



The Senate

STATE CAPITOL
HONOLULU, HAWAII 96813

September 10, 2020

Mr. Chung Chang, Deputy Director
Dept. of Business, Economic Development
and Tourism
250 S. Hotel Street
Honolulu, HI 96813

Dear Deputy Director Chang:

RE: Act 9 Economic Recovery Programs

Thank you for your memo of August 31, 2020, reporting on your department's three initiatives to re-diversify Hawaii's economy. As we are all aware, CARES Act funding must be expended by December 28 and used strategically and quickly to support Hawaii's businesses and jobless. It is with urgency that we ask you to provide updates on the use of funds, specifically, the contractors selected, the amount of each contract, the deliverables and timeframe for delivery, and the list of businesses with the number of employees to be trained and hired.

In addition, please address the following questions and concerns:

(1) Retraining and workforce development.

The committee finds problematic the reduction in appropriation for retraining and workforce development programs to help the unemployed. Given that businesses are suffering and more than 180,000 residents are still unemployed as of September 3, more --not less-- should be appropriated for workforce development.

Since only \$10 million was released, it is critical that these funds be used as soon as possible to assist the unemployed. Your August 31 memo indicates that your department is still in the process of selecting the contractor. Please provide the justification for contracting to a non-profit agency rather than to the state agency most connected to the unemployed. We understand that the Department of Labor & Industrial Relations (DLIR) had provided you with proposals for two initiatives to assist the unemployed which would enable quick entry into businesses as well as connecting unemployed to appropriate training. In your June 25 message, you included DLIR proposals to add funds into existing programs: (1) \$3.1 million to train and hire 500 unemployed in the "RUDDER" (Reducing Unemployment Disruption & Driving Economic Regeneration) program; and (2) \$16.5 million to train up to 5,000 in its Seasonal Opportunity Initiative.

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If you have selected a contractor, please provide the contractor's proposal, including the number of businesses in the program and the number of unemployed being trained. Also, indicate whether and how you have been working with DLIR to obtain the information on the currently unemployed.

(2) Creating a local supply chain of cleaning supplies and PPE.

Again, time is of the essence to bring onboard businesses that can locally manufacture and distribute these supplies and timeline for grantees to deliver products to customers. Please specify how the allocated \$10 million is being used, providing a list of grantees (or applicants), the amount awarded, deliverables and timeline. Indicate also whether grantees will focus on manufacturing or distribution markets or both? Please also provide your strategy and expected outcomes in establishing a health supply industry in Hawaii.

(3) Supporting Hawaii's commercial fishing.

Please provide the following details on how funds for each initiative is being used, i.e., contractor, contract amount, deliverables, and timeline:

- Longline fishing grants (\$2 million)
- Fishing industry marketing campaign (\$400K)
- Non-longline fishing (\$450 K)

The Committee requests that you provide documentation of the requested information by **10:00 a.m. Friday, September 11, 2020** Please email your response to all Senate Special Committee COVID-19 members. Should you have any questions, please contact Duncan Osorio at 586-6800 or via email at d.osorio@capitol.hawaii.gov.

Sincerely,

Senator Donovan M. Dela Cruz
Senator Jarrett Keohokalole
Senator Michelle N. Kidani
Senator Donna Mercado Kim
Senator Sharon Moriwaki
Senator Kurt Fevella

Cc: Senate President