



EXECUTIVE CHAMBERS  
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DAVID Y. IGE  
GOVERNOR

Testimony of **Linda Chu Takayama**  
Chief of Staff, Office of the Governor  
Before the  
**Senate Committee on Ways and Means**  
May 14, 2020, 9:15 a.m. Auditorium  
Senate Bill 75, Proposed HD1

Chair Dela Cruz, Vice Chair Keith-Agaran, and committee members:

Thank you for inviting me and other members of the Administration today to discuss the Federal CARES bill and, more specifically the Coronavirus Relief Fund, which is part of that bill. I am sure this committee is well versed on the particulars of the bill, but for the benefit of folks listening in, I'll take just a few minutes to provide some background.

The CARES bill was signed into law by President Trump on March 27, providing more than 2 trillion for public health and economic relief from COVID-19. Hawaii got more than \$4 billion in funding for various programs, ranging from childcare and education to Medicaid, food stamps (SNAP), transportation and business loans. These funds are very specifically directed to enhance and expand mostly existing programs.

CARES also provided a pot of \$150 billion that went to state and county governments. Hawaii's share was \$1.25 billion. Of that amount only counties with a population of 500,000 or more could qualify for funding. Here, only Honolulu county was eligible and received \$387 million. State received the balance of \$862 million.

This was referred to as the "Coronavirus Relief Fund" and covers expenses that:

- (1) are necessary expenditures incurred due to COVID-19);
- (2) were not accounted for in the state budget approved as of March 27, 2020 (cannot be used for payroll or to cover revenue shortfalls); and
- (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

Please note that guidelines for some of the program-directed funds are still being slowly released which may cause a re-adjustment of some allocations. In addition, a subsequent bill referred to as Stimulus 3.5 also provided funding for which allocations are only now being made. For

instance, it was announced just yesterday that Hawaii would receive \$50 million for laboratory enhancements, contact tracing, testing, and surveillance.

Generally, the strategy has been to utilize the specific federal program monies first, then use the more general and fungible Relief Fund monies since these have an expiration date and, lastly, apply any leftover funds to the looming deficits in the Unemployment Trust Fund.

The Governor has authority to expend the Coronavirus Relief Funds. In order to facilitate transparency and broader understanding of the intended use of the funds, the proposed bill reflects the present plans in alignment with State priorities.

The current version of the bill includes:

**Hawaii Emergency Management Agency** (Section 2) - \$100,000,000. These funds will be set-aside for requirements of COVID-19 response activity and prevention and for use in the event of a surge in infections. These activities are under the direction of Maj. Gen. Kenneth Hara

**Department of Transportation** (Section 3) - \$20,000,000. The bill includes language regarding the use of these funds for thermal screening. The language should be expanded to address all traveler-related security enhancements, including thermal screening, the visitor application called [safetravels.hawaii.gov](http://safetravels.hawaii.gov), and testing enhancements.

**Response and Economic Recovery Program** (Section 4) - \$10,000,000 This includes funding to support the Hawaii Economic and Community Recovery and Resiliency Navigator and related community efforts. These activities are under the Governor's office.

**Department of Labor and Industrial Relations**, Pandemic Unemployment Assistance (PUA) program (Section 5) - \$1,360,000. While we are anticipating that the US Department of Labor will pay for the administrative expenses for PUA, the Supplemental Budget Request is still pending. This appropriation will provide funds to execute contracts needed in a timely manner to support the new federally-mandated assistance to independent contractors and gig workers.

**Department of Health** (Section 6) - \$500,000. This establishes a new pandemic unit within the department.

**Department of Human Services, IT** (Section 7) - \$300,000. This appropriation is not needed. While we share your concern about the performance of the DAGS mainframe for the DLIR UI system, all signs indicate that our technical team has been able to finally work with vendor partners to resolve the issues. It is not necessary to move the DHS CPSS system from the DAGS mainframe any longer.

Instead, appropriate \$2,000,000 to DHS for other needed software enhancements that will enable them to meet the increased demand for services from residents who have overwhelmed the programs for SNAP, child welfare and other social services programs.

**Counties (Part II)** - \$175,323,979. Because the counties other than Honolulu were not provided direct Coronavirus Relief Funds and cannot apply for the Municipal Liquidity Facility like the City and County of Honolulu, it is important to provide them access to additional funding for first responders, contact tracing, testing, emergency medical services, and other direct response activities. This population-based distribution reflected in the bill will enable all of the neighbor islands to be treated fairly.

Hawaii Island:           \$80.0 million

Maui county:             \$66.5 million

Kauai county:            \$28.7 million

**Municipal Liquidity Facility** (Section 12) . This authorizes B&F to borrow up to \$2.1 billion from the Federal Reserve. Note that it must be paid back with interest in 36 months.

**Emergency and Budget Reserve Fund** (Part III) - \$555,640,000. The remaining balance of \$553,640,000 should be **retained in GOV 100**, instead of the Emergency and Budget Reserve Fund. It is anticipated the funds would be needed to replenish the State Unemployment Trust Fund to continue UI payments without imposing high rates on businesses.

The directors of the departments charged to oversee the funds allocated in this bill are here today to provide you with further detail and to answer your questions.

Thank you for this opportunity to share our information.

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Testimony of **Linda Chu Takayama**  
Chief of Staff, Office of the Governor

Before the  
**House Committee on Finance**  
May 11, 2020, 2:00p.m., Auditorium

Senate Bill 75, SD2, Proposed HD1: Relating to Appropriations

Chair Luke, Vice Chair Cullen, and committee members:

The Federal government has provided the State of Hawaii a variety of grants and programs to help us respond to the COVID-19 pandemic. Many of our existing grant programs have been expanded and/or provided additional program flexibilities. A few new programs have been created to provide funding to the State of Hawaii.

The CARES Act created the “Corona Virus Relief Fund” to cover expenses that:

- (1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19);
- (2) were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
- (3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

This Fund provided Hawaii \$1.25 billion:

- \$862.8 million to the State of Hawaii and
- \$387.2 million to the City and County of Honolulu.

The Governor has authority to expend the Corona Virus Relief Funds. However, in order to facilitate transparency and broader understanding of the intended use of the funds, the proposed bill reflects the present plans in alignment with State priorities:

1. Counties (Part II) - \$175,323,979. Because the other counties were not provided direct Corona Virus Relief Funds and cannot apply for the Municipal Liquidity Facility like the City and County of Honolulu, I feel that it is important to provide



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our neighbor islands access to additional funding for first responders, contact tracing, testing, emergency medical services and other direct response activities.

2. The population-based distribution reflected in the bill will enable all of our neighbor islands to be treated fairly.
3. Hawaii Emergency Management Agency (Section 2) - \$100,000,000. These funds will be set-aside for requirements of COVID-19 response activity and prevention and in the event of a surge in infections.
4. Department of Transportation (Section 3) - \$20,000,000. The bill includes language regarding the use of these funds for thermal screening. The language should be expanded to address all traveler-related security enhancements, including thermal screening, safetravels.hawaii.gov, and testing enhancements.
5. Office of the Governor (Section 4) - \$10,000,000.
6. Department of Health (Section 5) - \$500,000.
7. Department of Labor and Industrial Relations, Pandemic Unemployment Assistance (PUA) program (Section 6) - \$1,360,000. While we are anticipating that the US Department of Labor will pay for the administrative expenses for PUA, the Supplemental Budget Request is still pending. This appropriation will provide funds to execute contracts needed in a timely manner.
8. Department of Human Services, IT (Section 7) - \$300,000. This appropriation is not needed. While we share your concern about the performance of the DAGS mainframe for the DLIR UI system, all signs indicate that our technical team has been able to finally work with vendor partners to resolve the issues. It is not necessary to move the DHS CPSS system from the DAGS mainframe any longer.  
  
Instead, appropriate \$2,000,000 to DHS for a 90/10 match for the SNAP program.
9. Emergency and Budget Reserve Fund (Part III) - \$555,640,000. The remaining balance of \$553,640,000 should be **retained in GOV 100**, instead of the Emergency and Budget Reserve Fund. We anticipate that we may need these funds to supplement State Unemployment payments.

In order to ensure that all parties are planning to expend funds in compliance with Federal requirements and State priorities, all parties appropriated funds will be required to submit a proposed plan of action, including a budget, for planned expenditures. The plans and budgets, combined with the monthly reports, will ensure transparency and accountability for the funds expended.