

Monday, October 11, 2021

10:00 a.m.

Via Videoconference

State Capitol

415 South Beretania Street

House of Representatives

Thirty-First Legislature

House Select Committee on COVID-19 Economic and Financial Preparedness

Report of the Select Committee's Thirtieth Meeting,

Held on Monday, October 11, 2021

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 thirtieth meeting, the Committee received an update from the City and County of Honolulu on reopening Oahu's economy, an update on the economy from the University of Hawaii Economic Research

Organization (UHERO), and a public health update from health care industry leaders.

I. OPENING REMARKS

Speaker Scott Saiki opened the meeting by thanking the members for meeting on a federal holiday and noting that there have been requests from the public that the committee hold additional meetings. Speaker also noted that this meeting provides the committee with the opportunity to give important updates to the committee members and the public. Speaker concluded his remarks with noting Mayor Blangiardi's efforts in working to reopen the economy on Oahu and inviting Mayor Blangiardi to provide an update to the committee.

II. CITY AND COUNTY OF HONOLULU UPDATE

Mayor Blangiardi noted that although the City and County of Honolulu is still subject to a suspension of large gatherings until October 19, because of the precipitous decline in case numbers in the first week of October, he has asked the Governor for the opportunity to take initiative and get ahead of the situation. In particular, the mayor announced bars and restaurants can serve alcohol up to midnight and, starting October 13, gatherings of up to one thousand people will be allowed for University of Hawaii sporting events. After October 20, the mayor anticipates approving road races with twenty-five participants at a time, golf tournaments, and weddings and funerals of up to one hundred fifty people outdoors with food and drink. The mayor is also looking to allow the Honolulu Marathon to take place and is looking to allow for sale of tickets for maximum stadium capacity for the final two University of Hawaii home games of the season.

Mayor Blangiardi noted that the City and County of Honolulu is in a good place with the vaccine rate, stabilization of hospitalizations, and other metrics, and that now is the time to be aggressive in reopening and pushing forward with things that are healthy, safe, and good for the community.

Speaker Saiki noted his belief that the vaccinated population would like the State to be more aggressive in handling the reopening and that the Governor is being too cautious. Mayor Blangiardi believes that Hawaii is in a good place with its vaccination rate, with nearly ninety-three percent of the population having received at least one dose of the vaccine, and can be as aggressive in reopening as other areas in the country that do not have as high a vaccination rate as Hawaii. Mayor Blangiardi emphasized that we must believe in the efficacy of the vaccine and that it is time to push the envelope.

Peter Ho, president of Bank of Hawaii, wanted to know if the most recent actions from the City and County of Honolulu signal a pivot to policy decisions being driven by those who are vaccinated and have a different risk profile than those who are unvaccinated. Given the current efficacy of the vaccine, Mr. Ho believes that this would be a smarter choice. Mayor Blangiardi indicated that this is the position his administration is taking, starting with mandatory vaccination for all City and County employees with no testing option. He noted that the only gray area is for legitimate medical reasons - how those individuals can establish proof of exemption and how those individuals can fit in; right now, these individuals are subject to testing requirements.

Lauren Zirbel, Executive Director of the Hawaii Food Industry Association, expressed appreciation and support for the Safe Access Oahu program and discussed the possibility of conducting the Made in Hawaii festival in November. Mayor Blangiardi said the event should proceed and that his administration would work to allow vendors to offer food sampling and entertainment.

Tina Yamaki, President of Retail Merchants of Hawaii, sought clarification on the limits of people allowed in an establishment. The mayor clarified that the ten person indoor limit and twenty-five person outdoor limit are limits on group size and indicated this information on the One Oahu website would be clarified.

Sheryl Matsuoka, Executive Director of the Hawaii Restaurant Association, wanted to know when the indoor ten person limit will be lifted. Mayor Blangiardi noted that the ten person limit was per group and the proclamation limits restaurants to fifty percent capacity, which cannot be lifted yet. The mayor emphasized the importance of the restaurant industry to the overall economy. Dr. Carl Bonham, Executive Director of UHERO, noted that UHERO will be releasing a survey that shows, on a business level, the mandates have increased vaccination levels with a peak at September 17. Dr. Bonham noted that some aspects of these programs could be tightened up; in particular, Dr. Bonham noted that testing unvaccinated employees once a week is not fully effective. Mayor Blangiardi noted that stricter requirements, such as fully vaccinated staff in the front and back of the house, was not possible. Ms. Matsuoka noted that many employers lost employees as a result of the vaccine mandates, especially in

certain zip codes, but the association conducted an educational campaign and is conducting additional education efforts. Dr. Bonham acknowledged that this is a balancing act and that we must learn to live with the virus.

Representative Della Au Belatti expressed concern about parties and promotion of events that were not within the rules and requested that the mayor comment on the relationship with the police and how enforcement will be conducted. Mayor Blangiardi noted that the large gatherings that are sanctioned are structured live events that are put on by professionals. Crackdown on rogue events is part of an ongoing relationship with the Honolulu Police Department; the mayor acknowledged that these rogue events will still occur and that we will have to continue to monitor them as much as possible. Mayor Blangiardi emphasized that the focus is supporting professionals and creating structured live events that will allow people to live their lives, and to not let the vaccinated majority be held hostage by the unvaccinated minority.

Ray Vara, President and Chief Executive Officer of Hawaii Pacific Health, noted that it is important to condition the community to getting back to pre-pandemic levels of resilience. Mr. Vara said that a big step in being able to move forward is to recognize that COVID-19 is not going away and we must learn how to co-exist with COVID-19 as a community. Mr. Vara also noted that the greatest risk to public health is socioeconomic factors, many of which have been exacerbated by the disproportionate impact of COVID-19 on certain communities. Mayor Blangiardi noted that the psychological health of the community

is extremely important and that anything that can be done to relieve pressure in those areas is key. The mayor also noted that efforts have been made to ensure equitable distribution of relief funds. Dr. Mark Mugiishi, President and Chief Executive Office of HMSA, mentioned how Detroit and the extreme discrepancy in life expectancy between certain areas in and around Detroit as a result of the loss of the automotive industry twenty years ago can serve as a reminder of what must be accomplished to avoid a similar effect in Hawaii.

III. ECONOMIC UPDATE

Dr. Bonham began his economic update by noting that the State's economy still needs a lot of recovery. Jobs are down fourteen percent from pre-pandemic levels, and real GDP and labor earnings (income of household without federal transfer payments) are down seven percent and five percent, respectively. Although total real earnings and personal income is up three percent, that is because of federal transfer payments, which grew by forty-seven percent. ALICE households have seen disproportionate suffering because of the jobs, but the federal transfer payments have made these households whole over the past year and a half. However, the crisis is now beginning or is beginning in a more pronounced way as the federal transfer payments are ceasing and the job numbers are not positive. Dr. Bonham noted that the UHERO economic pulse turned down even before any government restrictions were announced. There was an extreme drop off in tourism in August and September, with an expected September job loss of between six and ten thousand jobs over and above those jobs lost in August.

Dr. Bonham noted that in good news, the index is trending up because of an increase in mobility as we learn to live with COVID-19. The job loss is happening at a time when federal support via the Pandemic Unemployment Assistance and Pandemic Emergency Unemployment Compensation programs is gone. We have gone from between fifty and sixty thousand people submitting claims to essentially zero. Between the first and second quarter of the year, approximately \$2,000,000,000 was shaved off of federal transfer payments, and Dr. Bonham expects another decline of \$750,000,000 in the second half of the year, most of which will be from the end of federal unemployment benefits. The combination of the end of the federal programs and the end of the plus up amounts to a loss of a little under \$1,000,000,000 flowing into the State's economy in the second half of the year.

Dr. Bonham noted that the Delta variant's impact should be temporary. Hospitalizations are down, and things are beginning to plateau. The Centers for Disease Control and Prevention's projection for last week shows that new hospitalizations and case counts will continue to decline. In context, and as part of learning to live with COVID-19, the level of hospitalizations is below where they were when the Safe Travels program was announced. The State is now at the point of opening up safely so there is not another surge. Even though the Delta variant's impact was temporary, it was costly. However, 2021 fall visitor arrivals may surprise to the upside, particularly with relaxation of restrictions. These changes mean putting people back to work, which means those who have lost unemployment benefits will have a better time of finding the work they need. Whether the outlook

falls to the baseline, optimistic, or pessimistic projection depends on how we handle the pandemic and act to prevent another surge.

IV. MEDICAL UPDATE

Dr. Mugiishi noted that the issue has been balancing control of acute infections with the long-term impacts of the pandemic. Right now, acute infections are under control, but the threat to future public health is real. Sixty percent of families are at ALICE levels or below, and over half of the children enrolled in HMSA are on Medicaid or part of the QUEST population.

Mr. Vara noted that poverty is the greatest enemy to health, and the slower the response the greater the challenge becomes. Although not as extreme as in Detroit, Hawaii also has a discrepancy of more than a decade in life expectancy depending on the zip code in which a person lives. This can also be seen in the way the pandemic has affected the community. Mr. Vara also noted that the hospital systems have been stressed before and can withstand a fair amount of stress. The systems have the ability to withstand a fair amount of stress and should be relied on so that other public health issues can be attended to.

Dr. Jill Hoggard Green, Chief Executive Officer of The Queen's Health Systems, noted that COVID-19 has differentially impacted people who already had health inequities. The focus over the next six months will continue to be on vaccination efforts. Over the last two months, Queen's has cared for over a thousand people with COVID-19, and the death rate has been high. The Delta variant has been worse than previous variants, but the committee's work to mitigate the impact has

seen a decrease in patients in the hospital for COVID-19 over the past month. It is important to continue to align public health measures in encouraging vaccination, as vaccinated patients made up only fifteen percent of the people who got seriously ill. Dr. Green looks forward to discussions on how to improve public health with social determinants, how we create safety nets to support them, and how to strengthen our health systems. Nationally, we are looking at increasing shortages in certain areas. Dr. Green noted there are many lessons to be learned from the pandemic, particularly how the cooperation between the government, health systems, schools, and communities addressed the pandemic.

V. CLOSING

Speaker Scott Saiki closed the meeting by thanking the members for joining the hearing.

VI. NEXT MEETING

The Committee will be notified via email of the next scheduled meeting.

VII. ADJOURNMENT

The Committee adjourned its meeting at 11:00 a.m.