

Monday, December 21, 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-Sixth Meeting,

Held on Monday, December 21, 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-sixth meeting, the Committee was introduced to Representative Linda Ichiyama, who will be chairing the newly-created House Standing Committee on Pandemic and Disaster Preparedness 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. PANDEMIC AND DISASTER RESPONSE COMMITTEE

Speaker Saiki introduced Representative Linda Ichiyama, who will be the chair of the newly created House Standing Committee on Pandemic and Disaster Preparedness.

Representative Ichiyama provided a brief overview of the Committee's purpose, which will be focused on overall pandemic response as well as disaster preparedness for both natural and manmade disasters. The Committee will examine what has been done in the past nine months and build upon the lessons learned to improve the State's response to pandemics and other disasters.

II. REPORTS AND UPDATES

A. Hawaii Economy Update

Dr. Carl Bonham, Executive Director of UHERO, began his presentation by noting that Senator Schatz had just informed him that the State could expect approximately \$1.7 billion in federal money from the new federal relief bill. Dr. Bonham then provided an update on the State's economic forecast (see [12-21-20 UHERO Select Committee Update](#) on the Committee website).

Over the past week, the State has seen its highest number of visitors since March, with just under 14,000 deplaning visitors. The December visitor numbers look to be at or above the baseline assumption and are stronger than the November visitor numbers. Overall, the State saw the most improvement in the visitor numbers between October 15 and the end of November. Additional positive economic news came from the November employment report received last Friday. The report shows an employment increase of 43,000 workers, a 23,000 decrease in the number of unemployed workers, and a 10 percent drop in the unemployment rate. Looking forward, the weekly UHERO Economic Pulse index has now flattened out, and December is predicted to be a flat month.

The planned federal relief measure currently underway in Congress is similar to UHERO's baseline assumptions, and an economic increase is expected in the first quarter of 2021. Dr. Bonham noted that the extent of the economic drop off from the second half of 2021 will be dependent upon the improvement of the labor economy.

Dr. Mark Mugiishi, President and CEO of Hawaii Medical Service Association, noted that the Hawaii Weekly COVID-19 Cluster Report published by the Department of Health, which summarizes COVID-19 clusters that have been identified through statewide case investigation and contact tracing efforts, has been helpful in informing decision making. Dr. Mugiishi pointed out that although the City and County of Honolulu had approximately 1,400 cases over the past two weeks, about 1,000 of those cases were part of correctional facility clusters, with little spread outside the primary correctional facility setting. Outside of correctional facilities, the next biggest clusters were restaurants and gyms, with about 25 cases linked to each type of establishment. In the other counties, the clusters are centered around bars, restaurants, and social gatherings. Based on this data, it does not appear that there has been additional exposure from travel or a spike from the Thanksgiving holiday. Dr. Mugiishi did warn that residents should continue to exercise caution over the Christmas and New Year's holidays but noted that the State has been relatively successful in the aggregate.

Speaker Saiki noted that activities of the Department of Health Disease Outbreak Control Division will be one the areas that will fall under Representative Ichiyama's new committee. Dr. Bonham and Dr. Mugiishi stated that the Weekly COVID-19 Cluster Report was difficult to find on the Department of Health's website. Ideally, it would be helpful to see more of this data articulated as part of the Department's daily report available on the Honolulu Star-Advertiser's website, as this type of information is important to share with the community and can help explain the State's overall pandemic response.

B. 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 work on pivoting from the Proposal to Modify the Safe Travels Hawaii Program (White Paper), which advocates for certain modifications to the Safe Travels Hawaii Program (see [White Paper](#) on the Committee's website), to a five-point plan centered on economic recovery. As part of this pivot, the Communications and Strategy Subcommittee wants to get a broad viewpoint to ensure that the plan remains well-rounded while still being efficient.

The Communications and Strategy Subcommittee shared the highlights of the five-point plan:

1. Public Health: Deploying an effective public health strategy, particularly fine tuning the ability to see and utilize data; refining hard skills such as testing and contact tracing; and taking a broader view towards public health strategy and how it intersects with what is happening in the community, as it is no longer possible to separate public health from economic recovery;
2. Human Capital: Investing in human capital, particularly understanding the role of K-12 education and universities and retraining the workforce as job needs change;
3. Physical Capital: Examining the state's infrastructure and how that impacts certain industries;
4. Financial Capital: Executing a financial strategy that looks at short-term and long-term goals, particularly considering the long-term impact of decisions being taken to address short-term issues, such as the pending budget crisis; and having a coherent financial strategy; and

5. Business Policy: Enabling an effective regulatory framework, particularly identifying the things that need to be done as a community in the short- and long-term to make Hawaii a good place to live, work, and grow businesses.

Representative Ichiyama requested some additional clarification on the long- and short-term economic strategy proposed under the five-point plan. Peter Ho, Chairman and CEO of Bank of Hawaii Corporation, and Dr. Bonham clarified that the idea is to consider the long-term impact of any decisions made to address short-term economic issues. As an example, Dr. Bonham noted that implementing broad across the board cuts to the Department of Health and the Department of Education may address the budget crisis in the short-term, but such actions will have widespread long-term impacts on the overall economy. Dr. Bonham also noted that capital improvement projects would be an example of a decision that would both stimulate the economy in the short-term and provide future economic benefit in the long-term through the improvement of the State's infrastructure. Pamela Tumpap, President and Secretary of the Maui Chamber of Commerce, inquired if the Communications and Strategy Subcommittee would have suggestions on what industries should be prioritized. Ms. Tumpap also noted that the financial capital strategy will also need to consider the housing crisis. Mr. Vara noted that the Subcommittee's plan would primarily serve as a framework for thinking about what areas the work that needs to be done can fall under. Mr. Ho noted that the issue is not about what industries around diversification are essential, but about what obvious essential skills and resources will need to be brought forward, such as education. Dr. Bonham noted that there is a direct connection between housing and the State's investment in infrastructure.

Speaker Saiki commented that some of these areas fall under the purview of several House Standing Committees and he anticipates that Committee will provide support to carry out the common objectives of the House Standing Committees. Majority Leader Belatti noted that the conversations held by the Committee and how it has developed policy will be critical going into the 2021 Regular Session.

C. CARES Funds Subcommittee Report by Lauren Nahme and Jill Tokuda

Lauren Nahme, Vice President of Strategy and Transformation for Kamehameha Schools, stated that they plan to phase out the CARES Funds Subcommittee. Ms. Nahme reviewed the original purpose of the subcommittee, specifically:

1. Tracking and monitoring the expenditure of funds dispersed to the State by Congress to provide a historical accounting of Coronavirus Relief Fund monies (CRF) and the impact on the State;
2. Examining whether the monies were pushed out efficiently and the State's ability to absorb all federal funds;
3. Identifying what processes were and were not working, whether there were jurisdiction issues, and sharing best practices; and
4. Assisting nonprofit organizations in identifying and applying for federal grants and non-federal grants and training nonprofits to build capacity for those opportunities.

The CARES Funds Subcommittee will hold its last meeting today and will consider what reporting will need to be continued.

Jill Tokuda of Hawaii Data Collaborative provided a high-level overview of what the CARES Funds Subcommittee has done. The primary takeaway is that all the counties have expended or encumbered 100 percent of their CRF allocations. However, because the deadline for expending those funds was recently extended to December 31, 2021, this leaves the counties with little to no monies to expend for 2021.

The State has expended 55 percent of its CRF monies and encumbered 24 percent of the remaining balance, which leaves \$152,500,000. An additional \$24,000,000 of previously encumbered funds has been deobligated; these were monies that were clawed back by the State from various departments because the funds would not have been spent by the original December 31, 2020, deadline. Ms. Tokuda noted the numbers discussed during her update

reflected the data available through December 16, 2020, and additional monies may have been encumbered and expended.

The CARES Funds Subcommittee demonstrated a tool they created that tracks Paycheck Protection Payment (PPP) recipients to show what areas need continued support and the impact of CARES funds in Hawaii. The tool is still a work in progress; however, it can show in granular detail how many jobs were supported (e.g., by industry or ZIP code). The CARES Fund Subcommittee also looked at where rental assistance monies went and were able to break this information down by ZIP code as well as by area median income (AMI). Most of the rental assistance support went to individuals who were between 40 to 60 percent AMI, which demonstrates the need for continued housing support for those individuals who are unable to make even nominal rent payments. Finally, the CARES Fund Subcommittee examined food distribution and food deficits, including the number of affected Asset Limited, Income Constrained, Employed (ALICE) households. With the increase in the number of ALICE households, there are more than 219,000 households that are struggling to find food. Continued support, such as the Restaurant Card program, will be needed in this area.

D. 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, briefly discussed the pending federal relief measure. He noted that the rental assistance program coming out of Congress looks like good news and incorporates many of the lessons learned by Hawaii. In particular, Mr. Thornton noted that it appears that landlords will be able to apply to the rental assistance program.

Mr. Thornton also discussed how important the rental assistance program has been in getting \$60,000,000 in assistance out to tenants who needed it. He particularly commended the work done by the two non-profits, Catholic Charities Hawaii and Aloha United Way, in disbursing

the funds. Finally, he noted that the gap between payments approved and payments made under the program is down from \$8,000,000 to \$4,000,000.

James Koshiba of Hui Aloha echoed the commendation of Catholic Charities Hawaii and Aloha United Way and recognized the pain and sacrifice of these nonprofits that went into moving \$60,000,000 in rental assistance in three months.

III. NEXT MEETING

The next Committee meeting will convene on Monday, January 11, 2021, at 10:00 a.m. via videoconference.

IV. ADJOURNMENT

The Committee adjourned at 11:02 a.m.