

Monday, October 12, 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 Twentieth Meeting,

Held on Monday, October 12, 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 twentieth meeting, the Committee received updates on the Governor's Emergency Proclamation Regarding Pre-Travel Testing and economic data from the University of Hawaii Economic Research Organization (UHERO), as well as UHERO's Survey on the Impacts of COVID-19 on Hawaii's Rental Properties.

I. Governor's Emergency Proclamation Regarding Pre-Travel Testing

General Kenneth S. Hara delivered an update on the State's pre-travel testing program (Program), scheduled to begin on October 15, 2020. All previously-announced aspects of the Program remain the same.

Under the Program, the traveler schedules a pre-test (e.g., no more than 72 hours prior to departure; no travelers under the age of 5 will be tested). If the traveler receives the results prior to departure, they upload them into the SafeTravelsHawaii platform. Artificial intelligence ensures that all the testing requirements are met. Upon arrival in Hawaii, the traveler will be screened at the airport by the Department of Transportation. If a traveler comes from the mainland and is transiting through Oahu to Hilo, for example (without a break in their journey), they will be within the SafeTravelsHawaii platform, and Hawaii County will have information on the traveler since each county has access to the platform.

Additional testing by the counties is being considered, but the details are not clear at this moment. The Attorney General is currently working on the Governor's 14th supplemental emergency proclamation. The Governor is delegating authority to the counties to

implement post-arrival testing. The State will not be involved in any post-arrival testing and the counties will be required to pay for and operationalize the testing.

Hawaii County has an order under review with the Governor that, based on General Hara's understanding, administers a day-of-arrival test to travelers at the airport for free. The test is an antigen test. As of this morning, to General Hara's understanding, no other counties will conduct post-arrival secondary tests.

Committee members expressed concerns that if the post-arrival secondary testing is not tied to the statewide quarantine, then it might not pass United States constitutional muster, because individuals cannot be forced to take a medical test. General Hara referred committee members to Hawaii County for more specific details about its secondary testing and would need to defer to the Attorney General on questions of constitutionality.

Ms. Wendy Laros, Executive Director of the Kona-Kohala Chamber of Commerce, remarked that tourism is the economic driver in West Hawaii. When news broke in the *Honolulu Star-Advertiser* on October 6, 2020, that Hawaii County was opting out of the Program, the Kona-Kohala Chamber of Commerce was flooded with telephone calls. Later, the news was described as a misinterpretation. As of this morning, the Kona-Kohala Chamber of Commerce is still awaiting official documents from the county and until those documents are public, they cannot communicate anything to their members or the public.

General Hara responded that the Department of the Attorney General and the Hawaii County Corporation Counsel worked the entire

weekend on the latter's post-arrival secondary testing program and General Hara believes that official documentation for Hawaii County will be ready before Wednesday, October 14, 2020.

There was some discussion on whether Hawaii County's secondary testing program would apply only to Kona Airport, as it is the only airport in Hawaii County that receives trans-Pacific flights; however, nothing could be verified without any official documentation from Hawaii County.

Mr. Vara inquired about easing inter-island travel restrictions, either by lifting the quarantine or allowing for pre-travel testing. General Hara replied that the Governor has delegated that authority to the counties and believes that this is still being worked on. General Hara thinks that Maui County is working on lifting the quarantine for intra-county travel.

Ms. Pamela Tumpap, President of the Maui Chamber of Commerce, commented that Mayor Michael Victorino is looking at re-opening Maui County to inter-island travel and is also exploring voluntary, incentivized secondary tests without quarantine. There was concern from businesses that travelers would have to wait in quarantine while awaiting the results of the secondary test. While the business sector supports different layers of protection, the State needs to move forward with the current October 15, 2020, plan.

Dr. Mark Mugiishi, President and Chief Executive Officer of the Hawaii Medical Service Association, asked with regard to whether travelers will need to remain in quarantine while awaiting the results of the secondary test, his understanding is that the Governor has

announced that travelers who are pre-tested and negative for COVID-19 do not need to quarantine anywhere in the State. Counties can add extra layers of testing that are not tied to the quarantine; however, if that is correct, it is unclear how the secondary tests can be mandatory if they are not tied to the quarantine.

Dr. Carl Bonham, UHERO Executive Director and Professor of Economics, commented that this question has been raised repeatedly and suggested speaking with the Attorney General.

Another issue of concern is whether it is legal to allow trans-Pacific travelers to enter Hawaii and travel to a particular county but prohibit trans-Pacific and resident travelers from traveling between counties. Mr. Peter Ho, Chairman, President, and Chief Executive Officer of Bank of Hawaii, clarified that the existing interisland quarantine is still in place with no option for pre-travel testing. Mr. Vara reported that he has heard that the Executive Branch is discussing action for interisland travel by residents, perhaps by the end of the month.

Speaker Scott Saiki reported that he spoke with the Senate President about applying the COVID-19 pre-travel test protocol to interisland travel on a trial basis and they made a request to the Governor, but they have not received a response.

Ms. Laros commented something needs to be done about the quarantine for interisland travel. Even requiring interisland travelers to follow the trans-Pacific COVID-19 pre-travel test protocol is quite onerous. There are residents who need to travel between the islands for personal or business purposes more seamlessly.

Committee members also expressed concerned with the lack of clear messaging despite the opening of trans-Pacific travel set to take place in a few days. Travelers, residents, and businesses are confused about what can be expected and what is required for interisland and trans-Pacific travel.

The Communications and Strategy Subcommittee (Subcommittee) has been working on a communications plan and is putting together a communications structure to communicate internally within the state and county governments, as well as externally to travelers and the broader travel industry. The travel industry has developed good communications packages for visitors about what is expected of them prior to traveling and what they can expect once they arrive in Hawaii. The Subcommittee has also been working on a strategy to communicate with residents and to fill in the blanks on frequently asked questions and populating the content of Hawaiiicovid19.com. The structure is in place, but everyone is awaiting the content and policy. The Governor's Office is expected to hold a press conference on October 13, 2020, about the Program.

Committee members discussed the possibility of a rise in positive COVID-19 cases as trans-Pacific travel opens and residents return to work. Dr. Mugiishi noted that it is possible that Hawaii will experience a spike in new COVID-19 cases because there will be more people in the State; however, it is not very likely. First, the prevalence of disease among travelers arriving aboard an aircraft after they have already had a 72-hour test is probably lower than the prevalence in the State, as the pre-travel test will screen out a

certain percentage of individuals who are either asymptomatic or pre-symptomatic, which is a small percentage of the total number. The risk of a spike would be due to bringing more people back to the workforce - e.g., hotels, attractions, dining facilities. It is important to have good protections in place for workers.

Mr. Vara noted that as the State learns to live with the virus, the way we manage the outcome is to have good public health infrastructure - good testing strategy, disease investigation, contact tracing, quarantine and isolation if necessary. Personal responsibility is also important - wearing masks, washing hands, physically distancing, getting a flu shot.

Moving forward, Mr. Na'alehu Anthony stressed the importance, when providing information, for those representing different islands or different subsets of the community to link to the [Hawaiicovid19.com](https://www.hawaiicovid19.com) website. As the situation moves quickly and dynamically, [Hawaiicovid19.com](https://www.hawaiicovid19.com) will be updated and is the best source of information.

II. Hawaii Economy Update and UHERO Rental Housing Survey

Dr. Bonham provided a quick [report](#) on the State's economy and elaborated on the results of UHERO's recent survey related to the State's rental housing situation.

Dr. Bonham reported that Hawaii's second quarter GDP fell by 42.2 percent. Hawaii has the weakest economy in the nation. Nevada also fell by 42.2 percent, but Hawaii's first quarter decline was 9 percent and so Hawaii is leading the county in decline. The situation will not turn around significantly until the resumption of safe trans-

Pacific travel. The decline is across all industries. While construction has not been too affected, transportation, retail, and wholesale trade have all been hit. The decline from the second quarter of 2019 to the second quarter of 2020 was about 60 percent. Only three sectors did not see a decline in GDP during the first two quarters of 2020.

UHERO's survey on the State's rental housing situation was based on information from various realty organizations, such as the Honolulu Board of Realtors and Hawaii Board of Realtors. Participation came from all islands, although participation from Maui was not as great as UHERO would have liked. The key takeaway from the survey is that 85 percent of renters were current on rent by mid-August, which is about 10 percent lower than pre-COVID-19. Six percent of renters were late, which represents about 11,000 households. Roughly five percent of households - about 9,000 households -- were more than 60 days late. Property managers and owners generally believe that over 40 percent of their tenants have suffered job or income losses because of COVID-19 yet still manage to pay their rent on time. The implication is that renters have shuffled their spending around, which means that they are not spending money on other things. Furthermore, the United States Census Bureau's household pulse survey indicates that 9.6 percent of Hawaii adults have not made their rent or mortgage payment or think they will not be able to make their next one. Hawaii is in the top five in the nation in terms of housing insecurity right now.

These gloomy statistics point to the hardship being suffered by Hawaii residents and the need to get the reopening of the tourism

economy right. We must keep the virus under control. We need to take personal responsibility, especially as more people return to work. The economic pulse index is rising, and the State is poised to turn the corner and see some recovery; however, in order for that to happen, we must keep the virus under control and bring back safe trans-Pacific travel.

Mr. Micah Kane, Chief Executive Officer and President of the Hawaii Community Foundation, noted other variables that might be helpful to community policymakers and decisionmakers. First, the return of the economy is one key, for which Dr. Bonham provided some initial projections. The second, tandem key is the federal and state safety net. These variables can impact a gap group of people in the community, which we need to pay more attention to. This gap group creates a higher degree of urgency and the need to develop clearer plans about how to reduce the gap and reduce the suffering in the community. There are not enough funds to just continue the safety net so tactically.

Dr. Bonham replied that so much of what we have been doing is emergency response. Right now, the safe relaunch of travel has the most immediate impact as we await the next round of federal support. Right now, we have a housing safety net from the State and counties. The very best thing to do in the immediate term is to reopen trans-Pacific travel correctly. First, get all the details figured out now. Spell out the details in a proclamation. Then, adjust as necessary. As newer and cheaper tests come out in the future, we can adjust. The key is to keep moving. Simultaneously, make sure that the community

stays safe and protects itself. Next, plan for overall economic recovery. All those things need to happen, and at the same time.

Dr. Mugiishi pointed out that the COVID-19 pandemic has shown the rapid migration of people from commercial insurance to Med-QUEST, which makes sense because people are losing their jobs. There is a migration to Med-QUEST and less state revenues to pay for the program during a pandemic, when health care is most important. The best way to fix that is to fix the economic problems. When the State gets revenues back, it can afford to put people on healthcare plans and take care of them. Getting trans-Pacific travel restarted is the highest priority right now.

Mr. James Koshiba, co-founder of Hui Aloha, noted that there is a high likelihood that even if additional federal assistance comes to Hawaii, local needs will outstrip the amount of aid. Looking ahead to next year, the Housing and Homelessness Subcommittee is trying to: (1) Get a better handle on housing needs and how to strengthen the safety net; and (2) Come up with creative solutions for space for those members of the community that will not have income for a significant portion of 2021 and maybe until the economic recovery is complete. One idea is to use CARES Act funds to acquire properties that are vacant -- hotel, commercial, or other residential spaces and properties and converting them to housing. The pre-existing safety net prior to the COVID-19 pandemic was not designed to support people for durations of six months or more but rather for short, transitional stays.

Mr. Ho asked what the scale of need in 2021 might be; however, at this point, the situation is uncertain. Hawaii could experience population loss, which could affect prices in the housing market, while a certain segment of the population will be able to rely on family to stay housed. While a lot is unknown right now, there is a segment of the community that will need the safety net.

The Committee discussed out-migration of residents. Per Dr. Bonham, the projections are for out-migration to accelerate in 2021 and 2022 and then plateauing. However, much will depend on the overall performance of the State's economy. About half of people who unexpectedly ended their residential leases early are leaving Hawaii, while the other half are relocating within Hawaii--e.g., moving in with family. There is no reason to think that out-migration will not worsen over the next few years. With or without federal support Hawaii faces long-term economic problems, which is why the safe reopening of travel is so important. As a community, we need to be incredibly careful around Halloween and Thanksgiving and going back to work. All of those puts our recovery at risk because it raises the risk of another outbreak of disease.

Representative Della Au Belatti commented that as we move forward and think creatively to strengthen the safety net and protect the most vulnerable, we need to work cohesively with the executive branch and administrative agencies. For example, the Med-QUEST division of the Department of Human Services (DHS) has been doing a tremendous job as enrollment has increased. The numbers of people enrolled in Medicaid have been astounding. We really need to work in coordination with

agencies like the Department of Human Services, the homeless service providers, and the Hawaii Public Housing Authority. What we are learning from this experience in spending down CARES Act monies by the end of December is that if we do not work in coordination with the department agencies, then all the creative thinking is for naught because meshing private-sector and government initiatives is not as simple on the back end as it may appear to be. A great deal of work is needed to ensure that these programs work seamlessly to provide the services. It will be through the big programs like Medicaid where we can get the most help to the community. However, as Dr. Bonham said, we are facing a huge budget crunch.

Ms. Tina Yamaki, President of the Retail Merchants of Hawaii, remarked that while we always focus on the unemployed, we need to help businesses with their lease rents because that helps secure jobs for people. As small businesses close, that means there will be less jobs for people to return to.

III. CLOSING REMARKS

Speaker Saiki concluded by stating that as the reopening starts on October 15, the committee members should continue to monitor the situation and let the Committee know if there are any gaps or inefficiencies that are occurring. As Dr. Bonham mentioned, the Governor can modify any emergency proclamations along the way. As we work through the reopening, there will absolutely be glitches. Public health is the top priority for many residents. At the same time, we do need to restart travel. We will never have zero cases in Hawaii.

We will just have to manage as best we can to ensure public health is the top priority as we kickstart the economy.

IV. NEXT MEETING

The next Committee meeting will convene on Monday, October 26, 2020, at 10:00 a.m. via videoconference.

V. ADJOURNMENT

The Committee adjourned at 10:54 a.m.