

Monday, November 9, 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-Second Meeting,

Held on Monday, November 9, 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-second meeting, the Committee received updates on the Japan pre-travel testing program, updates on Hawaii's economy from the University of Hawaii Economic Research Organization (UHERO), and updates from the Communications and Strategy, CARES Funds, and Housing and Homelessness Subcommittees.

I. UPDATE ON JAPAN-HAWAII TOURISM RELATIONS

Eric Takahata, Managing Director for Hawaii Tourism Japan, provided an update on the Pre-Travel Testing Program for visitors from Japan. For the total number of Japanese visitors to Hawaii, the forecast for 2020 is a little shy of 300,000 visitors. Tourism from Japan is expected to rebound in 2021, with an estimated 630,000 visitors, although Mr. Takahata noted this number could change rapidly, depending on the virus levels and availability of a vaccine. For the airlines, flights by Air Nippon Airways, Japan Airlines, and Hawaiian Airlines from Japan to Hawaii have increased; this number is expected to rise through the end of the year and into January 2021. No problems have been reported with the Pre-Travel Testing Program. Mr. Takahata stated that there are 21 trusted testing partners in Japan, and two more trusted partners expected to be announced this weekend, as soon as they are confirmed.

Speaker Scott Saiki noted that the Japan to Hawaii pre-travel testing program is the result of government-to-government negotiations and agreements between the State of Hawaii and Japan. Speaker Saiki emphasized that Japan does want to have a working relationship with Hawaii and there is so much potential for both sides beyond the travel arena.

Dr. Carl Bonham, Executive Director of UHERO, asked if Japanese visitors are required to do fourteen-day quarantine upon return to Japan. Speaker Saiki replied in the affirmative. This only applies to Japan visitors who fly to Oahu and does not apply to neighbor islands. A question was raised regarding the quarantine on the way back, and whether the State is working with Japan on this or some kind of agreement on a bubble? Information is forthcoming on this and will be out as soon as possible.

Wendy Laros, Executive Director of the Kona-Kohala Chamber of Commerce, asked if there is any timeline for travel from Japan to Kona. Right now, there is no timeline for Kona; rather, this is mainly going to depend on when Hawaiian Airlines and Japan Airlines feel ready to fly to Kona. Surveys show that there is interest. However, Speaker Saiki noted that when these negotiations began two or three months ago, the neighbor island mayors were reluctant to accept travelers to their islands. If communities on the neighbor islands wish to open up to Japanese visitors, it is important to communicate this information to county leadership.

II. HAWAII ECONOMY UPDATE BY UHERO

Dr. Carl Bonham provided an update on Hawaii's economy (see November 10, 2020, [UHERO Select Committee Update](#) presentation on the Committee's website). Regarding the reopening of travel to Japanese tourists, over the weekend, the State saw the largest daily number of visitors since before the pre-testing program began. Visitor arrivals are exceeding expectations. UHERO had projected that for October, there would be 10 percent of the visitor arrivals for the same time

period last year; for November, 15 percent of the visitor arrivals for the same time period last year; and for December, 30 percent of the visitor arrivals for the same time period last year. However, for the second half of October, actual visitor arrivals were about 17 to 18 percent of the levels for the same time during 2019. In the first week of November, there was an average of over 5,000 daily visitors, which is about 20 percent of the 2019 activity. Dr. Bonham noted a lot of this is unknown, and the numbers may change depending on the rates of coronavirus in Hawaii and on the mainland and the availability of a vaccine.

Regarding statewide employment, roughly 36,000 jobs were lost between July and September, which is consistent with the economic pulse. UHERO is cautiously optimistic about the return of jobs in the near future.

Dr. Bonham noted that Oahu moved to Tier 2 COVID-19 restrictions on October 22 and must stay in Tier 2 for four weeks to advance to the less restrictive Tier 3 status. However, case counts are growing on Oahu and if this upward trend continues for two more weeks, Oahu will be back to Tier 1. The key to maintaining Hawaii's economic recovery continues to be maintaining control of the virus.

III. COMMUNICATIONS AND STRATEGY SUBCOMMITTEE UPDATE

Mr. Raymond Vara, President and CEO of Hawaii Pacific Health, provided an update from the Communications and Strategy Subcommittee. The Subcommittee is continuing to focus on some key areas. The first is the three-holiday challenge (Thanksgiving, Christmas, and New Year's Day holidays), and the importance of controlling the rise in

cases during this time. Information and resources are being communicated in various ways, such as via the COVID Pau website (www.covidpau.org); the airlines industry and the Safe Travels Hawaii program; and public service announcements from the Department of Health. There will also be a series of op-eds sent out to newspapers to help make people understand the need to balance the public's health with the health and recovery of Hawaii's economy.

Mr. Vara brought up the importance of focusing on the good news and successes surrounding COVID-19. He noted the outbreak of COVID-19 on Lanai and the speed in which it was brought under control, thanks to the rapid deployment of testing and contact tracing. This is a positive story that shows when the system is well-executed, the virus can quickly be brought under control. Pamela Tumpap, President and Secretary of the Maui Chamber of Commerce, also brought up the voluntary testing program as another interesting story to be shared.

Mr. Vara believes there needs to be a statewide mask mandate. Dr. Bonham noted that if Hawaii can reach 95 percent compliance in mask use, the University of Washington -- who is tracking Hawaii's COVID-19 cases -- predicts that Hawaii can prevent another surge like the kind the State saw this summer. Right now, the State is around 73 percent compliance.

Mufi Hannemann, President and CEO of the Hawaii Lodging and Tourism Association, would like to see an official order about masks and asked if the Legislature would come into Special Session to mandate masks. Speaker Saiki stated that he and Senate President Ronald Kouchi sent a request to Governor David Ige to amend the

emergency proclamation, as the original emergency proclamation was not entirely clear. Speaker Saiki noted that the emergency proclamation should clearly specify that wearing masks is mandatory across the state and that the enforcement of the mask mandate is the responsibility of each county. Speaker Saiki noted the practical difficulties of establishing a mandatory mask requirement via statute, and the issues that would arise if the mask mandate needed to be amended. A far simpler solution would be for the Governor to issue a proclamation, which can be easily amended.

Speaker Saiki also noted that some of the hesitancy surrounding enforcement issues are because the statutory authority for the Governor's emergency proclamation makes violation of an emergency proclamation a misdemeanor. These penalty provisions can be amended by the Legislature. Speaker Saiki indicated he will continue to talk to the Governor and Attorney General about amending the proclamation.

IV. CARES FUNDS SUBCOMMITTEE UPDATE

Lauren Nahme, Vice President of Strategy and Transformation of Kamehameha Schools; Jill Tokuda, advisor to the Hawaii Data Collaborative; and Lisa Maruyama, President and CEO of the Hawaii Alliance of Nonprofit Organizations, provided updates from the CARES Funds Subcommittee (see November 10, 2020, [COVID-19 CARES Funds Subcommittee Presentation](#) on the Committee's website). Ms. Nahme stated that 20 percent of Coronavirus Relief Funds (CRF funds) were expended as of two weeks ago. The Department of Budget and Finance and the counties are keeping track of the status of the CRF Funds. Without Congressional action to extend the deadline to expend CRF

funds, programs that are not expected to expend all their funds by the deadline may need to look at redistributing these allocations to the unemployment insurance trust fund and eligible general fund expenses.

Ms. Tokuda provided an update on federal fund expenditures (see [CRF Expenditure and Housing Assistance Presentation](#) on the Committee's website). As of November 9, 2020, about 30 percent from the \$1.25 billion in CRF funds received has been expended. Ms. Tokuda noted that the State is running out of time to spend the CRF funds, as all CRF fund allocations must be completed expended by the end of 2020. There are approximately \$109.3 million in CRF awards with no expenditures or encumbrances to date and there are approximately \$226.5 million in CRF awards with less than 50 percent expended and encumbered to date.

Ms. Tokuda also gave a quick overview of the State Rental Relief and Housing Assistance Program. Aloha United Way should be able to clear all their outstanding applications for assistance by December 9. Catholic Charities Hawaii has more applications and thus, needs to increase the rate of applications cleared per day to completely clear all outstanding applications by the end of the year. The estimated spend down for Aloha United Way is about \$25.4 million and \$46.4 million for Catholic Charities Hawaii.

Ms. Maruyama shared the Subcommittee's focus on nonprofit organizations. Nonprofits sometimes lack the capacity to compete for federal grants. There have been discussions about providing technological assistance and teams to help nonprofits compete for grants. Although the subcommittee's original focus on nonprofits was

intended to be a way to get CARES Act money, this has shifted more toward relationship building. Speaker Saiki noted that there are some areas that need improvement and that Representative Linda Ichiyama can follow up on this.

V. HOUSING AND HOMELESSNESS SUBCOMMITTEE UPDATE

Mr. Gavin Thornton, Executive Director of Hawaii Appleseed Center for Law & Economic Justice, provided an update from the Housing and Homelessness Subcommittee. The big picture concern is expending all the CARES Act money by the end of the year. The State Rental Relief and Housing Assistance Program has experienced staffing issues; however, Aloha United Way and Catholic Charities Hawaii have increased their staff in the last few weeks. People are requesting smaller amounts of funds in their applications, because the program is ending in December and there is less prospective rent relief to pay out. Mr. Thornton noted that people are doing whatever they can to try and stay current on their rent, including dipping into retirement savings and paying their rent via credit cards, while they wait on program funds. Data collected from Aloha United Way's 211 hotline show that there is a continuing need for rental assistance. The Subcommittee is trying to pivot to plan for what it is going to do in January after the program ends and the money runs out.

James Koshiba, founder of Hui Aloha, added that if there is not an extension to expend CRF funds, they are looking at a potential gap in funding in January. The Subcommittee is trying to identify systemic obstacles and bright spots in the system to make best use of lessons learned, should there be additional federal funding on the

way, and thinking about how to respond quickly if anything similar happens in the future.

Speaker Saiki noted that Representative Nadine Nakamura is the new Chair for the House of Representatives Committee on Housing and will be working with Representative Ichiyama on the housing issue.

VI. NEXT MEETING

The next Committee meeting will convene on Monday, November 23, 2020, at 10:00 a.m. via videoconference.

VII. ADJOURNMENT

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