

Monday, April 20, 2020

10:00 a.m.

Via Videoconference

State Capitol

415 South Beretania Street

House of Representatives

Thirtieth Legislature

Regular Session of 2020

House Select Committee on COVID-19 Economic and Financial Preparedness

Report of the Select Committee's Fifth Meeting,

Held on Monday, April 20, 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 the fifth meeting, the Committee discussed the current status of federal aid being infused into the State, updates from the airlines and agriculture industries, and an initiative to move the economy forward.

I. STATUS OF FEDERAL AID

The Department of Taxation provided an update on the status of federal aid that has been or is expected to be infused into the State. In total, approximately \$4 billion is expected to be infused into the State through more than fifty different programs, each with its own requirements and stipulations. Specific updates were provided on several funding vehicles that people frequently inquired about.

For the \$1.25 billion being distributed directly to the State and City and County of Honolulu through the federal Coronavirus Relief Fund, the State is awaiting guidance from the federal Department of Treasury. The guidance is expected to be issued no later than April 24, 2020.

For the \$10 million under the emergency education program, the State must follow the federal acquisition program and issue grants to education institutions. The State is currently establishing the criteria for accessing these funds and determining which agency is best suited to administer this program.

For funds through the Federal Emergency Management Agency, the Hawaii Emergency Management Agency is the lead agency overseeing these funds. To date, these funds have been used to fund the medical

response to the COVID-19 outbreak and personal protective equipment acquisition.

II. AIRLINES INDUSTRY UPDATE

Peter Ingram, President and Chief Executive Officer of Hawaiian Airlines, presented an update on the airline industry.

The CARES Act legislation included two separate relief programs that are specific for the airlines industry. The first program, the Payroll Support Program, provides \$25 billion nationally to airline companies to cover the costs of payroll and benefits while, among other things, refraining from imposing involuntary furloughs on U.S.-based employees or reducing employee pay or benefits through September 30, 2020. Hawaiian Airlines was approved for approximately \$290 million from this Payroll Support Program.

The second program, a low-interest loan program, provides \$25 billion nationally to airline companies in the form of five-year loans. Under this program, Hawaiian Airlines was approved for approximately \$364 million.

Hawaiian Airlines estimates that it is spending between \$4 and \$4.5 million per day as a result of its fixed costs and that both of these programs will help to alleviate its short-term financial burden.

III. AGRICULTURE INDUSTRY

Brian Miyamoto of the Hawaii Farm Bureau presented the Committee with an update on the agriculture industry and submitted a detailed

statement on the impact of COVID-19 on Hawaii's agricultural producers.

Hawaii imports approximately eighty-five percent of its food from outside of the State. While the food supply chain has not seen major disruptions thus far, concerns remain about the ongoing the stability of the food supply chain and warrants further consideration in helping to provide support for local farmers.

Mr. Miyamoto presented various short-term and long-term proposals to support local farmers since various avenues of revenue have been shut down through the emergency proclamations with the closure of tourist destinations, restaurants, and farmers' markets. These lost revenues prevent local farmers from planting and cultivating produce and raising livestock in the present, which constrains the availability of food in the future.

The Co-Chairs named Brian Miyamoto of the Hawaii Farm Bureau as an additional member of the Select Committee.

IV. INITIATIVE TO PREPARE THE STATE FOR REOPENING

Mark Mugiishi of HMSA presented upcoming plans to prepare for reopening.

As the incidence of new cases of COVID-19 continues to decline, the time for relaxing restrictions draws closer. It should be emphasized that despite the relaxation of restrictions, key behaviors should continue to be practiced, such as:

- (1) Wearing masks in public;
- (2) Social distancing; and

- (3) Proper hygiene.

Further, it is unrealistic to wait for the absence of COVID-19 cases in the State prior to relaxing restrictions as prolonged economic inadequacy will damage the health of the State's population for generations.

Prior to the relaxation of restrictions, public health infrastructure must be able to quickly respond to any occurrence of new infections. The public health infrastructure should be based on the following pillars:

- (1) Screening;
- (2) Testing;
- (3) Tracking and surveillance; and
- (4) Quarantining.

To build this public health infrastructure quickly and ensure that it is feasible and satisfies the needs of the State, a leadership team is being established. The leadership team is to comprise various government officials and business leaders and to be synchronized with the Governor's recovery group and other recovery efforts. The leadership team plans to do the following:

- (1) For the week of April 20 to April 26, the leadership team will create work plans for the pillars;
- (2) For the week of April 27 to May 3, the work plans will be distributed to committees led by local leaders for customization and input on feasibility;

- (3) For the week of May 4 to May 10, committees are expected to submit their feedback to the leadership team for consideration; and
- (4) After May 10, the leadership team will prepare the final work plans through necessary budgets and implement the final work plans.

Dr. Mugiishi noted the option to phase in implementation, including by island or county, and prioritize portions of planning so that investments can be in place as soon as possible

Alan Oshima, Hawaii's Economic and Community Recovery and Resiliency Navigator, highlighted portions of his presentation "Economic and Community Pathway to Recovery", available on the Select Committee's webpage, and emphasized the need for recovery efforts to be coordinated across the various groups involved.

Speaker asked for follow-up information on what local produce is unsold, ideas such as government contracts to expand programs such as SNAP, the status of federal Department of Education grants, and the status of FEMA funds for non-profits. He also announced that some members of the Select Committee would be tapped to form subcommittees to examine the work plans that will be developed.

V. NEXT MEETING

The Committee adjourned at 11:35 a.m. The next Committee meeting will convene on Monday, April 27, 2020, at 10:00 a.m. via videoconference.