

Monday, June 1, 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 Eleventh Meeting,

Held on Monday, June 1, 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 eleventh meeting, the Committee discussed updates regarding the coordination of state and county orders, the State's

economic outlook, the work of the Hawaii COVID-19 Public Health Recovery Task Force, and information on the 'Āina Aloha initiative.

I. STATE AND COUNTY ORDERS

State Attorney General Clare Connors reported that the Eighth Supplemental Emergency Proclamation (Proclamation) we are currently operating under has unique characteristics that impact the entire State. The Proclamation provides for state coordination and the ability to transition, allowing the Governor to approve COVID-related actions within the individual counties. The Proclamation strives to ensure clear direction statewide, while providing every county some flexibility to address unique concerns. Each county is opening up different aspects of its operations with the Governor's approval. Exhibit G to the Proclamation provides a roadmap for state recovery.

As far as state-county coordination, the Governor confers with the mayors on Mondays, Wednesdays, and Fridays and discusses matters that the counties share in common. The Governor also receives, almost on a daily basis, requests to approve a directive or order from the counties. The Attorney General indicated that she is in contact with each county's Corporation Counsel regarding legal issues and that health guidance motivates every action. At the state level, Major General Kenneth Hara runs the response, Alexandra Slous runs recovery, and Alan Oshima runs resiliency.

Alan Oshima, the Hawaii Economic and Community Recovery and Resiliency Navigator, acknowledged some confusion due to the different guidelines across the counties and State. He explained that the Governor issues protocols for safe conduct and authorizes counties to

develop their own guidance based on what is occurring in each county. The counties must comport with state guidelines, and there is a 24-hour time frame for the Governor to approve a mayor's request. Mr. Oshima advised people seeking clarity to look to the county's guidelines. He also indicated that he will look into updating the Navigator's website to include county guidelines, working with the Hawaii Emergency Management Agency to ensure that information posted is consistent with the information that each county has adopted.

In contemplating the Proclamation, Major General Hara noted that the Governor felt it was important to pull some authority back because information was disjointed. He felt the best approach was to build Exhibit G to provide flexibility to the counties. If a county desires to reopen an activity or operation that is not on Exhibit G, the county may request approval by the Governor.

The Committee discussed the concern that some industries, such as ocean recreation tourism, feel left out of recovery plans because each specific industry is not listed on Exhibit G or because some industries do not align squarely within an industry for which guidance has been released. Mr. Oshima said there will be efforts to better unify communications and encouraged those feeling left out to reach out to their respective county. The Attorney General confirmed ongoing communication with the counties about providing greater clarity, including regarding boating restrictions, and indicated that the intent is to capture as many areas as feasible without binding counties in a way that restricts their flexibility. A status update

on the communication process will be provided at the next Select Committee meeting.

Committee members commented on the potential for ongoing civil unrest nationwide to have notable impacts on attempts to flatten the curve in the State and the potential for the State, which controls airports, to play a larger role than the counties as the State moves toward reopening the economy to trans-Pacific travel, while interisland travel restrictions will be at the call of the Governor with the coordination of the counties. Committee members also made the following suggestions to keep businesses informed of recovery plans and efforts: include a headline on the Navigator's website; update news reporters, who could then share information more broadly and direct people to county websites; broadcast emergency or public service announcements over the radio; and provide updates on social media.

The Committee clarified that Department of Health guidelines recommending 50 percent capacity for restaurants are a recommendation, not a mandate, and that the State cannot require that visitors be tested prior to their arrival but can screen them.

II. UHERO UPDATE

Dr. Carl Bonham, Executive Director and Professor of Economics at the University of Hawaii Economic Research Organization (UHERO), gave an update on the State's economic outlook, business projections, and next steps (see UHERO Forecast with Scenario Analysis, Public Edition, "Battered by COVID-19, Hawaii Begins to Reopen," May 28, 2020). Dr. Bonham reported that last week, the Department of Business, Economic

Development, and Tourism and UHERO released forecasts, which are quite similar. The UHERO report included a baseline scenario and pessimistic and optimistic scenarios. All scenarios included reopening the local economy in May. Dr. Bonham said there has been about a five percent increase in mobility statewide among retail establishments. The baseline forecast anticipates a very slow reopening.

UHERO anticipates a decrease in employment in July because of the end of Paycheck Protection Program (PPP) loans. How big that drop is depends on when tourism reopens. By the end of the year, UHERO anticipates the State will recover about half of the jobs lost. In the pessimistic scenario, it is anticipated that about 50,000 jobs will be lost between June and July, assuming PPP and other federal support ends. Under the baseline scenario, an average unemployment rate in 2020 of 18 percent is anticipated and under the pessimistic scenario the unemployment rate is 22 percent.

Models are predicting big outflows of population because tourism is such a dominant piece of the state economy and many other economies will recovery more quickly. The baseline forecast estimates a population drop of about 22,000 by 2022.

III. HAWAII COVID-19 PUBLIC HEALTH RECOVERY TASK FORCE UPDATE

Dr. Mark Mugiishi, President and Chief Executive Officer of the Hawaii Medical Service Association (HMSA), provided an update on the Public Health Recovery Task Force's work (see June 1, 2020, presentation on website). He shared the task force's dashboard as of May 30, 2020, which shows disease activity and capacity. The

available hospital capacity for ICU beds and ventilators is green, and contact tracing capacity remains significantly higher than 50 percent. We have been in the "Act with Care" phase on the matrix (minor disruption) for about three weeks. This matrix assumes safe practices at all levels.

The Committee discussed the circumstances and timing under which the State could move from one risk level to a higher or lower level. The conclusion was that there is a two-week waiting period to move to a lower risk level but no similar waiting period to move to a higher risk level, in order to allow for a more urgent response if necessary. Rather than basing decisions to change risk levels solely on one metric, the decision depends on multiple metrics and details, such as whether new reported cases reflect community spread or a cluster. Committee members suggested the need to use additional measures, such as infection rates outside the State, when considering the reopening of trans-Pacific routes and also noted the urgent need for dates and a plan for reopening the State to tourism so that businesses that rely on tourism can prepare.

The Committee contemplated various scenarios and restrictions under which youth sports might resume. This discussion again raised the issue of clarity in communications because of discrepancies among Committee members regarding who would determine the guidance for allowing youth sports to resume - whether it would be schools and organizations or county mayors.

Pamela Tumpap, President and Secretary of the Maui Chamber of Commerce, said that as some industries reopen, other industries are

comparing themselves to those reopening, and saying their activities pose a lower risk. She requested that this issue be evaluated.

IV. ‘ĀINA ALOHA

‘Āina Aloha, which is a statewide effort and community-driven process to develop a plan to incorporate Native Hawaiian values into the State's economic recovery, presented information and an Economic Futures Declaration.

Joseph Lapilio and Na‘alehu Anthony said their efforts are to address what makes the State special. The values that bind us, inclusivity, and ensuring the environment and land thrive, are important for us to embrace.

The ‘Āina Aloha Economic Futures (AAEF) Declaration has the following guiding principles:

- ‘Āina Aloha - Our land sustains us ,and we need to sustain it;
- ‘Ōpū Ali‘i - Leadership through service;
- ‘Imi ‘Oi Kelakela - Driven by creativity and innovation (we have to be prepared for a new way to use resources available to us in the State; no control over when visitors will return); and
- Ho‘okipa - Inclusive to the collective.

From May through October, the organization envisions four steps:

Step 1. The AAEF Declaration, which more than 800 organizations and individuals have signed, is posted on ainaalohafutures.com;

Step 2. (May to June): Huliau Document, which is a draft document that sets up goals based on value propositions with input from the community;

Step 3. (June to July): A time to develop proposals through meetings with sectors including food sovereignty, business development, and malama 'āina, to develop recommendations; and

Step 4. (August to October): Holomua involves compiling comments, sharing information, and introducing the report to decisionmakers.

Lisa Maruyama, President and Chief Executive Officer of the Hawaii Alliance of Nonprofit Organizations, noted there is a related project, a survey on green growth, that went out recently to gather information about education, training, and new job growth, with over 300 responses. She asked whether they could be allowed to present their survey results with the Committee. Speaker Saiki said the Committee could ask for updates as they complete their benchmarks, probably in early July.

Speaker Saiki also noted the members of the Tourism and Housing subcommittees were just named. There will be a report on the subcommittees at the next meeting.

V. NEXT MEETING

The Committee will reconvene on Monday, June 15, 2020, at 10:00 a.m. via videoconference.

VI. ADJOURNMENT

The Committee adjourned its meeting at 11:07 a.m.