

Monday, September 14, 2020

10:00 a.m.

Via Videoconference

State Capitol

415 South Beretania Street

House of Representatives

Thirtieth State Legislature

Select House Committee on COVID-19 Economic and Financial Preparedness

Report of the Select Committee's Eighteenth Meeting,

Held on Monday, September 14, 2020

The House of Representatives established the Select House 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 eighteenth meeting, the Committee received updates on Hawaii's economy and updates from the Communications and Strategy, CARES Funds, and Housing and Homelessness Subcommittees.

I. HAWAII ECONOMY UPDATE

Dr. Carl Bonham, Executive Director of the University of Hawaii Economic Research Organization (UHERO), provided an update on Hawaii's economy (see September 14, 2020, [UHERO Select Committee Update presentation](#) on the Committee's website).

UHERO displayed data comparing consumer sentiment of the United States versus Hawaii. The data shows that consumers retreat when the coronavirus surges. Hawaii had some improvement in consumer sentiment in May, but there is a steady downward trend. On initial claims for unemployment benefits, the trough was on August 1, 2020, at 5,000 claims. This has increased by almost fifty percent since then, and now claims are up to 7,500. Workers are continuing to be laid off and people are still dealing with challenges in getting unemployment insurance benefits. Based on data from the covidpau.org website, the positivity rate and number of new cases is going down. A new UHERO economic pulse index is included in UHERO's dashboard, which shows overall economic activity on a weekly basis, and will be updated every Thursday. Hawaii's economy was over 33 percent of pre-COVID levels in June but has since lost half of that recovery. The goal is to keep the virus under control so the State can reopen more completely.

Dr. Mark Mugiishi, President and CEO of Hawaii Medical Service Association, pointed to the positivity rate as a great metric but that the current seven-day average positivity rate of 2.3 percent may be artificially low. The World Health Organization (WHO) cites a positivity rate of 5 percent or lower as a good number, but that assumes that the testing done is issue-generated testing, which tests

people who feel sick or were in close contact with other cases. The current positivity rate in Hawaii of 2.3 percent includes the recent surge testing effort that tested anyone who wanted to take a test. Those surge tests inflated the positivity rate denominator and thus biases the current rate toward a lower overall positivity rate. When Hawaii was doing issue-generated testing immediately before the recent surge testing effort, the positivity rate was in the 12 to 13 percent range. Dr. Mugiishi estimates that if the positivity rate calculation excluded the recent surge testing efforts the actual positivity rate in Hawaii would be closer to 6 percent. That estimate was concurred with by Committee member Raymond Vara and would be one percentage point higher than the WHO threshold for a good positivity rate.

Committee members received clarification on some of the dashboard figures, what they include, and how to interpret them. For example, the current ICU bed occupancy rate of 65% is the percentage of all ICU beds that may be available to COVID and non-COVID patients. This metric tells hospital administrators when to start considering surge planning, opening new units, and asking for more staff. What several Committee members are taking away from the positivity rate during surge testing is that there is no significant prevalence of asymptomatic virus spread in the community. The UHERO economic pulse index does not yet have graphs broken down by county because the underlying data still needs to be obtained. The economic pulse is also a weighted average of various indicators, only some of which are readily available at the county level.

Committee members expressed concern over resource availability, specifically the supply of test kits, medical supplies, and lab capacity and advocated for strategic testing of those who are symptomatic, those with known exposures, and vulnerable populations.

There was also some discussion about available indicators that capture those who are not being counted in the labor market. Those who have not received unemployment insurance benefits are counted in other indicators such as the small business revenue indicator. Current data shows increasing claims for unemployment benefits, a decline in overall economic activity, fewer hours being worked, and reduced unemployment insurance benefits, all of which are consistent with an increased, urgent need for rental and food assistance to get through this period while relaunching the economy.

II. COMMUNICATIONS AND STRATEGY SUBCOMMITTEE

Mr. Raymond Vara, President and CEO of Hawaii Pacific Health, provided an update of the Communications and Strategy Subcommittee. Most discussions centered around restrictions and either public health or the economy and how closely knit they are.

Mr. Vara stated that the Subcommittee discussed a five-point plan at the last meeting that would be helpful in Hawaii taking a vital path forward in terms of recovery. The Subcommittee also continues to monitor activity, availability of data, testing strategies, contact tracing, and communication. The Subcommittee discussed the Hawaii COVID collaborative, which is made up of several members of the Subcommittee and privately funded by about \$1 million, and announced the launch of the COVID PAU initiative. The community wants to be

part of the collaborative through in-kind or other support. This will make a big impact in turning available data into information that will help with a reopening strategy.

Naalehu Anthony, who is the team leader for the Hawaii COVID Collaborative, then showcased the covidpau.org website, which attempts to wrap the data and information into stories from Hawaii that help people understand impacts on a personal level. The Subcommittee is working with Hawaii Pacific Health and Queen's to share these stories. On the website, there is a data dashboard that is updated daily, with pulldowns where data is available by county. There will be weekly recaps with industry experts to show what is trending for the week and talk about the significance of the numbers and any discrepancies. There is also a Resources page with many resources in one place, including the different county orders and an aggregate of resources from the community leading to separate websites.

Committee members discussed potential additions or amendments to the website, including the issue of needing clearer metrics so that people can clearly tell what will trigger subsequent shutdowns. Although more data is available now to make decisions, it is still difficult to pin down clear targets. There may be a continued need for wiggle room to learn, change, and do things differently as we learn more about treating COVID.

There was more discussion on the need for a better reopening plan, more strategic shutdowns including taking into account hot spots that are responsible for a majority of COVID spread, and the need for more information from the Department of Health on the sources of new

infections. The COVID Pau dashboard includes a section that shows the source of infections, but it currently shows that 75 percent or more were coming from activities in the community, with no further detail. Speaker Scott Saiki noted that the House requested data from the Department of Health, including where COVID cases were rising, but the Department responded that it could not provide a specific response. He assumed that this was because the Department did not have the data due to a lack of robust contact tracing. With the changes at the Department, he is hopeful that the new administration will build up the contact tracing program. One Committee member encouraged the public to cooperate with the Department of Health by sharing information with contact tracers so that we can better understand where clusters are.

As far as modeling the social impacts and their impacts on families, Dr. Bonham explained that this analysis was sidetracked and that he is not familiar with this work being done outside of housing issues.

A link to national data that allows comparisons between Hawaii and other states may be added to the dashboard, although it is important to create a balanced amount of information and be thoughtful about what information to include.

III. CARES FUNDS SUBCOMMITTEE

Lauren Nahme, Vice President of Strategy and Transformation of Kamehameha Schools, provided the report of the CARES Funds Subcommittee (see September 14, 2020, [CARES Funds Subcommittee Presentation](#) on the Committee's website).

Of the \$1.25 billion in Coronavirus Relief Funds (CRF funds) for the State and City and County of Honolulu, the State will oversee \$863 million through SB126 (Regular Session of 2020), and \$387 million will go to the City and County of Honolulu. Out of the funds the State will oversee, the State will receive \$688 million, Hawaii County will receive \$80 million, Maui County will receive \$66 million, and Kauai County will receive \$29 million.

On the state allocations, the Governor finalized SB126 and worked with the various departments to transfer funds, except for \$1 million for this past year's high school seniors and \$8 million in the Governor's discretionary funds, which are still in review. The \$321 million in the line item veto pool is restricted until September 15, 2020, and proposals for the pool were provided by the Governor to the Legislature. Updated expenditure data should be received this week.

Still left to do is to consolidate state and county reports by program areas, spend more time with the counties to learn from what they have already experienced, further understand potential gap areas, and analyze the impact by every vulnerable group.

Jill Tokuda of Hawaii Data Collaborative discussed various data visualizations created by the Subcommittee to track awards and expenditures of CRF funds. A graph was displayed visualizing a breakdown of the \$1.25 billion of CRF funds for different purposes. The biggest portion of funds is in development, but discussions are underway to contract out a number of those funds in the category.

Another thing that is tracked in a separate graph is the burn rate, or how much money needs to be spent by the end of December.

Starting today, it will take \$26.7 million a week to spend the currently unexpended money. For housing, another \$50 million was put in for back rent, but \$8 million per week needs to be spent to spend down the \$100 million by the end of December. These graphs are being worked on for eventual posting on websites.

Data on the counties and how they are doing in terms of their spending are available. Indications are that the counties are doing well on their rate of spending. The counties were more aggressive in contracting out money to subrecipients faster.

Ms. Tokuda also added that there is a bottleneck when targeting certain populations with four or five different sources of programs. Coordination is key to not overloading certain circuits. The Subcommittee found it valuable to get direct feedback and real-time information from nonprofits because they helped identify bottlenecks.

Committee members indicated that the counties are also providing funds to businesses, but it is primarily for small businesses. Larger businesses also need help because they provide jobs for local people. A breakout for businesses is being worked on. Every county has some kind of small business support and will operate differently depending on the support they are giving.

Several Committee members discussed allowable uses of funds and flexibility in using those funds. The funding data shows how various programs are working, whether some allowable uses of the assistance might be interpreted more broadly, and whether we might be able to revisit some assumptions and allow broader uses of some funds. Because the federal government distributes funds by formula, the

counties may have received a share that should have been used for other purposes. Ms. Nahme indicated that there would be conversations to clarify responsibilities between the State and counties. Ms. Tokuda stated that the counties did allocate funds to functions like childcare that are not within their normal functions because the needs there were great. She also stated that funding recipients are required to report how they used their funds and what type of flexibility they had, so we should be able to see that data and determine best practices.

IV. HOUSING AND HOMELESSNESS SUBCOMMITTEE

James Koshiba, Co-Founder of Hui Aloha, provided an update of the Housing and Homelessness Subcommittee. Last week Tuesday, the Governor released the first \$50 million of \$100 million that was appropriated by the Legislature for housing purposes through the Housing Relief and Resilience Fund. Catholic Charities Hawaii and Aloha United Way were selected as contractors for this program. The program's website had over 80,000 visits and received over 6,000 applications. The Subcommittee raised concerns about gaps in the program because the first \$50 million could not be used for back rent, certain mortgage assistance, and mediation services in evictions but received word that the Governor will release the second \$50 million to be used for those purposes. The Subcommittee also talked with county housing relief programs and learned of a spike in the last two weeks in the need for housing relief, which coincides with the end of federal assistance.

There is going to be a need for monitoring and modifications to the State's Rent Relief and Housing Assistance Program, and the Hawaii Housing Finance and Development Corporation (HHFDC) is encouraged to gather frontline feedback from applicants and service providers. In Hawaii County, they are working with Hawaiian Community Assets and Home Services to connect weekly and gather feedback for modifications, allowing the Program to remain flexible and adaptive.

HHFDC and its intermediaries are also encouraged to provide regular data updates, including weekly reports, that break down applications by demographic subpopulations, to pay attention to marginalized populations, and by zip code. This will be important because even if there are no applications from certain areas, it does not mean there is a lack of need there. UHERO has volunteered to digest this data and report back the data to HHFDC, intermediaries, and the community in a way that is useful. It is important to be able to modify elements of the program, including bottlenecks and restrictions that prevent money from getting out.

Coordination between state and county programs is going to be critical because counties have access to funds that do not expire in 2020. A smooth transition between state funds and any county assistance available in 2021 needs to be ensured.

The Subcommittee is looking ahead and still anticipating a surge of housing instability and homelessness, especially in 2021. One identified need is for emergency or near-term housing to provide shelter for 16-18 months because the Subcommittee expects that will be how long the downturn will last. Vacant properties, like hotels, are

being looked at, as are CARES Act funds that may be available for those purposes.

V. NEXT MEETING

The Committee will reconvene on Monday, September 28, 2020, at 10:00 a.m. via videoconference.

VI. ADJOURNMENT

The Committee adjourned its meeting at 11:27 a.m.