouraged by his personal observations of people adhering to behaviors that mitigate the spread of COVID-19 (i.e., physical distancing, use of a face covering).

Dr. Mark Mugiishi, President and CEO of Hawaii Medical Service Association, reiterated the importance and the progress of the Committee. The Committee's objective was to create a public-private partnership to gather public and private sector perspectives for the creation of plans and proposals that help the people of Hawaii. The Committee created the Hawaii COVID-19 Public Health Recovery Subcommittee to examine the elements of the public health

infrastructure most vital during the pandemic, such as testing, quarantining, contact tracing, and surveillance, and the opportunities with respect to those elements. The Committee then shifted to a Communications Subcommittee to examine methods of disseminating information in a manner that would effectively gain the public's trust and cooperation to mitigate the spread of COVID-19. The Public Health Recovery and Strategy and Communications Subcommittees recognized that public health, strategy, and communication are intertwined and therefore communicate jointly to promote their shared objective of ensuring Hawaii is a place everyone wants to live. Dr. Mugiishi expressed his enthusiasm to work with the mayors-elect to further this focus.

**B. Hawaii Economy Update**

Dr. Carl Bonham, Executive Director of UHERO, provided an update on the State's economic forecast (see [12-07-20 UHERO Select Committee Update](#) on the Committee website). While creating the forecast, which is set to be published soon, UHERO was prepared to raise the forecast as visitor arrivals to the State exceeded expectations in October and November. However, as events unfolded, UHERO concluded with a lowered forecast for visitor arrivals for December through February.

Several factors led to the lowered forecast. The first is the precipitous drop in visitors to Kauai as a result of its decision to opt out of the Safe Travels Hawaii Program. Prior to Kauai's opt-out decision, Kauai observed an average of 600 visitors per day. Since then, Kauai has observed an average of 24 visitors per day. Additionally, the State has seen approximately 200 fewer visitors per day in the first six days of December compared to November's average daily visitor count. Other factors include the surge in the number of new COVID-19 cases on the continental United States; the accompanying governmental responses to limit the spread of COVID-19, including shelter-in-place orders and more stringent restrictions; and the uncertainty with travel policies from the State.

These factors led to UHERO lowering the baseline scenario when forecasting visitor arrivals. While the total number of visitors to the State was approximately 22 percent in comparison to 2019, the baseline forecast for December through February is approximately 17 percent. The worst-case scenario forecast is far lower. However, in all scenarios, visitor arrivals will continue to increase in comparison to the number of visitors in 2019 with the deployment of a vaccine.

Should the forecast be accurate, the State's nascent recovery may be at risk. In examining the change in jobs since before the pandemic, the State recovered some jobs since Oahu reopened for the second time and November statistics are expected to confirm the recovery of more jobs. However, Dr. Bonham states that there are signs that job recovery is slowing going into December and January, which is when federal monetary support is scheduled to run out. This has resulted in a drop in the UHERO Economic Pulse Index from 44 percent to 39 percent (a five percent loss of economic recovery), even as public health indicators continue to improve.

In conclusion, it appears that the Safe Travels Hawaii Program is working effectively. The only opportunity is to stabilize the traveler policy and communicate the message that the State is attempting to balance the risk of allowing visitors into the State to public health with the risk of economic decline.

**C. Communications and Strategy Subcommittee Report by Raymond Vara**

Raymond Vara, President and CEO of Hawaii Pacific Health, provided an update on the progress of the Communications and Strategy Subcommittee. The Communications and Strategy Subcommittee continues to have discussions with state and county policymakers about the White Paper, which advocates for a modification to the Safe Travels Hawaii Program by providing an alternative for persons who put forth a good faith effort to comply with the requirements of the Safe Travels Hawaii Program but did not received their pretest results prior to departure. The White Paper advocates allowing these persons to submit to a rapid test upon

arrival in the State. If the persons have negative results from the rapid tests, and the subsequent receipt of results from the pretests are also negative, then they would be able to bypass the mandatory 14-day quarantine. The White Paper is being evaluated by policymakers and the Subcommittee hopes that policies will be adjusted as a result.

The Communications and Strategy Subcommittee will shift focus back to the creation of a multi-point plan centered on economic recovery. The multi-points are as follows:

1. Public health (e.g., dissemination of vaccine – prioritization and logistics; how to educate the most at-risk communities to build community confidence and answer their questions);
2. Human capital (e.g., K-12 education, universities, talent roadmaps and training for transitioning workers);
3. Physical capital (e.g., physical infrastructure; land use, including how state land is used to stimulate the economy; construction);
4. Financial capital (e.g. state budget and tax policy); and
5. Business policy (e.g., positioning the State from a regulatory standpoint; stimulating the economy; making Hawaii a good place to work and live).

Discussions will continue to fully elaborate, fill, and expand the plan. Mr. Vara noted that public health is and will remain the top priority and the success of the Safe Travels Hawaii Program furthers the goals of that priority.

Dr. Mugiishi noted that Civil Beat published a balanced and fair article about data relative to the Safe Travels Hawaii Program (see "[How This Doctor is Influencing Hawaii's Response to COVID-19](#)"). While the Safe Travels Hawaii Program was being brainstormed, various stakeholders were relying on models to predict the outcome of the Safe Travels Program. However, now that time has progressed, data is available that can be used to base further policymaking.

**D. CARES Funds Subcommittee Report by Lauren Nahme, Jill Tokuda, and**

**Lisa Maruyama**

Lauren Nahme, Vice President of Strategy and Transformation for Kamehameha Schools, stated that the CARES Funds Subcommittee continues to work on its two objectives:

1. Tracking and monitoring the expenditure of funds dispersed to the State by Congress and projecting how much Coronavirus Relief Fund (CRF) monies will not be expended by the end of December; and
2. Assisting nonprofit organizations in identifying and applying for federal grants and non-federal grants and training nonprofits to build capacity for those opportunities, which has been tasked to a sub-subcommittee.

Jill Tokuda of Hawaii Data Collaborative provided the update with respect to the expenditures of federal funds. The following are several key dates regarding the expenditures of federal funds:

- By December 11, 2020: Congress is negotiating a Coronavirus Emergency Relief Framework, which may include extending the deadline for the expenditure of CRF monies from December 30, 2020, to September 30, 2021;
- December 14-16, 2020: The Department of Budget and Finance will thoroughly examine the spend rate for the various Coronavirus Relief Fund awards and allocations and begin to de-obligate those funds in preparation of transferring them to general fund expenditures or the Hawaii Unemployment Compensation Trust Fund. She noted that this is earlier than the December 30 deadline for CRF monies because transfers to the Hawaii Unemployment Compensation Trust Fund take approximately seven to ten days to process;
- December 30, 2020: Deadline for eligible expenditures to be incurred in order to use CRF monies. For grant and subsidy assistance programs, the monies merely need to be awarded by December 30, 2020, with payment needing to be done within 90 days;

- January 1, 2021, to March 30, 2021: 90-day period to finish payment of funds of eligible expenditures.

Pamela Tumpap, President and Secretary of the Maui Chamber of Commerce requested confirmation that so long as an award was made prior to December 30, 2020, regardless of whether the recipient cashed the check or used the funds, that the monies would be incurred for purposes of CRF monies. Ms. Tokuda confirmed in the affirmative.

James Koshiba, co-founder of Hui Aloha, requested a similar confirmation that regardless of whether Congress extended the deadline for the use of CRF funds, if under state law state funds allocated to a particular program would need to be recalled in the middle of December for unemployment benefits or general funds expenditures. Ms. Tokuda stated that there are some questions regarding the deadline to use the CRF funds due to the way state law was specifically worded, such as whether monies must automatically revert to the Hawaii Unemployment Compensation Trust Fund on December 30, even if Congress grants an extension, and whether the Governor had the authority to unilaterally override the restriction. She was unsure and deferred to Speaker Scott Saiki, who stated he would investigate this and provide that information once he receives the answer.

Ms. Tokuda also provided an update on the current drawdown of State CRF monies (see Hawaii Data Collaborative data on [Current Drawdown of State CRF Monies](#)). The data is with respect to the CRF monies allocated to the State of Hawaii (\$862,823,979). As of November 27:

Total Expended	\$392,631,841	45.5 percent
Total Encumbered	\$259,111,685	30.0 percent
Total Remaining	\$211,080,453	24.5 percent

When glancing at the data, note that some funds that are displaying as available funds have been allocated but have not been reconciled in the Budget and Finance system.

State Representative Bob McDermott inquired if there were any restrictions on the remaining \$211,080,453; specifically, whether those monies could be used to fund testing. Ms. Tokuda noted that a portion of the \$211,080,453 are awards given, but expenditure or encumbrances have not occurred. For the remainder that are not part of awards, those monies could technically be used for testing. However, the monies must be *incurred* by the end of the year, which limits its use. Thus, if the monies were to be used for testing, the tests must be ordered and received by the end of the year to be in compliance with the deadline.

Ms. Tokuda provided an update on how CRF monies were spent in the State (see Hawaii Data Collaborative data on [Hawaii CRF Breakdown by Category](#)). Highlights are as follows:

Small Business Assistance	\$260,271,815	20.7 percent
Testing and Contact Tracing	\$251,431,811	20.0 percent
Economic Support	\$153,017,788	12.2 percent
Housing Support	\$136,648,356	10.9 percent
Public Health Expenses	\$98,528,285	7.8 percent
Personal Protective Equipment	\$80,422,234	6.4 percent
Childcare and Education	\$74,130,000	5.9 percent
Food Programs	\$25,386,478	2.0 percent

Ms. Tokuda provided points of interest regarding the Coronavirus Emergency Relief Framework being negotiated by Congress, including:

- Extension of the deadline to use CRF monies until September 30, 2021;
- \$160 billion allocated for state and local aid;
- \$180 billion in additional unemployment benefits;
- \$288 billion for small business support, such as PPP and EIDL; and
- \$15 billion in vaccine development, distribution, testing, and contact tracing.



Lisa Maruyama, President and CEO of the Hawaii Alliance of Nonprofit Organizations, provided an update regarding the sub-subcommittee tasked to consider experience gained and lessons learned when nonprofits attempt to apply for monies and building their capacity. The sub-subcommittee commissioned a study to provide a retrospective examination of the experience of nonprofit organizations being utilized as intermediaries for the distribution of relief funds. The study interviewed persons in nonprofit organizations and in government. The final report of the study is expected soon.

**E. Housing and Homelessness Subcommittee Report by Gavin Thornton and James Koshiba**

Gavin Thornton, Executive Director of the Hawaii Appleseed Center for Law and Economic Justice, stated that the Housing and Homelessness Subcommittee's work has now shifted to three focus areas, as follows:

1. Lessons learned from the Rent Relief and Housing Assistance Program, a program the Housing and Homelessness Subcommittee assisted in designing and implementing;
2. Shelter and Rehousing: identifying gaps in services for individuals and families who lose their housing during the pandemic, as there is expected to be a wave of evictions once the relief aid and eviction moratorium expires; and
3. Long-Term Housing Strategies: identifying long-term housing solutions.

Mr. Thornton provided an update on the progress of the Rent Relief and Housing Assistance Program. The nonprofit organizations administering the program, Aloha United Way and Catholic Charities of Hawaii, are on track to provide more than \$60 million in aid by the end of the week ending December 19, 2020, with approximately \$20 million remaining. The following is a breakdown of the payments:

Amount Approved for Payment	\$53.68 million
Amount of Payments Made	\$42.99 million
Amount of Payments Pending	\$10.69 million

There is a gap in the payments approved and payments dispersed as some landlords refuse to participate in the program for various reasons, such as allegations that they lack a general excise license and are not paying the proper taxes. This prevents relief from reaching tenants who may need assistance from the program.

Mr. Thornton noted that the Rental Relief and Housing Assistance Program has dispersed more assistance to landlords and tenants than any other jurisdiction.

Mr. Koshiba provided some insights in the evaluation being done of the Rental Relief and Housing Assistance Program. The positives of the program are the heroic collaboration between the Hawaii Housing Finance and Development Corporation (HHFDC) and the nonprofit organization partners, including the creation of a shared database to avoid duplication and understanding each organization's role to further the program, and the State's commitment to ensure the nonprofit organizations received the funds up front to relieve any financial strain from the nonprofit organizations. Mr. Koshiba identified some opportunities to improve, as follows:

1. Maximize the flexibility of the federal funds: the CARES Act monies were burdened by very little constraints from the federal government. In implementing the Rental Relief and Housing Assistance Program, HHFDC and the nonprofit organizations developed various streamlined processes to process applications and disperse funds. In the future, it would be best to begin with the streamlined approach;
2. Collaboration between counties and the State: all levels of government can work together to make assistance seamless with programs with the same eligibility requirements; and
3. Further collaboration between the governments and nonprofit organizations: more could be done to communicate and collaborate between the government and the nonprofit organizations to respond to the needs of the community.

The goal is to have a final report, which details the evaluation of the Rental Relief and Housing Assistance Program, published within the next two weeks.

Ms. Maruyama noted that some of the opportunities highlighted by Mr. Koshiba existed even prior to the pandemic and urged the governments to embrace the best practices observed and the creativity employed during the pandemic in their future relationships with nonprofit organizations.

Speaker Saiki notes that Representative Linda Ichiyama, who was in attendance, is the chair of the new House Committee on Pandemic and Disaster Preparedness, which will include the discussion on how the State can learn from its pandemic experience and how that information can be utilized to improve governance.

## **II. NEXT MEETING**

The next Committee meeting will convene on Monday, December 21, 2020, at 10:00 a.m. via videoconference.

## **III. ADJOURNMENT**

The Committee adjourned at 11:04 a.m.