STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 75, S.D. 2, PROPOSED H.D. 1

May 11, 2020
2:00 p.m.
State Capitol Auditorium

RELATING TO APPROPRIATIONS

The Department of Budget and Finance (B&F) provides the following comments regarding Senate Bill (S.B.) No. 75, S.D. 2, Proposed H.D. 1.

S.B. No. 75, S.D. 2, Proposed H.D. 1, appropriates funds received from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to the counties of Hawai‘i, Kaua‘i and Maui, various State departments and the Office of the Governor for the public health response to the coronavirus disease 2019 (COVID-19) and deposits the balance of the CARES Act funds to the Emergency and Budget Reserve Fund (EBRF). This bill also authorizes the issuance of instruments of indebtedness in the amount of $2,100,000,000 for the purpose of municipal liquidity facility (MLF) under Section 13(3) of the Federal Reserve Act.

B&F has serious concerns regarding the deposit of the CARES Act funds to the EBRF due to the statutory requirements currently set forth by Section 328L-3(f) of the Hawai‘i Revised Statutes:
• Section 328L-3 (f)(1): the Legislature shall not appropriate from the EBRF more than 50% of the total balance of the fund in a fiscal year.

• Section 328L-3 (f)(2): the Legislature shall not appropriate from the EBRF more than 10% of total discretionary funds appropriated by the Legislature in the same fiscal year for which EBRF moneys are appropriated.

• Section 328L-3 (f)(3): the Legislature shall not appropriate from the EBRF any amount in the succeeding fiscal year unless the State has collected or is projected to collect less general fund tax revenue in the current fiscal year compared to the immediately preceding fiscal year.

These constraints (under the current provisions of Section 328L-3(f)) will severely limit the State’s ability to spend the CARES Act funds by December 30, 2020. Under the CARES Act provisions and current guidance issued by the U.S. Department of Treasury, these funds must be spent (encumbrances do not qualify under the Treasury guidance) by December 30, 2020 and any unexpended funds are to be returned to the federal government.

Because CARES Act funds not expended by December 30, 2020 must be returned to the federal government, the lapse date (June 30, 2021) specified in Section 14 of the bill may be problematic. A situation could arise where funding is either spent outright or through an encumbrance after December 30, 2020 that will subsequently need to be returned to the federal government.

In addition, there appears to be a drafting error in that the total of the CARES Act appropriations and the allocation to the EBRF exceeds the amount received by the State ($862,823,978.80 in Coronavirus Relief Funds) by $300,000.
With regard to the MLF provision, any borrowing by the State for its own use and/or on behalf of the Neighbor Island counties are general obligations of the State under Section 12, Article VII, of the Constitution of the State of Hawai‘i. As such, the authorization of $2,100,000,000 must be accounted for in the general obligation bond authorization bill, H.B. No. 1631.

To use the MLF, the State would need to certify that it is unable to secure adequate credit accommodations from other banking institutions. In order to pursue these other options, the authorization in the bill should be broadened to allow the State to borrow as provided by Chapter 39, HRS, to fund operating costs. Eligible notes issued by the State to the Federal Reserve in connection with any borrowings from the MLF will include a penalty rate.

It is important to note that an authorization of a short-term obligation of this size may exceed the State’s debt limit under Section 13, Article VII, of the Constitution of the State of Hawai‘i. Furthermore, debt service payments for an obligation of this size may be extremely challenging to accommodate in the general fund financial plan given the significant general fund revenue shortfalls that are anticipated.

Thank you for your consideration of our comments.
Testimony COMMENTING on SB75 HD1 PROPOSED RELATING TO HEALTH.

REP. SYLVIA LUKE, CHAIR
HOUSE COMMITTEE ON FINANCE

Hearing Date: May 11, 2020 Room Number: 308

1 **Fiscal Implications**: Pertaining to Bill Section 6, there is an appropriation of $500,000 in federal funds. However, a minimum $3,500,000 is required to meet immediate needs for disease outbreak and control; $2,500,000 is required to enhance contact tracing capacity in the near future; and $25,000,000 is strongly recommended to upgrade scientific and clinical laboratory infrastructure to address the COVID mutations and future pandemic threats.

2 **Department Testimony**: The Department of Health (DOH) will require more than $500,000 to plan, operationalize, and sustain a pandemic unit that will provide guidance related to contact tracing, screening, testing, and reopening protocols. The proposed amount will enable the hiring of approximately three staff with modest operational funds.

3 DOH strongly encourages more funding in fiscal year 2021 – 2022 from general or federal funds to immediately operationalize a pandemic unit in anticipation of a subsequent spike in coronavirus-19 (COVID) and other unforeseen disease outbreak threats.

4 A more comprehensive pandemic response program will cost approximately $3,500,000:

5   • $1,000,000 for supplemental clinical and epidemiological leadership positions
6   • $500,000 for supplemental disease investigation and infection control staff
7   • $750,000 for supplemental vaccination staff
8   • $300,000 to establish a new data science branch
9   • $200,000 to sustain and expand information technology systems
• $500,000 for supplemental laboratory microbiology, chemistry, and informatics staff to enhance genomic testing for identifying mutations and different strains

• $250,000 for operational funds and supplies such as personal protective equipment

An additional $25,000,000 is strongly recommended to overhaul and upgrade the infrastructure of the State Laboratory Division’s physical assets, ranging from basic ventilation hardware and staff safety equipment to remodeling the building and upgrading systems to future-proof against new pandemics and anticipated standards.

Lastly, there is a need to establish academic curricula and training for contact tracing, for example in partnership with the University of Hawaii system to achieve state-wide reach, which may cost approximately $2,500,000.

Thank you for the opportunity to testify.
Aloha Chair Sylvia Luke, Vice Chair Ty Cullen and Members of the Committee:


Our department thanks the legislature for its support during this pandemic and appreciates the opportunity to submit testimony in SUPPORT of Senate Bill 75 SD2 with the following request for your consideration.

The Department of Defense requires an appropriation of $100,000,000 from the Coronavirus Aid, Relief, and Economic Security (CARES) Act to continue an effective response to the COVID-19 pandemic, to protect the health and safety of the people residing and visiting our State, as well as the employees and Service Members of our department, and to minimize human suffering.

Actions by the State of Hawaii, its Legislators and the Counties, along with the cooperation by the people of our State have ranked Hawaii among the best in the nation in measurable categories related to the COVID-19 response and recovery. This combined effort has greatly contributed to flattening the curve of positive COVID-19 test results, minimizing the deaths of those who have been infected, reducing health risks and infection to our population and conserving critical medical resources for the current and future response. It has also postured the State to take measured actions and to consider opportunities to minimize financial suffering by opening the economy.

As the State’s designated Incident Commander for the emergency response to COVID-19, I ask for your support so we can continue the response and concurrently prepare Hawaii for a phased approach to recovery. These funds, as allowed by the CARES Act, will be administered and...
expended for the full spectrum of emergency management response requirements which include, but are not limited to equipment (personal protective equipment, respirators, medical supplies and equipment, tents, environmental control units, etc.), operating and office supplies, contracted labor and professional services (planners, logisticians, maintainers, etc.), logistics operations, transportation, security, subsistence (food, clothing, shelter, etc.), decontamination and disinfection related requirements, communications related requirements, contracted studies, COVID-19 testing, Contact Tracing, isolation, quarantine related requirements, alternate care facilities, search and rescue, telework, and other activities related to the COVID-19 response.

Thank you for the opportunity to provide testimony on this measure and for your support to protect the health and safety of our people.

MG Kenneth S. Hara, kenneth.s.hara@hawaii.gov; 808-672-1001.
Chairperson Luke and Members of the Committee:

Thank you for the opportunity to present testimony on Senate Bill 75, Proposed HD1. This bill appropriates funds to the Department of Health, Department of Transportation, and the Department of Defense for the public health response to the Coronavirus Disease 2019, or COVID-19, outbreak, and also authorizes the Governor to approve transfer of these appropriated funds between agencies of the State, as necessary. The Department supports this bill and offers additional comments.

It is the Department’s understanding that a portion of the CARES Act funding is earmarked or intended for COVID-19 impacts to the agricultural industry and community. Assuming such funds remain available, the Department is standing by for guidance from USDA on the eligibility requirements and the amount of funding for agricultural assistance to Hawaii farmers. The Department respectfully requests the legislature’s consideration of emergency relief for Hawaii’s farmers, ranchers and growers in the proposed HD1.
The Department has determined the following needs expressed by farmers, ranchers and growers for crisis mitigation and stabilization that could be funded by the CARES Act and respectfully request that this Committee consider appropriate funding vehicles for those important needs:

- Additional funds for agricultural emergency loans for COVID-19 ($2.5M)
- Subsidies for lease rents, water fees, feed purchases and additional transportation expenses
- Grants for foodbanks and non-profit organizations to purchase and distribute surplus produce and foods at risk of loss due to markets lost during this economic shutdown.
- Funding for state institutions (Farm to State programs) and school reimbursement program for buying local food products
- Funding for farmers markets and CSAs to purchase equipment needed to accept WIC, Double Up food bucks, and EBT.
- Providing funding for increased local food storage capacity

Thank you again for the opportunity to testify on this measure.
To: Honorable Scott Saiki, Speaker of the House  
Honorable Sylvia Luke, Finance Chairperson  
State of Hawaii  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii  96813

Fr: Yuki Lei Sugimura, Councilmember, Maui County  

RE: SB 75, S.D. 2, H.D. 1

Dear Speaker Scott Saiki and Finance Committee Chair Sylvia Luke:

With the upheaval of Maui County’s economy due to the novel coronavirus and the visitor industry at a standstill; over 30,000 residents who have lost jobs and are concerned about providing food, shelter and basic needs for their families. The County of Maui greatly appreciates the funding provided by the State of Hawaii through the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT).

I strongly support SB 75, S.D. 2, H.D. 1.

Sincerely yours,

Yuki Lei K. Sugimura
Councilmember, Upcountry
TO: The Honorable Sylvia Luke, Chair
House Committee on Finance

FROM: Alice L. Lee Council Chair

SUBJECT: HEARING OF FEBRUARY 19, 2020; TESTIMONY IN SUPPORT OF PROPOSED HD1, SB75, SD2, RELATING TO TAXATION

Thank you for the opportunity to testify in support of this important measure. The purposes of this measure are to

- Appropriate CARES Act funding under the Coronavirus Relief Fund to Maui County, other counties, and State agencies.
- Authorize the issuance of instruments of indebtedness for the purpose of municipal liquidity facility under Section 13(3) of the Federal Reserve Act.
- Extend the period in which a county may adopt a surcharge on the State General Excise Tax to June 30, 2021.

The Maui County Council has not had the opportunity to take a formal position on this measure. Therefore, I am providing this testimony in my capacity as an individual member of the Maui County Council.

I support this measure for the following reasons:

1. Because of the population threshold in the CARE Act, the City and County of Honolulu is the only Hawaii county that has been able to access Coronavirus Relief Fund money thus far. This measure will provide resources to allow Maui County, Hawaii County, and Kauai County to respond to the COVID-19 pandemic and maintain vital municipal services for residents.

2. The Council has been eagerly anticipating the opportunity to use the Federal Reserve Bank’s Municipal Liability Facility. Access to funding under the MLF program could be of enormous assistance in stabilizing the County’s fiscal condition and overall economy for the both the immediate future and over the long term. Law Professor Robert C. Hackett of Cornell Law School, a nationally recognized finance expert, appeared before the Council’s Economic Development and Budget Committee this spring to explain the benefits of the
The Honorable Sylvia Luke  
May 10, 2020  
Page 2

MLF program. He described the program as “historic” and “a game changer.”

3. The Maui County Council’s legislative efforts to establish a GET surcharge are underway in anticipation of the legislature granting the necessary authority. My bill for an ordinance establishing the surcharge is pending before the Council’s Economic Development and Budget Committee.

4. Cumulatively, the elements of the HD1 version of SD75, SD2, would help ensure the economic, social, and environmental well-being of the residents of Lanai, Maui, and Molokai. It is impossible to overstate the importance of enacting this measure.

For the foregoing reasons, I support this measure. Thank you for your consideration of my testimony.
Statement Before The
HOUSE COMMITTEE ON FINANCE
Monday, May 11, 2020
2:00 PM
State Capitol, Auditorium

in consideration of
SB 75, SD2, PROPOSED HD1
RELATING TO APPROPRIATIONS.

Chair LUKE, Vice Chair CULLEN, and Members of the House Finance Committee

Common Cause Hawaii provides comments on SB 75, SD2, Proposed HD1, which appropriates funds designated for the State by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to the counties of Hawaii, Maui, and Kauai; the departments of Defense, Transportation, Labor and Industrial Relations, and Health; and the Office of the Governor for the public health response to the coronavirus disease 2019, or COVID-19, outbreak.

Common Cause Hawaii is a nonprofit, nonpartisan, grassroots organization dedicated to reforming government and strengthening democracy. Common Cause Hawaii appreciates lawmakers' leadership in this time of crisis and for reconvening the Hawaii State Legislature to address the State’s dire budget situation and to provide needed oversight of the CARES Act federal funds.

Common Cause Hawaii respectfully requests that the Legislature allow the public to submit real-time oral testimony during the Committee hearings. Not permitting real-time testimony through remote access denies the public true participation in our democracy. Certain matters may arise during discussions between Your Committee members at the public meeting, which were not contemplated by a prewritten public testimony. This is why public, oral, remote participation at meetings is so vitally important. Public, oral, and remote participation – interacting and having an exchange with our elected and government officials – is the cornerstone of our democracy. Remote access testimony via Cisco WebEx, Zoom, BlueJeans, etc. with security features are possible and has been successfully adopted by county councils and boards and commissions in Hawaii during this pandemic.

Common Cause Hawaii also respectfully requests further clarification as to the $10 million of the CARES Act funding to be designated to the Economic Navigator for economic recovery. Common Cause Hawaii supports the position of the Hawaii Economic and Community Navigator within the Governor’s Office. However, Mr. Alan Oshima, as the Economic Navigator and as has been reported, is a volunteer on loan to the Governor’s staff and is still being paid by Hawaiian Electric, where he is currently a senior executive advisor. There allegedly is an ethical firewall to prevent conflicts of interest, but said firewall has not been disclosed to the public for full transparency. It is unclear if Mr. Oshima is subject to Hawaii Revised Chapter 84 (Standards of Conduct), as appropriate, as he is a volunteer on loan from Hawaiian Electric. Common Cause Hawaii has sought clarification of Mr. Oshima’s role but has not received any response from either the Governor’s Office or the Economic Navigator.
Additionally, Common Cause Hawaii respectfully requests that Your Committee consider further oversight activities of executive agencies to provide transparency and accountability for the use of CARES Act funds. Common Cause Hawaii is especially interested in ensuring that federal funding under the March 2020 CARES Act are properly being expended to support our democratic institutions. For example, the State has already received approximately $3.3 million to plan for the upcoming primary (August 8, 2020) and general elections (November 3, 2020), which must be spent by December 31, 2020 “to prevent, prepare for, and respond to the coronavirus for the 2020 Federal election cycle”. The Legislature should ensure, in one of the most consequential elections of our lifetimes, that the monies are spent to mitigate the COVID-19 public health threats for both the safety and security of voters and elections staff. The foundation of our democracy depends on our ability to vote in the upcoming elections.

Thank you for the opportunity to provide comments on SB 75, SD2, Proposed HD1. If you have further questions of me, please contact me at sma@commoncause.org.

Very respectfully yours,

Sandy Ma
Executive Director, Common Cause Hawaii
SB 75, SD2, RELATING TO APPROPRIATIONS

MAY 11, 2020 · HOUSE FINANCE COMMITTEE · CHAIR REP. SYLVIA LUKE

POSITION: Support.

RATIONALE: IMUAAlliance supports the proposed draft of SB 75, SD2, relating to appropriations, which appropriates funds designated for the State by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to the counties of Hawai’i, Maui, and Kaua’i; the Departments of Defense, Transportation, Labor and Industrial Relations, and Health; and the Office of the Governor for the public health response to the coronavirus disease 2019, or COVID-19, outbreak; transfers remaining CARES Act funding to the emergency and budget reserve fund; and authorizes the issuance of instruments of indebtedness for the purpose of Municipal Liquidity Facility under section 13(3) of the Federal Reserve Act.

COVID-19 has decimated our state’s and our nation’s economy. In Hawai’i, approximately 222,000 unemployment claims had been filed as of last Tuesday, with over $140 million worth of benefits being paid to recipients. Our tourism sector has been completely shuttered by the coronavirus, while retail, service, and hospitality businesses have closed their doors. According to Gov. David Ige, Hawai’i is now facing a budget deficit of $1.5 billion, a number not seen since the Great Recession. The islands, like the rest of the country, are facing a financial crisis that mirrors the Great Depression in the number of lost jobs. Community meals programs line our streets, bringing back memories of breadlines from the 1930s.
We are thankful that the state has crafted an economic response that does not cut critical social services or public sector pay. Cutting pay for public workers would, according to the University of Hawai‘i Economic Research Organization, decrease our state’s gross domestic product by roughly $3.3 billion, deepening and lengthening our economic downturn. We heartily agree with the approach of using the biennium budget as a baseline for balancing the budget. When the governor projected a $1.5 billion budget deficit for the islands, his calculations included new spending included in the FY2020-2021 supplemental budget. Beginning from the biennium budget immediately lowers the deficit by nearly $300 million, making it easier to close the gap without slashing pay and critical community services.

Additionally, we fully concur with the Legislature’s push to authorize the executive to borrow up to $2.1 billion from the Federal Reserve’s Municipal Liquidity Facility. As we navigate our troubled fiscal terrain, this money could be used to stem anticipated budget shortfalls and plug existing gaps. On December 11, 2019, Gov. Ige announced that Hawai‘i had achieved its highest credit rating ever, with Fitch Ratings, an independent credit rating agency, raising the state’s rating from AA to AA+. Coupled with the state ratings provided by Moody’s Investors Service (Aa1) and Standard & Poor (AA+), these high ratings will reduce borrowing costs for the state, making a loan from the Municipal Liquidity Facility a sensible pathway to pursue to sustain the state’s economy.

We also agree with the recovery package’s use of CARES Act funds, which will strengthen the Department of Labor’s response to the crisis, while protecting public health, especially on the outer islands. Already, DLIR has enhanced its staffing, technology, and processing capacity. Yet, more must be done to ensure an efficient processing of claims under the pandemic unemployment assistance program, which covers independent contractors, gig workers, and self-employed individuals, among others. Extending unemployment benefits to these people requires the establishment of a new processing system for our state’s unemployment insurance program, which only became operational at the end of April.

Moreover, rededicating $552 million of CARES Act funds to our state’s emergency reserve is a sound move, given our national political volatility. In April, Congress began discussing the possibility of passing an additional federal COVID-19 relief bill that would provide flexible funding for states. All major organizations representing states’ interests, including the National Governors
Association, have lobbied for the passage of such a measure, with Hawai‘i Senator Brian Schatz publicly stating that if enacted, it could contain up to $4 billion worth of flexible relief funding for the islands. Republicans in the United States Senate have expressed opposition to the proposal, however, slowing its progress. Accordingly, federal officials and congressional leaders may be forced to ensure that CARES Act funding can be used to stem budgetary shortfalls wherever they occur, if a deal on a larger relief bill cannot be quickly reached. Unfortunately, the state must leave vacant positions unfunded at this time and trim important services. Some departments, like the Hawai‘i Department of Education, are being hit especially hard by the pandemic, with the department projected to incur a budget cut of $150 million or more. If flexible relief funds and/or a loan from the Municipal Liquidity Facility can be obtained, though, then service and personnel cuts implemented at this time may be restored in the future.

Redistributing $25 million from the Mental Health and Substance Abuse Special Fund to COVID-19 response will bolster the efforts enumerated above. That said, the State Auditor recently released report no 20-06, “Report on Special and Revolving Fund Accounts with Inactive or Excess Balances,” which identified 64 accounts, idle since FY2015 and with balances that range from $0.96 to $49.88 million, containing $75.4 million (four accounts hold the vast majority—$73.24 million—of the moneys). The Auditor’s Office further noted that “of the 1,877 special and revolving fund accounts reviewed, 257—containing more than $2.28 billion—had balances that significantly exceeded expenditures and other outflows.” We strongly urge you to consider tapping these unused special fund totals to uplift underfunded programs, whether or not this crisis continues.

Finally, we believe that this crisis has revealed the pitfalls in our status quo. Right now, many frontline workers are risking their health, but lack paid sick leave. If they become ill, then they will have to choose between earning their paychecks or protecting their personal and the public’s health. Similarly, working families lack family leave insurance and are unable to care for keiki and kupuna who become infected. Our heavy reliance on tourism to drive Hawai‘i’s economy has led to massive unemployment. We must diversify the state’s economy and grow a green recovery that invests in clean energy, sustainable agriculture, technological innovation, and local entrepreneurship, so that we can ween ourselves off of the fragile tourism spigot. Doing so is the only way to prevent a future economic collapse from pandemics like COVID-19 or hazards resulting from the escalating and existential threat of climate change.
SENATE BILL 75, SD2, RELATING TO APPROPRIATIONS

MAY 11, 2020 · HOUSE FINANCE COMMITTEE · CHAIR REP. SYLVIA LUKE

POSITION: Support.

RATIONALE: The Democratic Party of Hawai’i Education Caucus supports the proposed draft of SB 75, SD2, relating to appropriations, which appropriates funds designated for the State by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to the counties of Hawai’i, Maui, and Kaua’i; the Departments of Defense, Transportation, Labor and Industrial Relations, and Health; and the Office of the Governor for the public health response to the coronavirus disease 2019, or COVID-19, outbreak; transfers remaining CARES Act funding to the emergency and budget reserve fund; and authorizes the issuance of instruments of indebtedness for the purpose of Municipal Liquidity Facility under section 13(3) of the Federal Reserve Act.

COVID-19 has decimated our state’s and our nation’s economy. In Hawai’i, approximately 222,000 unemployment claims had been filed as of last Tuesday, with over $140 million worth of benefits being paid to recipients. Our tourism sector has been completely shuttered by the coronavirus, while retail, service, and hospitality businesses have closed their doors. According to Gov. David Ige, Hawai’i is now facing a budget deficit of $1.5 billion, a number not seen since the Great Recession. The islands, like the rest of the country, are facing a financial crisis that mirrors the Great Depression in the number of lost jobs. Community meals programs line our streets, bringing back memories of breadlines from the 1930s.
We are thankful that the state has crafted an economic response that does not cut critical social services or public sector pay. Cutting pay for public workers would, according to the University of Hawai‘i Economic Research Organization, decrease our state’s gross domestic product by roughly $3.3 billion, deepening and lengthening our economic downturn. We heartily agree with the approach of using the biennium budget as a baseline for balancing the budget. When the governor projected a $1.5 billion budget deficit for the islands, his calculations included new spending included in the FY2020-2021 supplemental budget. Beginning from the biennium budget immediately lowers the deficit by nearly $300 million, making it easier to close the gap without slashing pay and critical community services.

Additionally, we fully concur with the Legislature’s push to authorize the executive to borrow up to $2.1 billion from the Federal Reserve’s Municipal Liquidity Facility. As we navigate our troubled fiscal terrain, this money could be used to stem anticipated budget shortfalls and plug existing gaps. On December 11, 2019, Gov. Ige announced that Hawai‘i had achieved its highest credit rating ever, with Fitch Ratings, an independent credit rating agency, raising the state’s rating from AA to AA+. Coupled with the state ratings provided by Moody’s Investors Service (Aa1) and Standard & Poor (AA+), these high ratings will reduce borrowing costs for the state, making a loan from the Municipal Liquidity Facility a sensible pathway to pursue to sustain the state’s economy.

We also agree with the recovery package’s use of CARES Act funds, which will strengthen the Department of Labor’s response to the crisis, while protecting public health, especially on the outer islands. Already, DLIR has enhanced its staffing, technology, and processing capacity. Yet, more must be done to ensure an efficient processing of claims under the pandemic unemployment assistance program, which covers independent contractors, gig workers, and self-employed individuals, among others. Extending unemployment benefits to these people requires the establishment of a new processing system for our state’s unemployment insurance program, which only became operational at the end of April.

Moreover, rededicating $552 million of CARES Act funds to our state’s emergency reserve is a sound move, given our national political volatility. In April, Congress began discussing the possibility of passing an additional federal COVID-19 relief bill that would provide flexible funding for states. All major organizations representing states’ interests, including the National Governors
Association, have lobbied for the passage of such a measure, with Hawai‘i Senator Brian Schatz publicly stating that if enacted, it could contain up to $4 billion worth of flexible relief funding for the islands. Republicans in the United States Senate have expressed opposition to the proposal, however, slowing its progress. Accordingly, federal officials and congressional leaders may be forced to ensure that CARES Act funding can be used to stem budgetary shortfalls wherever they occur, if a deal on a larger relief bill cannot be quickly reached. Unfortunately, the state must leave vacant positions unfunded at this time and trim important services. Some departments, like the Hawai‘i Department of Education, are being hit especially hard by the pandemic, with the department projected to incur a budget cut of $150 million or more. If flexible relief funds and/or a loan from the Municipal Liquidity Facility can be obtained, though, then service and personnel cuts implemented at this time may be restored in the future.

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COMMITTEE ON WAYS AND MEANS

Monday, May 11, 2020, 2:00 p.m. State Capitol Auditorium
SB75, SD2, Proposed HD1 RELATING TO APPROPRIATIONS

TESTIMONY
Janet Mason, Legislative Committee, League of Women Voters of Hawaii

Chair Luke, Vice-Chair Cullen, and Committee Members:

The League of Women Voters of Hawaii is gratified that the entire legislature has reconvened to hear this measure. We support the intent of this bill without reservation. Having a representative democracy has never been more important.

Federal COVID Relief for 2020 Elections
Our understanding is that Hawaii is eligible to receive up to $3.3 million in Federal election funding under the $2 trillion Coronavirus Aid, Relief, and Economic Security Act, with a (20%) State matching requirement for this money. We strongly support an appropriation for purposes of meeting this Federal match and defer to the Office of Elections and County Clerks about the dollar amount required.

We believe all voting locations and all voters should comply with public health guidelines. Because Hawaii is now an all-mail voting state, we are well-positioned to carry out successful elections during the COVID-19 crisis. But an appropriation is required to provide health protection for voters who visit County Clerks offices or Voter Service Centers. Hopefully masks will be available for voters who forget to wear their personal masks, so they do not risk becoming infected in order to vote. Rental of alternate locations to maintain social distancing may also be required. Likewise, State and County elections officials require safety protection for operations at all elections and voting locations where they work.

Making Voting Easier during the COVID 19 Pandemic
To assure that Hawaii’s first vote-by-mail elections goes well during the pandemic, we hope you will also pass SB 2137 SD2, which allows County Clerks to establish additional Voter Service Centers (VSCs) and allows Voter Service Centers to operate with dates and times other than specified in Act 136. This measure speaks to situations where no voter service centers have been established due to an inability to obtain a facility or requisite personnel for the days and times specified in Act 136. It also supports public health guidelines for social distancing. We support this measure being effective upon its approval.

Thank you for the opportunity to submit testimony.
THE HAWAII STATE HOUSE OF REPRESENTATIVES
The Thirtieth Legislature
Regular Session of 2020

COMMITTEE ON FINANCE
Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Date of Hearing: Monday, May 11, 2020
Time of Hearing: 2:00 p.m.
Place of Hearing: Auditorium
State Capitol
415 South Beretania Street

Testimony in Support of SB75, SD2 Relating to Appropriations

By Liz Ho
AFSCME Administrator
State Director of the United Public Workers,
AFSCME Local 646, AFL-CIO ("UPW")

The UPW supports SB 75, SD2, Proposed HD1. We understand that this is another measure to deal with the financial shortfall resulting from the Coronavirus outbreak in Hawaii. We support the use of Congressional aid through the Coronavirus Aid, Relief and Economic Security Act, as well as other tools to deal with the budgetary shortfall facing the State.

Thank you for the opportunity to share our views with the Committee.
The thirty legislature, State of Hawaii
House of Representatives
Committee on Finance

Testimony by
Hawaii Government Employees Association

May 11, 2020

S.B. 75, S.D. 2, Proposed H.D. 1 – RELATING TO APPROPRIATIONS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of the proposed H.D. 1 to S.B. 75, S.D. 2 which appropriates funds designated for our state by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to the counties of Hawaii, Maui, and Kauai, and various state departments and agencies for the public health response to COVID-19. Additionally, this measure transfers the remaining CARES Act funding to the emergency and budget reserve fund and authorizes the issuance of instruments of indebtedness for the municipal liquidity facility of the Federal Reserve.

COVID-19 has instantly and dramatically impacted not only our state but the entire world. During this worldwide pandemic, our collective reliance on each other could not be more apparent and we must work together to rebuild our economy. First, we have been at the forefront to suggest a wide variety of temporary and long-term solutions to the Administration on how to best navigate the projected budget shortfall, including many of the concepts the Legislature is currently considering. We strongly support tapping into the Federal Reserve’s Municipal Liquidity Facility program, as outlined in the proposed H.D. 1. Further, we appreciate the specific language in Part II of the draft which provides a means for the counties to also draw upon the Fed’s program.

Second, while the CARES Act appropriated approximately $1.25 billion to Hawaii for expenditures related to COVID-19, including a direct allocation of over $380 million to the City and County of Honolulu, the other three counties did not receive direct assistance. This measure appropriately allocates a portion of the state’s share of federal funding to Hawaii, Maui, and Kauai, which is fair and ensures equitable support for all county jurisdictions.

Lastly, we vehemently insist that the Administration capture every possible cent of the $1.25 billion federal CARES Act appropriation, ensure the public’s trust and confidence during this process, and adhere to strict and transparent reporting of allocations and expenses. We fully support monthly reporting requirements and respectfully request that these regular reports be provided to the public as well.

All stakeholders must work in partnership to ensure our economic recovery and we must remain committed to protecting and funding our frontline employees, regardless of jurisdiction. Thank you for the opportunity to testify in strong support of the solutions contained in the proposed H.D. 1 to S.B. 75, S.D. 2.
Testimony of Linda Chu Takayama
Chief of Staff, Office of the Governor

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

TESTIMONY OF MICHAEL P. VICTORINO
MAYOR
COUNTY OF MAUI

BEFORE THE HOUSE COMMITTEE ON FINANCE

Monday, May 11, 2020, 2:00 PM
Auditorium, State Capitol

SB75 SD2 HD1 RELATING TO APPROPRIATIONS
Honorable Sylvia Luke, Chair
Honorable Ty J.K. Cullen, Vice Chair
Honorable members of the Committee On Finance

Thank you for this opportunity to testify in STRONG SUPPORT of SB75 SD2 HD1.

The purpose of the proposed bill is to provide relief to the state and counties through the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136. The CARES Act provides $1.25 billion for expenditures that are necessary and have incurred due to the public health emergency caused by COVID-19.

The proposed bill notes the City and County of Honolulu has already received a direct allocation of almost $390 million from the total amount allocated in the CARES Act. The proposed bill establishes a mechanism to release $66,598,757 of the State’s share of the CARES Act to the County of Maui.

The proposed bill further specifies any medical or tracing program implemented through these funds shall have the Department of Health and medical professionals approval. Any expenditure of these funds require Council consultation, and a report on expenditures shall be sent monthly to the Governor and State Legislature starting on June 1, 2020.

In addition to other Counties in the State of Hawaii, the County of Maui has experienced significant challenges during this COVID-19 pandemic. The provision of this funding will greatly increase our ability to protect the health and safety of our residents, and assist in getting our community prepared for the future.

I appreciate the opportunity to testify in STRONG SUPPORT of SB 75 SD2 HD1.
To: The Honorable Sylvia Luke, Chair,  
The Honorable Ty J.K. Cullen, Vice Chair, and  
Members of the House Committee on Finance

Date: Monday, May 11, 2020
Time: 2:00 p.m.
Place: Auditorium, State Capitol

From: Scott T. Murakami, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. No. 75 S.D. 2 Proposed H.D. 1 RELATING TO APPROPRIATIONS

Chair Luke, Vice Chair Cullen, and Members of the Committee:

My name is Scott T. Murakami, and I am the Director of the Department of Labor and Industrial Relations. I am testifying in support of Section 5 of the proposed House Draft 1 of SB75. The DLIR has faced unprecedented challenges during the ongoing COVID-19 pandemic. As such, the DLIR is seeking additional funding and positions to address both the ongoing and future challenges before it.

The following are brief descriptions of the department’s estimated appropriations requests for your consideration.

1. General Administration (ASO, LBR902) – Departmental IT Modernization

The DLIR is requesting $10.00 million in funding to design and implement a web services infrastructure that would interface existing applications to new cloud-based systems for 2020 and includes 5 FTE for information technology staff support. As the COVID-19 pandemic has demonstrated, the DLIR must quickly modernize its UI program. DLIR also requests $2.554M and 3 FTE to cover costs incurred for recent enhancements to the UI information infrastructure, support and maintenance.

2. Administrative Services Office (ASO, LBR902) — Security for DLIR offices

The DLIR is requesting $11.00 million in funding to cover the cost of security for the DLIR locations statewide for calendar year 2020. As a result of the unprecedented rise
in unemployment claims, the DLIR offices statewide have faced security issues that include angry individuals attempting to come into closed offices, employees being followed, and employees receiving death threats. The DLIR currently has National Guard personnel serving as a security presence and sheriff support at its offices statewide. To date, the cost of this security presence and security upgrades that the department has undertaken from March 2020 has cost almost $1.00 million. However, due to the ongoing COVID-19 pandemic, the DLIR will require ongoing security support after the government reopens to ensure the safety and wellbeing of its employees.

3. Unemployment Insurance Division (UI, LBR171) — Staffing Support

The DLIR is seeking an additional 300 temporary federally funded positions to assist in the processing of unemployment claims. Under the CARES Act, individuals may receive up to 52 weeks of unemployment insurance benefits. As demonstrated by the numerous volunteers from the Legislature and Executive Branch departments as well as the redeployed state employees, the DLIR will continue to require assistance in processing the unemployment claims and pandemic unemployment assistance.


The DLIR is requesting an additional 10 FTEs for ESARO to adjudicate unemployment insurance and pandemic unemployment assistance appeals. Due to the increase dramatic increase in unemployment filings and creation of the pandemic unemployment assistance program, the DLIR anticipates that there will be an increase in the number of appeals to the ESARO. The 10 FTEs, which include 8 additional hearings officers and 2 office assistants, will enable to the ESARO adjudicate the appeals in an efficient and fair manner.

5. Unemployment Insurance Division (UI, LBR171) – Facility Support

The DLIR is seeking an additional $500,000 to fund a temporary facility to process unemployment insurance claims.

We look forward to continuing to work with the Committee and staff to support our requests to preserve and enhance our services to the community.
RE: SB 75 SD2, PROPOSED HD1, RELATING TO APPROPRIATIONS

Chair Luke, Vice Chair Cullen, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") supports SB 75 SD2, Proposed HD1, which would appropriate funds designated for the State by the Coronavirus Aid, Relief, and Economic Security (CARES) Act to the Counties of Hawaii, Maui, and Kauai; Departments of Defense, Transportation, Labor and Industrial Relations, and Health and the office of the Governor for the public health response to the coronavirus disease (COVID-19) outbreak.

The Chamber is Hawaii’s leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the “Voice of Business” in Hawaii, the organization works on behalf of members and the entire business community to improve the state’s economic climate and to foster positive action on issues of common concern.

The Chamber remains committed to working with our members and state agencies regarding the collective effort to educate and support our communities and to continue to limit the spread of COVID-19 here in Hawaii. Unfortunately, more than 200,000 workers have lost their jobs due to the ongoing COVID-19 pandemic and Hawaii businesses have lost significant income as a result of shelter-in-place mandates that have been implemented to prevent the spread of this disease. This bill would help to ensure that valuable funding given to Hawaii through Congress’s passage of the CARES Act can provide necessary funding to certain departments for preventative measures to address the ongoing COVID-19 outbreak and to also help address critical funding to support payments for our unemployed workforce.

Thank you for the opportunity to testify in support of SB 75 SD2, Proposed HD1.
Dear Chair Luke, Vice Chair Cullen, and members of the Committee:

Thank you for the opportunity to submit comments on **SB 75, Proposed HD1**, which proposes certain appropriations of the federal pandemic response funding from the CARES Act.

We’ve attached to this testimony recommendations on prioritization of CARES Act funding developed by seeking input of 60-plus nonprofits who have an on-the-ground perspective of the pandemic-related issues faced by the communities they serve.

In addition, we want to briefly highlight a few priority concerns:

- While it is helpful to reserve some amount of CARES Act funding to understand where it will most be needed, it needs to be done in a way that ensures the funding can be mobilized quickly and effectively. Placing the funds in the Emergency and Budget Reserve (EBR) fund gives rise to at least two potential issues: (1) the EBR’s requirement that only 50 percent of the fund be used in a single year (which conflicts with the CARES Act requirement that the funds be expended by December 30, 2020); and (2) the requirement that use of the EBR be approved by two-thirds of the legislature.

- To ensure that we are making the best use of all the federal resources available to us through the CARES Act and other sources, it would be wise to invest in staff who are solely-focused on pandemic response and the federal spending component in particular. As a component of this, it is critical that the level of engaging community stakeholders is greatly increased so that decisions are made with on-the-ground information, insight, and expertise. Further detail on this concept is included at the end of the attached recommendations document. Another component is to ensure full, timely, and transparent reporting on funds received and spent across state agencies and other public grantees. Creating this capacity would be a permissible use of CARES Act funds, and it will be money well spent, ensuring the funds are used in the most impactful way possible and that we don’t let the funds slip through our fingers.

- There should be some mechanism to pull back funds appropriated from the CARES Act that aren’t being used. The situation continues to rapidly evolve, and if it turns out that needs we were anticipating today don’t exist tomorrow, we need to be able to redirect the funds for a more relevant and useful purpose.

Thank you for your work on these vital issues. We appreciate your consideration of this testimony.
This memo summarizes recommendations on how to prioritize the federal COVID-19 funding coming to Hawaii. More than 60 Hawaii nonprofits were invited to provide their input on these recommendations.

As of April 6, 2020, Congress has passed three laws in response to COVID-19 that provide relief to individuals and funding to states and localities. Hawaii is expected to see at least $4 billion in federal funding flow into the state. The largest single pot of money is the $1.25 billion from the Coronavirus Relief Fund (CRF), $863 million of which will go to the state, and $387 million, of which will go to the City and County of Honolulu. Some of the spending recommendations in this memo can be covered by non-CRF funds, and as recommended in the Guiding Principles section, the relatively
flexible CRF funding should be used only where the more restrictive funds can’t be used or are insufficient (the primary limitations are that the CRF be spent by December 30th to cover necessary expenditures, not already accounted for, incurred due to the virus).

These recommendations were crafted with a mind toward addressing the most urgent needs of Hawaii’s residents first—health, food, and shelter—but also keeping the economy running. As one engine of the economy—the private sector—has slowed, government spending needs to give more power to the other engine to keep the economy aloft. Addressing urgent needs and keeping the economy running go hand in hand. Money toward necessities—housing, food, stimulus checks, etc.—will help not only the recipients, it will help businesses as well—Hawaii’s farmers, grocers, food distributors, property owners, and others.

For questions or additional details, contact any of the following persons who participated in compiling the recommendations in this document:

- Kathleen Algire, HCAN, Director of Public Policy & Research (kalgie@hawaii-can.org, 808-531-5502)
- Beth Giestig, Hawaii Budget and Policy Center, Director (beth@hibudget.org, 808-369-2514)
- Gavin Thornton, Hawaii Appleseed Center, Executive Director (gavin@hiappleseed.org, 808-369-2510)
- Nicole Woo, Hawaii Appleseed Center, Senior Policy Analyst (nicole@hiappleseed.org, 808-369-2512)
- Deborah Zysman, HCAN, Executive Director (dzysman@hawaii-can.org, 808-531-5502)

Guiding Principles

Preventing/slowing the spread of COVID-19 is the top priority. We need to flatten the curve and save lives to mitigate the human and economic consequences of COVID-19. This means allocating funding for testing and tracking, public awareness campaigns, PPE, ventilators, extra hospital beds, quarantine facilities, additional medical staff, EMS, MedQuest coverage, etc.

Next, ensure that we are meeting the basic needs of Hawaii’s residents. We need to ensure that people have food and shelter. This means allocating funding for the emergency food system (e.g., foodbanks, child and senior meals, etc.) and provide financial support to people who are at risk of losing their housing (in addition to adopting a stronger eviction/foreclosure moratorium to ensure people are able to stay in their homes until the pandemic subsides).

Fill the gaps in the federal safety net by providing assistance to those excluded from federal relief. This principle is an extension of the above two. We need to ensure that all people have access to testing, medical care, food, and shelter they need to ensure their health and that their basic needs are met, which will ensure that the public’s health is protected. This will require additional spending of discretionary funds for some groups left out of the federal relief including:

- Dependents aged 17 and older (most vulnerable are the elderly and disabled)
• Mixed-status immigrant families and filers without Social Security Numbers

• People not on Social Security who don’t file tax returns because their income is so low or they lack access

In addition to the above prioritizing principles, spending decisions should be made that ensure the following:

• **Maximize the services and relief available by ensuring the use of relatively unrestricted federal funding** (e.g., Coronavirus Relief Fund money) is for services not covered/allowed through other more restrictive COVID-response funds or federal programs (e.g., the Child Care Development Block Grant, The Emergency Food Assistance Program or Family Violence Prevention and Service Programs).

• **Borrow when possible.** There are limits on state borrowing, and Hawaii is already facing concerns about unfunded liabilities. But now is not the time for austerity. Hawaii is going to need all the resources it can get right now to address the pandemic, keep workers employed, and weather the coming economic storm. As the pandemic subsides, and Hawaii gets back to work, borrow to invest in capital projects to help jump start the economy. With exceptionally low interest rates and CARES Act appropriations for federal loans to states, borrowing makes even more sense.

• **Expend funds in the most efficient and effective way possible by building on existing programs and distribution networks, putting money directly into the hands of people that need it, and supporting local entities.** Don’t create new programs when existing programs will work or can be expanded. Targeting relief toward those who most urgently need it will ensure that the money gets injected into the economy quickly. While the federal funding should be prioritized for immediate relief, not stimulus, certain forms of relief (such as increasing SNAP benefits) will have a greater positive impact on the economy (see bit.ly/EffectOfStimulus).

**Process Recommendations**

Create and staff a special office at the state to: (1) ensure that all possible federal resources are available to our people; (2) that the distribution of those resources is informed by the diverse group of stakeholders they are intended to help; and (3) that all affected stakeholders – businesses and nonprofits, families, state agencies, and others – have timely, accurate information and a clear line of communication to address problems quickly (see detailed description attached and available at bit.ly/COVIDoffice).
Substantive Spending Recommendations

Preventing/slowing the spread of COVID-19 - Top Priority

- **Purchase PPEs and Equipment:** Funding for personal protective equipment (PPE), ventilators, and other equipment such as infection control supplies, digital thermometers, and other supplies and equipment for isolation and quarantine needs. Funding to expand testing, quarantine facilities, and potentially increasing medical facility capacity. Funding to cover medical transport.

PPE and sanitation/cleaning supplies are also highly needed by non-medical essential workers. Law enforcement, police and fire; non-profit essential workers doing front line work (homeless, domestic violence, etc.), childcare providers and service staff at groceries, delivereries, cleaning crews etc. PPE should also be supplied for clients at homeless and domestic violence shelters.

- **Increase staff capacity to identify and track those with possible exposure and investigate cases** including staffing to:
  - assist counties in assessing/evaluating individuals undergoing isolation/quarantine in regular intervals to determine any symptoms of illness;
  - conduct epidemiological surveillance, including contact/case investigation;
  - support emergency operations to assist healthcare community, patient transportation; and
  - mitigate migration of COVID-19 into Hawaii at airports and seaports.

- **Create quarantine facilities** for:
  - anyone testing positive and unable to isolate (those in multigenerational housing, homelessness or DV shelters, etc.);
  - anyone awaiting test results, but who cannot safely return home and do not need hospital care; and
  - medical staff and others at high exposure risk.

The City of Chicago has negotiated with hotels to provide rooms + 3 meals/day, delivery of fresh linens as needed, for approx. $175/day.

- **Initiate a public awareness campaign to proactively and aggressively protect the health of Hawaii residents from COVID-19.** The campaign should include broadcast messages on TV, print, digital platforms and direct the public to a one-stop website containing up-to-date guidance and shareable messages (Facebook and IG can provide advertising credits
to help with stay-at-home messaging). Messages must include how to stay healthy and where to get help. Additional components should include:

- **High-risk population community outreach and education.** Outreach to very low-income people, vulnerable populations who may not have access to computers and news providing information on how and where to get help: immigrants, non-English speakers, etc.

- **Domestic violence and child abuse messaging.** Messaging to create public awareness about the increase of incidents of domestic violence and child abuse during a public health crisis; outreach to victims reluctant to report because of the stay at home order; widespread distribution of resources available to victims and their families; messaging informing victims that they can leave to seek shelter.

- **Translation of resources/information into Hawaii’s most prevalent languages** (Hawaiian, Ilokano, Tagalog, Japanese, Cantonese, Mandarin, Korean, Vietnamese, Spanish, Samoan, Marshallese, and Chuukese)

- **Expand MedQuest and other health care coverage to:**
  - Ensure that MedQUEST can cover, at a minimum, COVID-19 testing and treatment for people not otherwise eligible for coverage.
  - Provide at least temporarily coverage for COFA residents and others ineligible for federally-funded Medicaid. Ensure that public charge concerns don’t prevent otherwise eligible immigrants from enrolling.
  - Ensure COVID-related medical testing, visits, treatment, medications, etc., are provided at no cost for both insured and uninsured patients.
  - Take full advantage of Medicaid coverage and service options, such as helping with food or housing.
  - Fund the streamlining of online MedQuest applications and allow presumptive eligibility so that hospitals, Federal Qualified Health Centers, and other essential providers can quickly enroll patients.
  - Offer automatic Medicaid credentialing for healthcare providers who are otherwise licensed and in good standing in order to meet the increased need for services and ensure reimbursement (allowed through CMS 1135 waiver).
  - Provide flexibility allowing providers to be paid for services at a quarantine site or other location where Medicaid care isn’t usually offered (allowed through CMS 1135 waiver).
Provide flexibility allowing dental providers to receive Medicaid reimbursement for dental emergencies and treatment that will keep patients out of the emergency room.

- **Expand healthcare workforce by conducting outreach** to health care professionals with an active license, public health professionals, medical retirees, medical and nursing students, or members of medical disaster response teams to help Hawaii respond to the pandemic.

### Hunger/Food

- **Increase emergency appropriations for food banks, food rescue organizations, and other mass food distributors** (e.g., those serving people experiencing homelessness). The food banks are already distributing more food than ever before, and this is just the start.

- **Expand SNAP** through increasing outreach, increasing the maximum benefit, and expanding the existing Double Up Food Bucks/DA BUX program at the Department of Agriculture (e.g., provide additional funding and expand to include seniors, recently unemployed, families impacted by school closures, etc.). SNAP is one of the best ways to spend funding in a recession (high economic multiplier effect) and it can support local food producers.

- **Expand access and funding for prepared meal programs** by:
  - Ensuring all families that depend on free or reduced-price school meals are able to access meals during school closure;
  - Increasing funding available for home delivered meals for seniors;
  - Ensuring food distribution to homeless, DV shelters, and child care centers
  - Increasing enrollment in the Child and Adult Care Food Program.

- **Implement Pandemic EBT to provide meal replacement to kids out of school.**

### Shelter

- **Rent/mortgage assistance and homelessness prevention.** Rent assistance is going to be important for both the renters and landlords. While evictions are prohibited, many landlords are small businesses and will require some revenue to sustain the operation of their properties (tax credits for landlords who do not evict their tenants are a potentially good option). Shallow rent subsidies will not be sufficient when people have fully lost their income. Funding for rent/mortgage assistance should be coupled with a stronger eviction/foreclosure moratorium to keep people in their homes.
• **Utility payment assistance.** The state’s electric utilities have promised to suspend disconnections, but only through May 17th. State funding for utility assistance may be necessary to catch up and keep up, and keep utilities whole.

• **Funding for expansion of human services workers and the necessary PPE to protect them in the field.** Additional caseworkers will be necessary to meet the increased demand for services, prevent homelessness, and provide services to people already experiencing homelessness. For clients who were homeless and have moved into permanent housing, funding to support on-going case management (emotional support, financial assistance, referral to resources, access to food, legal support for vital docs, etc.) to ensure folks remain in housing & don’t fall back into homelessness.

• **Funding for emergency and temporary shelters.** This funding is needed to create alternative temporary sites for shelters that have been forced to reduce capacity to allow social distancing (at the same time demand is increasing) or forced to stop admitting new residents because the shelter itself is quarantined due to COVID-19 among staff or residents (for example Hale Kipa’s two emergency youth shelters are in quarantine through April 10). This funding needs to be flexible to allow providers to use creative options, such as housing those experiencing homelessness and domestic violence in hotels/short term rentals.

• **Housing and financial counseling.** Provide grants to Department of Housing and Urban Development (HUD) approved housing and financial counseling agencies to address the significant increase in the number of low- and moderate-income households in need of relief from unnecessary evictions, foreclosures, and lease cancellations.

• **Affordable housing development.** Affordable housing development is not the highest priority to respond to the most immediate needs of the pandemic. But as Hawaii shifts from relief mode to stimulus mode, infrastructure investment should prioritize development of affordable housing and permanent housing for people experiencing homelessness. It may be that some projects aimed at providing low-cost permanent housing to address homelessness can be developed quickly enough to prioritize them now.

Other Needs

*Child care*

• Provide direct payments to providers for caring for the children of essential employees (allowed under CCDBG)

• Help providers cover the costs of maintaining their operations safely during this time, including necessary sanitation equipment, supplies and services; substitute caregivers; paid leave for affected staff; copayments for coronavirus tests; grants to cover operational costs in
the event of closure; and other expenses providers and educators will occur as the result of coronavirus spread.

- For subsidy program:
  - Expand eligibility for families and waive subsidy copayments for essential workers (allowed under CCDBG)
  - Redefine work activity to include seeking employment and service to the community (allowed under CCDBG)

- Fund outreach to families not currently enrolled in child care subsidies, but eligible, due to school closure

- Invest in child care programs for economic recovery. Subsidize programs after the coronavirus pandemic to ensure access for all working families. We had a severe shortage of child care programs before the pandemic and closures since March will make recovery harder.
  - Use state funding to assist in start-up costs
  - Provide technical assistance to providers and programs. Create a program to assist with administrative and personnel duties.
  - Subsidize wages for providers and child care workers to entice people to enter and remain in workforce

**Mental Health and Specialized Health Services/Child Abuse/Domestic Violence**

- Increase funding for domestic violence and child abuse prevention/intervention programs. Mental health, child abuse, and domestic violence issues are all exacerbated during times of crisis. Funding for these programs needs to be increased across the board. This includes funding for DOH programs (crisis line and mobile response; adult mental health housing programs including crisis beds, capacity of mental health centers), increasing Community Based Case Management, and broadening eligibility criteria so that more people can be stabilized and served in the community.

- Increased funding for employee assistance programs and support services for first responders, doctors, nurses, social workers, and other essential workers who have to work during this time (housekeepers, bus drivers, postal workers, home care workers, CNAs, etc).

- Increased funding for Federally Qualified Health Centers to see behavioral health patients in anticipation of increased caseload due to people losing medical coverage.

- Funding for telehealth to expand behavioral health services that provide consultation remotely.
• Funding to provide sexual and reproductive health care services in Hawaii. These providers are sometimes the only source of health care for many of our patients and serve as a critical entry point for patients, especially for patients who need guidance on whether to seek care for potential COVID infections.

**TANF/TAONF**

• Increase TANF benefit amounts and coverage, and use state CRF funds to ensure TAONF recipients have equal benefits.

• The Department of Health and Human Services (HHS) has issued guidance to states to help them respond to the COVID-19 pandemic, noting that while it cannot waive TANF work rules, it can relieve states of penalties for states’ failure to meet these standards and “will exercise this authority to the maximum extent possible.” Additionally, the state should look to extend benefits and provide additional payments.

• Use non-recurrent, short-term benefit (NRST), and include eligibility for incomes up to 200% of poverty. NRSTs are outside TANF’s definition of “assistance” and therefore do not trigger TANF requirements associated with “assistance,” such as the 60-month time limit for states, work requirements, child support assignment, and detailed data reporting. Examples of NRST benefits— which could come in the form of cash, vouchers, or direct services—that might be helpful with the impact of COVID-19 include:
  
  ○ short-term benefits to make up for lost wages; short-term rental or mortgage assistance;

  ○ utility and energy assistance; housing search and placement services;

  ○ clothing allowances; family support services to deal with stressful events;

  ○ financial and credit counseling; and administrative costs associated with any of these activities.

**Unemployment/Income Supports/Workforce Development**

• To the extent possible, the state should borrow from the federal government to fund Unemployment Insurance payments, preserving funding for other critical purposes.

• Fund expansion of language access and outreach for Unemployment Insurance.

• Start a short-time compensation program (there is federal funding apart from the Coronavirus Relief Fund available for this if DLIR is provided the capacity to create the program).

• Provide rebate checks to vulnerable groups that are left out of the CARES Act rebate check benefit, such as undocumented immigrants.
As Hawaii shifts from immediate needs to medium-term concerns, consider creating a workforce development program that would provide meaningful work opportunity during prolonged employment (more than 3 months), create a comprehensive database of work opportunities related to coping with COVID-19 (e.g., supporting medical staff, offering in-home services and care to kupuna and immuno-compromised people, etc.), and education opportunities.

**Finance and Banking**

Provide a $20 million investment in local nonprofit loan funds and Treasury certified CDFIs so they can absorb losses, offer forbearances and reduce payments options for their borrowers, and increase lending activity to serve our residents and local small businesses and entrepreneurs who are shut out from the mainstream financial system. Many Hawaii residents, small businesses and entrepreneurs are unable to qualify for and access credit and capital from mainstream banks and credit unions. Instead, they rely on capital and credit from nonprofit loan funds and Department of Treasury CDFIs. Our nonprofit loan funds and CDFIs are lenders of last resort, but the first to step in during a crisis.

**Small Business and Nonprofit Supports**

- Create and capitalize an emergency small business/nonprofit relief fund to help businesses meet payroll obligations, fixed expenses, and maintain their supply chains and inventory. This relief must be available with a minimum of paperwork and red tape, to ensure that businesses with limited administrative capacity can access them quickly. This support is especially needed for micro businesses (10 employees or less) that may not be equipped to apply for the SBA loans.

- Provide funding for businesses and nonprofits to hire new staff to replace staff who are quarantined. This is needed to maintain essential services as well as possibly to expand services once quarantined staff can return to work. Agency funds will support the quarantined staff but need extra cash for salaries for new workers.

**Technology**

- **For education** - Establish computer/ipad loan/purchase programs to easily accommodate distance learning for all families (Hawaiian Hope is a non-profit that specializes in refurbished computers and has 4,000 computers in stock). Fund means of ensuring internet access for low-income students.

- **For low-income households and DV survivors** - Subsidies for low-income households whose phones are running out of minutes as they sit on hold trying to access benefits (and for use as mobile wifi hotspots). Phones for survivors forced to quarantine/isolate away from a secure DV shelter to enable contact with their advocates or call law enforcement. Funds to pay for staffing to expand texting advocacy services to 24 hours a day, seven days a week.
• **For shelters** - Computer labs in shelters, or at minimum PUBLIC WiFi separate from the business network, so students can get homework done, and adults can complete work tasks or online classes.

_Election Security_

The state of Hawaii is to receive $3.3 million for election security which should be used for the following:

- **Additional Voter Service Centers (VSCs).** Even though there are eight VSCs currently statewide, it is still reasonable to have more to reduce the chance that lines may form at VSCs. Voters may still want to vote at traditional polling centers. VSCs provide for same day voter registration and voting services, in addition to other services. People staffing the VSCs should follow the CDC guidelines for keeping the equipment and surfaces clean and people safe.

- **Additional places of deposit (dropboxes).** Currently, there is an unknown number (and location) of dropboxes throughout the State. The dropboxes will be helpful if mail is slow and for building trust with voters, who do not want to rely on the mail. To prevent long lines forming at dropboxes, as they are only open 5 business days prior to election days, counties also should consider having the dropboxes open earlier than 5 business days prior to election days.

- **Self-sealing return envelopes** (in addition to having the return envelopes be post prepaid).

- **In-language resources for Vote By Mail (VBM).** Additional language translations for the VBM ballot package to ensure that no voter will be disenfranchised.

- **A machine to automate more of the ballot intake process** (e.g. opening, sorting, signature verification) for Kauai county, similar to the other counties.

- **Automatic Voter Registration (AVR).** AVR will help to ensure the accuracy of our voter rolls to complement vote-by-mail.
Congress has and will be sending financial aid and policy assistance to help states and their residents through the health and economic crisis created by the coronavirus pandemic. The aid that will come to Hawaii’s people directly and to the state is expected to be in the billions of dollars. In addition, important policy directives have been and will be issued that address public health, businesses, financial institutions, and other areas.

These fast-moving and vital federal actions require that the state set up a special office to: (1) ensure that all possible resources are available to our people; (2) that the distribution of those resources is informed by the diverse group of stakeholders they are intended to help; and (3) that all affected stakeholders — businesses and nonprofits, families, state agencies, and others - have timely, accurate information. Within the Department of Budget and Finance, Hawaii has an Office of Federal Awards Management (OFAM) whose administrator managed Hawaii’s system to account for federal American Recovery and Reinvestment Act (ARRA) funds. The Governor should authorize OFAM to be the special office for resources and policies essential for maximizing and accelerating the receipt of federal resources related to COVID-19. The office would report directly to the Governor who must instruct all departments (including the Department of Education and the University of Hawaii System) to work under the authority of the special office, and enforce this directive as needed.

Oversee and accelerate state department and agency responses to federal resources and policies. The special office must manage and deploy information to and from state departments to ensure timely access and distribution of federal crisis aid. Responsibilities would include the following:

- Scrutinize all congressional acts and federal agency directives to identify those that affect Hawaii.
- Trouble-shoot and get clarification for any unclear or contradictory federal directives
- Where federal resources to Hawaii fall short of needs, share accurate information with Hawaii’s members of congress and federal agencies. Find out if unused resources for other states might be redistributed to Hawaii.
- Work with state agencies to plan and manage staff resources and technical expertise needed to expedite responsibilities. If necessary, identify areas where temporary reassignment may be necessary and work with public worker unions to expedite plans, identify.
- Oversee distribution of and accountability for relief funds that can be used at the discretion of the state. Work with the legislature, state agencies and community stakeholders to ensure funds are available for priority needs.
- Ensure that the state agencies responsible for these directives are aware of them and act on them quickly. This may include ensuring that each agency
  - Drafts plans for maximizing available resources, including dollar amounts and purposes
  - Submits waivers or proposals, if needed
  - Manages internal communications to ensure staff stay on top of new opportunities and procedural changes
- Identify procurement requirements that should be waived to get the funds out quickly.
- Ensure that each agency is mindful of and responds to deadlines for reports, updates, and responses to federal agencies
- Ensure accountability and coordination by requiring that all departmental agencies submit to the special office all proposals, waivers, reports, or other communication related to federal COVID crisis resources management
- Ensure that contracting, hiring, and other common challenges are prioritized and expedited
As necessary, convening state agencies to create a temporary process to do this
- Receive regular reports from state agencies on the adequacy of federal resources, problems with deployment, or other concerns.
- Be responsible to escalate communication and management of concerns with federal agencies as needed.
- Ensure that lessons learned during the COVID pandemic are applied to long-term planning on how to respond to the next crisis.

Accountability and support. To ensure accountability and public access to information, state resources and policy changes will also be put in place during this crisis. The special office should coordinate these resources as well to best support departments and agencies in drawing down and dispersing funds quickly and with fidelity.

Manage communications. The state must ensure accountability for federal resources and also make sure policy-makers, residents and all interested parties are able to find accurate, timely information about federal and state resources, policies, and changes in procedures.
- Create a reporting mechanism to track all federal directives and resources.
- Create a one-stop repository of information that is timely, updated, accurate, and transparent (i.e., to the extent possible, available to the public)
- Create or provide information to a state website that publicizes information that members of the public may need
- Ensure that departments and agencies post and keep up-to-date information posted prominently on their websites that is pertinent to their areas of responsibility. These must include state directives, programs, and resources in addition to those from the federal government.
- Ensure a clear line of communication between departments/agencies and organizations administering the programs funded using COVID response dollars to ensure that barriers/blockages tuse of the funds are quickly eliminated.

Work with stakeholders. An effective response requires working closely in partnership with a diverse group of community stakeholders who have: (1) a ground-level understanding of the actual needs throughout the community, (2) insights into the best ways to address those needs; and (3) the ability to work as a liaison with federal agencies to resolve any questions or problems. The special office must work in partnership with policymakers and non-state partners to help shape a plan for deployment of available federal and state resources. Members should be selected to cover the broad range of relevant issues affected by the COVID-19 crisis, including housing and homelessness, education, children’s issues, businesses, labor, economic recovery, and budget and fiscal policy. As a whole the groups should have the perspectives and expertise necessary to understand and respond to the needs of the community, including representatives of:
- Hawaii’s congressional delegation
- Hawaii State Legislature
- Each county.
- Businesses, both large and small
- Nonprofit organizations providing social services and others
- Philanthropy
- Unions
- Grassroots community groups, including Native Hawaiians and immigrants
Appropriate staffing and resources. The special office must be provided with appropriate staff immediately to help carry out these new, temporary responsibilities. At a minimum the special office must have the capacity to create and manage a system to collect and deploy information, convene partners and agency staff, identify and solve problems, and communicate across agencies and with the public. It must be properly equipped with software and hardware to manage information, convening, internal and external communication, and other needs, especially since remote work and social distancing must be taken into consideration.

The office may need at least the following staff:

- **Administrator.** Oversees all functions. Communicates with internal and external parties. Solves problems.
- **COVID-19 Program manager.** Set up and oversee system to analyze federal acts, share and collect information, identify untapped resources and departments/agencies responsible, ensure accountability.
- **Data manager.** Record and account for state actions, funding provided and spent, requirements met.
Comments:

I wholehearted support providing essential health protections and economic relief directly to Hawaii’s people. We need adequate PPE for health worker. Testing and contact tracing need to be scaled up to contain the spread of the virus.

Meanwhile, workers and families need economic relief until a better economic situation is created. Now is the time to shift our economy to one which is designed for the future. It is time to leave behind - rampant tourism, support for fossil fuel businesses and unchecked development in unsustainable areas such as close to the ocean, or on suitable agricultural land.

The natural beauty of our islands with its unique suite of animals and plants must not be forgotten during these times. Money and effort must be deployed to protect our watersheds and oceans. A new mix in our economy is in order. One which promotes:

Green energy - rooftop solar, micro grids and non-profit utility companies, waste reduction, incentivizing working from home and 4 day workweeks.

Ecosystem protection - Land conservation, elimination of invasive plants and animals, propagation and mandatory planting of natives only in all public areas, enhancement of law enforcement and education.

Agriculture that is clean and sustainable for local use and hemp and cannabis industries with finished products such as clothing and marijuana for export.

Mahalo,

Angela Huntemer M.Ed

Kahuku, Oahu
COMMUNITY ALLIANCE ON PRISONS
P.O. Box 37158, Honolulu, HI 96837-0158
Phone/E-Mail: (808) 927-1214 / kat.caphi@gmail.com

COMMITTEE ON FINANCE
Rep. Ty Cullen, Vice Chair
Monday, May 11, 2020
2 pm – Room 308

COMMENTS ON SB 75 Proposed HD1

Aloha Chair Luke, Vice Chair Cullen and Members of the Committee!

My name is Kat Brady and I am the Coordinator of Community Alliance on Prisons, a community initiative promoting smart justice policies in Hawai‘i for more than two decades. This testimony is respectfully offered on behalf of the families of JAMES BORLING SALAS, ASHLEY GREY, DAISY KASITATI, JOEY O’MALLEY, JESSICA FORTSON AND ALL THE PEOPLE WHO HAVE DIED UNDER THE “CARE AND CUSTODY” OF THE STATE. We also remind the committee of the approximately 4,167 Hawai‘i individuals living behind bars on any given day, and that 1,128 of Hawai‘i’s imprisoned people are serving their sentences abroad thousands of miles away from their loved ones, their homes and, for the disproportionate number of incarcerated Kanaka Maoli, far, far from their ancestral lands.

We appreciate the challenges presented by COVID-19 and your job of keeping the state afloat amidst this pandemic. Community Alliance on Prisons implores the state to start aggressively testing all individuals incarcerated by the state as other forward-looking states have been doing. Once the virus breaks out of jails and prisons the entire community is at risk.

An article in the May 9th Boston Globe1 highlights the disparities that COVID presents:

“This kind of data should be a wake-up call,” said Dr. Sandro Galea, a physician, epidemiologist, and dean of the Boston University School of Public Health. “It’s not enough to pay attention to the whole, but to pay attention to the fact that particular groups need particular help.”

... “This speaks to the fact that tending to health inequities is not discretionary. It’s not an act of charity. It’s essential to creating a healthy world,” Galea said. "Having some people left behind threatens not only their health but everyone’s health."

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1 Disparities push coronavirus death rates higher - Harvard analysis finds mortality rate surged higher in communities with more poverty, people of color, and crowded housing, By Andrew Ryan and Kay Lazar Globe Staff, Updated May 9, 2020, 3:53 p.m.
We note in SB 75 HD1 that $20,000,000 is allocated to DOT for thermal screening at the airport. While we support testing tourists who foolishly continue to arrive, we wonder why the people who live and work in our jails and prisons have been ignored. As of May 8th, only 21 incarcerated persons have been tested of the 4,167 individuals incarcerated by the state (0.5%).

The evidence of the virus in jails, prisons, and detention centers from jurisdictions around the continent that have been aggressively testing their incarcerated populations is indisputable.

The Council of State Governments Justice Center² is reporting significant spikes in reported COVID-19 cases and deaths among people who are incarcerated in state prisons and the corrections staff who supervise them.

The new analysis marks the start of an ongoing review by the organization as part of its efforts to inform states during the pandemic. It shows that the rate of virus cases among people incarcerated in state prisons and prison staff collectively is more than three and a half times higher than that of the general public.

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... The rate of confirmed infections among incarcerated people and prison staff was similar to that of the general population early in the pandemic, but then began to outpace the rest of the country quickly. Prison staff started testing positive at a higher rate in the first week of April before a large jump in confirmed positive cases among people incarcerated in prisons, which started to grow more rapidly the following week.

These disproportionate rates are part of a surge in cases and deaths reported by corrections officials over the last month. The number of positive COVID-19 cases was 27 times higher on May 3 than on April 3, and the number of confirmed deaths was 46 times higher on May 3 than a month prior.³

Jarvis Chen, a social epidemiologist who worked on the project with a team at the Harvard T.H. Chan School of Public Health said, “We already live in a very unequal society and this is making those inequalities even worse. These data are showing . . . the need to take immediate action to try to mitigate some of those harms.”⁴

An article⁵ published today spotlights what medical experts are learning about this confounding virus:

...One of the things doctors are learning about COVID-19, Bernstein and Cha note, is that respiratory problems are only the tip of the iceberg when it comes to the damage it can inflict.

“It attacks the heart, weakening its muscles and disrupting its critical rhythm,”. “It savages kidneys so badly some hospitals have run short of dialysis equipment. It crawls along the nervous system, destroying taste and smell and occasionally reaching the brain. It creates blood clots that can kill with sudden efficiency and inflames blood vessels throughout the body.”

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³ See FN 2
⁴ See FN 1
The CDC\(^6\) released information about Covid in correctional and detention facilities:

*Although symptom screening is important, an investigation of a COVID-19 outbreak in a skilled nursing facility found that approximately one half of cases identified through facility-wide testing were among asymptomatic and presymptomatic persons, who likely contributed to transmission. These data indicate that symptom screening alone is inadequate to promptly identify and isolate infected persons in congregate settings such as correctional and detention facilities.*

Many of the individuals incarcerated by the state have multiple health problems and the lack of attention being paid to the places that have been defined as petri dishes and incubators for infection is nothing short of unconscionable. That the state has not even considered testing people who are forced to live in congregate settings is truly disturbing and presents a clear and present danger to our larger community.

For the health and safety of ALL of Hawai`i, Community Alliance on Prisons implores the state to do its job and protect ALL the people under your care and custody. We also ask that the staff and others entering and exiting correctional facilities daily – be tested for their safety, for the safety of their families and to prevent the spread of the virus throughout Hawai`i nei.

What will it take for the state to care about the health of its people? Who exactly has to die while incarcerated in order to awaken the state to the emerging data on this pandemic?

Please show some humanity and test every person under the care and custody of the state. This is a public health crisis.

**PUBLIC HEALTH IS PUBLIC SAFETY!**

\(^6\) COVID-19 in Correctional and Detention Facilities — United States, February–April 2020, Early Release / May 6, 2020 / 69. https://www.cdc.gov/mmwr/volumes/69/wr/mm6919e1.htm?s_cid=mm6919e1_e&deliveryName=USCDC_921-DM27552
Testimony of Derek S.K. Kawakami  
Mayor, County of Kauai

Before the  
House Committee on Finance  
May 11, 2020; 2:00 pm  
Auditorium

In consideration of  
Senate Bill 75 Proposed HD1  
Relating to Appropriations

Honorable Chair Luke, Vice Chair Cullen, and Members of the Committee:

The County of Kauai strongly supports SB75 Proposed HD1 which appropriates funds designated for the State by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to the counties of Hawaii, Maui, and Kauai; the departments of Defense, Transportation, Labor and Industrial Relations, and Health; and the Office of the Governor for the public health response to the coronavirus disease 2019, or COVID-19, outbreak; transfers remaining CARES Act funding to the emergency and budget reserve fund; authorizes the issuance of instruments of indebtedness for the purpose of municipal liquidity facility under section 13(3) of the Federal Reserve Act. Effective 5/1/2020; and provided that the authorization for the issuance of instruments of indebtedness is effective 7/1/2020.

First, I would like to extend my thanks to the House and Senate members for the hard work and dedication provided in addressing the many health, social, and economic challenges with this unprecedented pandemic.

The County of Kaua‘i will administer the funds appropriated by SB75 Proposed HD1 to respond to COVID-19 matters in a manner that ensures accountability and transparency with the expenditure, which at a minimum will include approval by our County Council and monthly reports to the governor and legislature. We look forward to continuing our partnership with Department of Health when implementing contact tracing and testing programs, and working with other agencies in keeping our communities healthy and strong.

Again, thank you for your consideration and your continued support of the island of Kaua‘i, and please, stay safe.
Dear Chair Luke and Members of the Committee:

Thank you for this opportunity to provide testimony in support of SB 75, SD2, proposed HD1, Relating to Appropriations. My testimony is submitted in my individual capacity as the Council Chairperson of the Kaua‘i County Council.

SB 75, SD2 proposed HD1, appropriates $28,715,551 for COVID-19 response efforts in the County of Kaua‘i. The Department of Health - Kauai District Office and medical and nurse professionals continue to be vital partners in Kaua‘i’s response to COVID-19. Expenditure of these funds will support the County of Kaua‘i’s efforts to address the unique issues relating to the health, safety, and preparedness of our island. Your added support in expediting the receipt of these funds to the County of Kaua‘i is greatly appreciated.

Thank you again for this opportunity to provide testimony in support of SB 75, SD2 proposed HD1. The Kaua‘i County Council would also like to thank the State Legislature for its continued support of Kaua‘i’s efforts in response to COVID-19. Should you have any questions, please feel free to contact me or Council Services Staff at (808) 241-4188.

Sincerely,

ARRYL KANESHIRO
Council Chair, Kaua‘i County Council
Comments:

My testimony is as an individual member of the Kauai County Council, and Committee Chair for Public Safety and Human Services, I ask that the monies appropriated for assisting our response to the COVID19 crisis take into consideration the profound economic consequences of the shutdown and poor performance of Unemployment Insurance and less-than-appropriate structure of the PPP, among other business support.

We have had six relatively young suicides in the last 10 days; 5 men, 1 woman, all parents of young children. While suicide is all too common on the island of Kauai, the financial and social stress of the stay-in-place order and economic shutdown has amplified anxiety and problems across the islands.

Kauai’s success at thwarting the virus has been remarkable, however the collateral damage has been equally remarkable. The promised monies are still having a difficult time being dispersed. People are watching hard-earned achievements in their life times of home and business ownership, critical relationships, and careers faltering or in full movement to failure happening. We are in the early stages of what will be a second wave of difficulties as balloon payments will confront people that were able to get loan deferrals without the presumed resumption of earning capacity to meet the agreed payment plan.

This COVID19 financial bill SB75 SD2 focuses on managing the virus; where Kauai needs greater help with the managing the outcomes of the COVID19 policies.

There is deep despair and concern that vaccinations will become mandatory without faith that vaccines can be produced which are safe for everyone. Vaccination should always be voluntary, and the public has made that clear. The recent DOH regulatory changes to mandate vaccinations to school children thwarted the public's successful resistance of proposed State legislation on similar bills for at least three years. This erodes people's faith in government. Citizen fear of the government and restrictions on simple freedoms like a parent sitting at the shore's edge with playing or "exercising" toddlers being enforced by the National Guard, on top of the loss of ability to provide for one's family creates layers of stress that can lead to suicide.
The CARES financial funding is not making it into the hands of the people who need it. Many have not yet even received their stimulus checks.

Restrictions and control of travel in and out of the islands is understood to be critically important policy to carefully manage while not creating a permanent policy of loss of civil liberties.

Kauai’s difficult economic and social challenges are more imposing than the virus.

Hawaii Pacific Health, Wilcox Hospital, and island medical practices are losing money and risking viability.

I respectfully ask that the framework of determining the reach of needed assistance be stretched beyond the managing the virus. I see that consideration of the secondary effects of the COVID19 management policy is not included in this bill; that is a mistake. The cure should not be worse than the disease.

It is understood these decisions are very difficult to make, and I value the efforts made so far. It is time to broaden the scope of consideration regarding how our health is threatened by COVID19.

Mahalo,
May 11, 2020

To: The Honorable Sylvia Luke, Chair,
The Honorable Ty J.K. Cullen, Vice Chair, and
Members of the House Committee on Finance

Date: Monday, May 11, 2020
Time: 2:00 p.m.
Place: Auditorium, State Capitol

From: Scott T. Murakami, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. No. 75 S.D. 2 Proposed H.D. 1 RELATING TO APPROPRIATIONS

AMENDED TESTIMONY

Chair Luke, Vice Chair Cullen, and Members of the Committee:

My name is Scott T. Murakami, and I am the Director of the Department of Labor and Industrial Relations. I am testifying in strong support of Section 5 of the proposed House Draft 1 of SB75. Section 5 appropriates $1,360,000 from the Coronavirus Aid, Relief, and Economic Security Act for the pandemic unemployment assistance program.

Thank you for the opportunity to provide testimony on this important matter.
Testimony of  
Joey Manahan, President  
Hawaii State Association of Counties  
on  
S.B. No. 75, S.D.2, Proposed H.D.1  
Relating to Registration of Vehicles  

Committee on Finance  
Monday, May 11, 2020, 2:00 p.m.  
State Capitol Auditorium  

The Hawaii State Association of Counties (HSAC) supports S.B. No. 75, S.D. 2, Proposed H.D.1, which distributes funds from the Coronavirus Aid, Relief, and Economic Security Act.

S.B. No. 75, S.D.2, as amended by the proposed H.D.1, in part II, appropriates:

• $80,099,671 to the county of Hawaii;
• $66,598,757 to the county of Maui; and
• $28,715,551 to the county of Kauai, to be used for COVID-19 response and associated guidance issued by appropriate federal agencies.

It directs the counties to:

• Coordinate with the department of health and appropriate medical and nursing professionals when implementing contact tracing and testing programs;
• Direct the mayors to consult with the county councils before expending any of the funds appropriated by this section; and
• Beginning June 1, 2020, the counties shall submit a monthly report to the governor and the legislature that details all allocations and expenditures.

The COVID-19 pandemic and the resulting shut-down of Hawaii’s economy has greatly affected the economies of the counties of Hawaii, their revenues and ability to provide the services necessary for the health and welfare of our citizenry. The allocations to the counties contained in the proposed H.D.1, will greatly help the revenue short-fall of the counties.

Thank you for the opportunity to submit testimony on this legislation.
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<th>SB75 Section</th>
<th>Department</th>
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<th>Prog ID</th>
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**Additional Requests**

- **FIN testimony**
  - DOH: Pandemic response + contact tracing included in DOD.
  - Lab upgrades (not included in DOD). See DOH Testimony tab.
  - Recommended: $ 25.00

- **FIN testimony**
  - DLIR: See DLIR Testimony tab.
  - Recommended: $ 24.05

- **New**
  - DOD: Surge Reserve. See DOD tab.
  - Recommended: $ 78.50

**TOTAL:** $ 127.55
## Description

The forecast is based on a 20% rate of tourism through the end of the year (vs 30K/day). PPE will cover health care, law enforcement, departments in preparation for uncontrolled spike in infection. Forecast made in collaboration with ESF 8. This will fund 31.32 million units of PPE.

### Itemized

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**B** DOH

**Disease outbreak control and contact tracing/testing**

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<td>Sustain and expand IT systems</td>
<td>$200,000</td>
<td></td>
</tr>
<tr>
<td>Supplemental laboratory microbiology, chemistry, and informatics staff to enhance genomic testing for identifying mutations and different strains</td>
<td>$500,000</td>
<td></td>
</tr>
<tr>
<td>Operational funds and supplies such as PPE</td>
<td>$250,000</td>
<td></td>
</tr>
<tr>
<td>Contact tracing curriculum</td>
<td>$2,500,000</td>
<td>$6,000,000 See DOH Testimony tab</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Itemized</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>C</strong> DOD</td>
<td>$450,000</td>
<td></td>
</tr>
<tr>
<td>Warehouse capacity increase from 100 - 350 pallets and distribution services (one year)</td>
<td>$450,000</td>
<td></td>
</tr>
<tr>
<td>ARC/GIS system upgrade for Hi-EMA to improve common operating picture, incident viewer, and energy viewer.</td>
<td>$350,000</td>
<td></td>
</tr>
<tr>
<td>Purchase State Active Duty (SAD) software that publishes SAD orders, purchase orders, payments, and other administrative functions that improves responsiveness of mobilizing guardsmen for state missions and improves processing of federal reimbursement</td>
<td>$1,500,000</td>
<td>$2,300,000</td>
</tr>
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<table>
<thead>
<tr>
<th>Description</th>
<th>Itemized</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>D</strong> Payroll for Direct COVID Response (HIEMA, DOH, DOT, PSD, JIC, etc)</td>
<td>$10,700,000</td>
<td>$10,700,000</td>
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</tbody>
</table>

**E** Executive Department Expenditures (Estimated past & future expenditures; Subject to Revision)

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<thead>
<tr>
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<th>NOTES</th>
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</thead>
<tbody>
<tr>
<td>DOH</td>
<td>$8,000,000</td>
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<tr>
<td>AG</td>
<td>$2,900,000</td>
<td></td>
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<tr>
<td>DOT-HWY</td>
<td>$1,500,000</td>
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<tr>
<td>DOT-AIR</td>
<td>$1,500,000</td>
<td></td>
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<tr>
<td>DHS</td>
<td>$811,000</td>
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</tr>
<tr>
<td>VDI, etc. Subject to revision.</td>
<td>$108,000</td>
<td></td>
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<tr>
<td>DCCA</td>
<td>$350,000</td>
<td></td>
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<tr>
<td>DEF</td>
<td>$350,000</td>
<td></td>
</tr>
<tr>
<td>DAGS</td>
<td>$2,181,000</td>
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<tr>
<td>LEG</td>
<td>$5,000,000</td>
<td>$22,350,000</td>
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</tbody>
</table>

HING State Active Duty (SAD) and Operations Support Funding to cover personnel (~200 FTEs for ~6 months) and equipment to support Law Enforcement support operations. Not Title 32.

<table>
<thead>
<tr>
<th>Description</th>
<th>Itemized</th>
<th>NOTES</th>
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</thead>
<tbody>
<tr>
<td><strong>F</strong> DOD</td>
<td>$16,250,000</td>
<td>$16,250,000</td>
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<table>
<thead>
<tr>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td><strong>G</strong> DOD</td>
<td>$48,500,000</td>
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<tr>
<td>Surge capacity: In preparation for an uncontrolled spike in cases to establish, equip, and operate alternate care facilities to decompress hospitals; and increase isolation and quarantine facilities with wrap around services</td>
<td>$30,000,000</td>
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</tr>
<tr>
<td>Division</td>
<td>Branch</td>
<td>TOTAL $</td>
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<tr>
<td>----------</td>
<td>--------</td>
<td>---------</td>
</tr>
<tr>
<td>FHSD</td>
<td></td>
<td>69,397</td>
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<tr>
<td>EHA</td>
<td></td>
<td>73,575</td>
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<tr>
<td>CDPHND</td>
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<td>13,000</td>
</tr>
<tr>
<td>CDPHND</td>
<td>PHNB</td>
<td>37,815</td>
</tr>
<tr>
<td>CDPHND</td>
<td></td>
<td>342,331</td>
</tr>
<tr>
<td>CDPHND</td>
<td>SEEO</td>
<td>130,000</td>
</tr>
<tr>
<td>Medic Cannabis Reg.</td>
<td></td>
<td>521</td>
</tr>
<tr>
<td>Medic Cannabis/Ops</td>
<td></td>
<td>34,607</td>
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<tr>
<td>DIR-PIO</td>
<td></td>
<td>889,207</td>
</tr>
<tr>
<td>DOCD*</td>
<td></td>
<td>136,497</td>
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<tr>
<td>SLD*</td>
<td></td>
<td>129,831</td>
</tr>
<tr>
<td>BHA**</td>
<td></td>
<td>2,910,486</td>
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<tr>
<td>MDHO</td>
<td></td>
<td>2,176,688</td>
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<tr>
<td>KDHO</td>
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<td>470,000</td>
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<tr>
<td>MDOH</td>
<td></td>
<td>414,000</td>
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<tr>
<td>CHSM</td>
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<td>896,250</td>
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<tr>
<td>GRAND TOTAL</td>
<td></td>
<td>6,317,500</td>
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</table>

** Balance of What is NOT CDC CoAg Funding

** BHA OES-Q4 expense in GREEN expected to be contracted in April or May 2020 with payment to be made in FY21 (July-September 2020)
<table>
<thead>
<tr>
<th>Description</th>
<th>Est. Cost ($)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disease outbreak and control</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supplemental clinical and epidemiological leadership positions</td>
<td>$ 1,000,000</td>
<td></td>
</tr>
<tr>
<td>Supplemental disease investigation and infection control staff</td>
<td>$ 500,000</td>
<td></td>
</tr>
<tr>
<td>Supplemental vaccination staff</td>
<td>$ 750,000</td>
<td></td>
</tr>
<tr>
<td>Establish data science branch</td>
<td>$ 300,000</td>
<td></td>
</tr>
<tr>
<td>Sustain and expand IT systems</td>
<td>$ 200,000</td>
<td></td>
</tr>
<tr>
<td>Supplemental laboratory microbiology, chemistry, and informatics staff to enhance genomic testing for identifying mutations and different strains</td>
<td>$ 500,000</td>
<td></td>
</tr>
<tr>
<td>Operational funds and supplies such as PPE</td>
<td>$ 250,000</td>
<td>$ 3,500,000</td>
</tr>
<tr>
<td>Establish academic curricula and training for contact tracing</td>
<td>$ 2,500,000</td>
<td>$ 2,500,000</td>
</tr>
<tr>
<td>Overhaul and upgrade infrastructure of State Lab</td>
<td>$ 25,000,000</td>
<td>$ 25,000,000</td>
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<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>$ 31,000,000</strong></td>
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## DLIR Testimony re SB 75 (5/11/2020), subject to approval by GOV

<table>
<thead>
<tr>
<th>Div</th>
<th>Prog ID</th>
<th>Description</th>
<th>Million</th>
<th>FTE</th>
<th>Notes</th>
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<tbody>
<tr>
<td>ASO LBR02</td>
<td>Departmental IT Modernization</td>
<td></td>
<td>$10.000</td>
<td>5</td>
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</tr>
<tr>
<td></td>
<td>iUS - Support from Idaho Consultant Fee's</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>iUS Migrations and Implementation</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>API - Integration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cloud Infrastructure</td>
<td></td>
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<td></td>
<td>Cloud Security</td>
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<tr>
<td></td>
<td>Cloud Infrastructure Services</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>IT Staff Support (5 Total)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 Application Developers</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>1 Database Administrator</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Security</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASO LBR02</td>
<td>UI Program Enhancements</td>
<td>$2.554</td>
<td>5</td>
<td>Per SM, US DOL doesn't provide funding for COVID enhancements.</td>
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</tr>
<tr>
<td></td>
<td>Consultant Fees</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>1. March-April</td>
<td>$300,000</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>2. May-December</td>
<td>$1,200,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maintenance/Processing Fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Amazon Services - $30,000 per month x 10 mo</td>
<td>$300,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hawaiian Telcom Call Center:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. 300 phones - $15,000 per month x 10 mo</td>
<td>$150,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. 300 Headsets - $180 each</td>
<td>$54,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IT Support Staff (5 FTEs)</td>
<td>$250,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Security</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Database</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 General Application Support</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Call Center IT Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Call Center</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Application Development</td>
<td>$50,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Monthly Maintenance</td>
<td>$150,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Equipment</td>
<td>$100,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASO LBR02</td>
<td>Security</td>
<td>$1.000</td>
<td></td>
<td>For March 2020 to date</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Ongoing security through December</td>
<td>$10.000</td>
</tr>
<tr>
<td>UI LBR171</td>
<td>Staff Support: Temporary Fed funded FTEs</td>
<td></td>
<td>300</td>
<td>Special project positions</td>
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</tr>
<tr>
<td>ESARO LBR871</td>
<td>Appeals Staff: Temporary, Fed funded FTEs</td>
<td></td>
<td>12</td>
<td>Special project positions</td>
<td></td>
</tr>
<tr>
<td>UI LBR171</td>
<td>Facility support</td>
<td>$0.500</td>
<td></td>
<td>In addition to Convention Center</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td>$24.054</td>
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<tr>
<td>Description</td>
<td>Cost ($)</td>
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<tr>
<td>-----------------------------------</td>
<td>----------</td>
<td></td>
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<tr>
<td>Consultant Services (see summary)</td>
<td>$9,080,000</td>
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</tr>
</tbody>
</table>

### Operative Expenses:

| FY20    | $44,250 |
| FY21 (50%) | $446,500 |
| **Subtotal**: | $9,570,750 |
| TBD     | $429,250 |
| **TOTAL**: | $10,000,000 |

### Module I: Apr - June

- Launch program & website, data collection, stakeholder engagement, communication tools (PPT presentations, etc.): $2,850,000
- **Subtotal**: $2,850,000

### Module II: July - Sept

- Economic impact assessment, baseline analysis, sector evaluation: $1,050,000
- Aggregate recovery, best practices, development of re-opening scenarios, economic recovery plan, ongoing support: $1,050,000
- **Subtotal**: $2,100,000

### Module III: Sept - Dec

- Continuous community/stakeholder engagement, aggregating and synthesizing recovery and resiliency strategies: $2,460,000
- Communication strategy development and implementation: $1,750,000
- **Subtotal**: $4,215,000

---

### BUDGET - Economic Recovery Navigator Office

#### FY20-21

<table>
<thead>
<tr>
<th>Description</th>
<th>FY20</th>
<th>FY21</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navigator</td>
<td>0</td>
<td>$120,000</td>
<td>$120,000</td>
</tr>
<tr>
<td>Deputy</td>
<td>0</td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Executive Assistant</td>
<td>$6,750</td>
<td>$105,000</td>
<td>$111,750</td>
</tr>
<tr>
<td>Policy Director (Consulting contract)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Communications Director (Consulting contract)</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Operations Director</td>
<td>$10,350</td>
<td>$125,000</td>
<td>$135,350</td>
</tr>
<tr>
<td>Logistics Coordinator</td>
<td>0</td>
<td>$80,000</td>
<td>$80,000</td>
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<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Subtotal</strong>:</td>
<td>$10,350</td>
<td>$125,000</td>
<td>$135,350</td>
</tr>
</tbody>
</table>

**Other current expenses**

- Services on a fee (AG, audit fees): $50,000 | $50,000 |
- Office Supplies: $0 | $0 |
- Advertising: $25,000 | $25,000 |
- Postage: $500 | $500 |
- Mail & Print: $500 | $500 |
- Travel & Lodging: $5,000 | $5,000 |
- Subtotal: $25,000 | $50,000 |
- **Subtotal**: $25,000 | $50,000 |

**Equipment**

- Telephone: $0 | $0 |
- Computer: $10,000 | $10,000 |
- Other: $1,000 | $1,000 |
- **Subtotal**: $10,000 | $11,000 |

**MISC**

- **Subtotal**: $0 | $0 | $0