

State of Hawai'i
Recovery Plan

**Coronavirus State and Local Fiscal
Recovery Funds**

2021 Report

For the Period May 18-July 31, 2021

Executive Summary

On May 18, 2021, the State of Hawai'i received its full allocation of Coronavirus State and Local Fiscal Recovery Funds (CSFRF) in the amount of \$1,641,602,690.60.

The State of Hawai'i plans to use these funds primarily in the following four areas:

1. Unemployment – To repay the Title XII advances to Hawaii's Unemployment Compensation Trust Fund from the U.S. Department of Labor and to fund a call and adjudication center to resolve outstanding unemployment claims in Hawai'i.
2. Provision of government services – To pay for government services and avoid the need for reductions to the state budget.
3. Respond to COVID-19 public health emergency – To provide resources to be able to quickly respond to the COVID-19 public health crisis.
4. Promote economic recovery and equitable outcomes – To protect families' economic well-being by initiating a broad shift to a diversified economy with a focus on digital access and equity.

The COVID-19 public health emergency highlighted the economic challenges facing the people of Hawai'i. With 21 percent of the State's economy dependent on the visitor industry, the stay-at-home orders and tourism closures triggered by the pandemic revealed a highly specialized economy dependent on a single industry.

Job losses in Hawai'i have been decimating to the local economy. Economists estimated that by mid-April 2020, payrolls dropped by more than 220,000. More than half of these job losses were the direct result of the tourism halt and the remaining due to the stay-at-home order. The unemployment rate went from 2.1 percent in February 2020 to 23.5 percent in April 2020. From airport greeters who welcomed arriving visitors with lei to local farmers who supplied hotels with fresh produce for buffet lines, layoffs were widespread, affecting every industry.

Families living paycheck to paycheck were plunged into deeper vulnerability. Since 2010, 42 percent, or more than 190,300 of Hawai'i's households, have been struggling to get by with no safety net for emergencies due to child-care costs, transportation challenges and high cost of living. The pandemic exacerbated the situation and magnified the challenges for this Asset Limited Income Constrained (ALICE) population. As a result of the COVID economic shock, Hawai'i's ALICE population increased 40 percent to 268,500 households.

Hawaii's food banks saw record usage as food insecurity grew by more than 50 percent, representing the fourth highest percentage increase in the U.S., according to the Hawai'i Foodbank, which has distributed more than 30 million pounds of food since the beginning of the pandemic. Nearly 230,000 residents are still currently struggling with hunger, a quarter of them are children.

The economic shutdown had immediate negative impacts on the State budget and prompted the government to take swift action in response to reductions in General Fund revenues including:

- a) Restrictions on General Fund allocations
- b) Use of budget reserves

- c) Suspension of Transient Accommodation Tax distributions to county governments
- d) Suspension of Other Postemployment Benefits (OPEB) payments
- e) Hiring freeze
- f) Elimination of unfilled positions
- g) Reallocation of special funds to General Funds
- h) Taking out a loan to pay for operating costs
- i) Preparing for 20 percent budget cuts to be implemented by furloughs

Just as Hawai'i suddenly lost its main source of revenue, the demand for government assistance and other safety net services surged and exposed a myriad of outdated systems that could not keep up.

One outdated system particularly underscored by the pandemic was unemployment insurance. With an unprecedented number of laid off and out of work residents who needed financial assistance to pay for rent, food, and basic living expenses, thousands scrambled to find help with their claims.

While some individuals were able to navigate the online portal, many of them had to queue on the phone with thousands of others waiting for help in processing their applications. At one point, the State's unemployment insurance office, with a handful of staff, were receiving 300,000 calls per day – forcing immediate personnel shifts and reallocations of supplies, energy, and resources. This volume of residents calling for this one service overwhelmed the State's network, creating a frustrated, angry and desperate population.

To date, the State has paid over \$6.3 billion in unemployment to 682,202 recipients, including \$1.5 billion to affected freelance and gig-economy workers who would not normally be eligible for unemployment assistance. Without government assistance to repay the unemployment insurance loan, more businesses and sole proprietors would be put out of business.

Other initial tranches of federal stimulus funds were targeted at responding to the public health emergency by stabilizing families and businesses through rental assistance and government loans and grants.

By the end of 2020, Hawai'i had spent more than \$71 million in housing assistance to approximately 13,700 Hawai'i households who would have otherwise faced eviction. This program was cited by Forbes Magazine as a model for the nation in getting rent checks to landlords faster than any other state. Moreover, the vast majority (68 percent) of renters were households earning 50 percent of Area Median Income or less.

The CSFRF monies provided by the U.S. Treasury will build upon these efforts and continue to address the unfolding public health emergency and its negative economic impacts.

Uses of Funds

Governor David Ige's vision for the State, as laid out in his 2021 State of the State address, includes the following:

- Safeguarding the health and well-being of everyone in Hawai'i
- Protecting families' economic well-being by initiating a broad shift to a diversified economy with a focus on digital access and equity
- Ensuring Hawai'i's children have access to a quality education

Together with the Hawai'i State Legislature, the governor is directing federal recovery funds to address the community's needs in line with the above principles.

During the 2021 legislative session, Hawai'i lawmakers appropriated a total of \$1,671,066,232 in CSFRF funds for specific purposes in Act 88 (2021) and other appropriations bills.

At the time that the Legislature made these allocations, neither the final CSFRF award amount nor the federal guidance on how to spend those funds were available. During the bill and budget review process, it was determined that some legislative appropriations were not allowable uses of CSFRF based on the federal guidance. On July 6, 2021, Governor Ige vetoed \$419,428,719 in CSFRF appropriations, resulting in \$389,965,097 of net unappropriated funds.

In addition to appropriations made by the Legislature, Governor Ige retains the authority and flexibility to spend funds in response to the ongoing public health emergency. Payments from the CSFRF may only be used to cover costs incurred by December 31, 2024.

As of the current reporting period ending July 31, 2021, the governor has released a total of \$720,621,026.10 in CSFRF funds for eight projects:

Project	Amount
Repayment of Unemployment Title XII advances for Benefit Payments	\$700,000,000
Hawai'i Tourism Recovery Plan	\$3,210,000.00
Hawai'i Convention Center Funding	\$490,000.00
Federal Recovery Plan Performance & Reporting (1% Set-Aside)	\$16,416,026.10
Landlord Tenant Mediation Program for County of Hawai'i	\$69,000.00
Mediation for Eviction Prevention (County of Maui)	\$100,000.00
Honolulu Eviction Prevention Mediation (City and County of Honolulu)	\$300,000.00
Tenant Eviction Mediation Program (County of Kaua'i)	\$36,000.00
Total	\$720,621,026.10

Oversight of Funds

Governor Ige has responsibility for overseeing the proper use of CSFRF funds and will continue to review the remaining balance of appropriated funds.

On June 4, 2021, he issued Executive Memorandum 21-03, Management of Appropriated and Non-Appropriated Coronavirus State Fiscal Recovery Funds. This document outlines a review process for CSFRF appropriations. This review process involves an application for funds, the

classification of fund eligibility and expenditure categories and the collection of information for CSFRF oversight.

In addition, on June 18, 2021, Governor Ige established the Federal Recovery Plan Performance & Reporting Special Project at the Department of Budget and Finance. The Federal Recovery Plan Performance & Reporting Special Project will provide personnel and resources necessary to meet the U.S. Treasury reporting requirements for CSFRF.

Use of Evidence

The State of Hawai'i will use evidence-based interventions where appropriate and will evaluate the effectiveness of programs funded by CSFRF. This evaluation maybe done at the project-level or projects may be grouped together in which case evaluation will be done by the Federal Recovery Plan Performance & Reporting Special Project. The goal is to create an evidence-based strategy for the use of CSFRF and to evaluate the impact of CSFRF.

The University of Hawai'i Economic Research Organization (UHERO) will also contribute new data and analysis designed to increase the effectiveness of health and housing programs and policy design in the State of Hawai'i. The study will focus on systemic health and economic challenges disproportionately affecting vulnerable populations in the state (e.g. Native Hawaiians, Pacific Islanders and Filipinos) that were exacerbated by the COVID-19 health and economic crisis.

The use of evidence-based intervention and evaluation will be as follows:

- (1) Whenever possible and practicable the State of Hawai'i will use evidence-based interventions.
- (2) A portion of CSFRF funds will be used to repay the Title XII advances to Hawaii's Unemployment Compensation Trust Fund, an allowable use under CSFRF which does not require evaluation, as it is documented by advances from the U.S. Department of Labor.
- (3) A portion of CSFRF funds will be expended under the Eligible Use Category "Revenue Loss: Provision of government services, to the extent of the reduction of revenue of such recipient due to the COVID-19 public health emergency, relative to revenues collected in the most recent full fiscal year of the recipient prior to the emergency..." and Expenditure Category 6.1 Provision of Government Services. These expenditures are one-year expenditures for existing State government services. For projects that expend CSFRF funds in this category, the State of Hawai'i will use the Planning, Programming, and Budgeting System to evaluate the use of funds.

Description of Planning, Programming, and Budgeting System

The Executive Budget Act of 1970 established the Planning, Programming and Budgeting System. The purpose of this act is to integrate the planning, programming and budgeting processes to improve decisions on the allocation of resources. The act established a comprehensive system for State programs and their related costs over a

time frame of six years. The operating and capital improvement requirements are evaluated together to insure compatibility and mutual support. Systematic evaluations and analyses are conducted to ascertain the attainment of program objectives and alternative means or methods of improving current State services.

- (4) If funds need to be moved quickly in response to the COVID-19 public health crisis, the State of Hawai'i will decide if establishing a 'evidence-based' intervention is practicable.

Table of Expenses by Expenditure Category

As of July 31, 2021, the State of Hawai'i did not have any expenditures using State and Local Fiscal Recovery Funds.

Category		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
1	Expenditure Category: Public Health		
1.1	COVID-19 Vaccination	0	0
1.2	COVID-19 Testing	0	0
1.3	COVID-19 Contact Tracing	0	0
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)	0	0
1.5	Personal Protective Equipment	0	0
1.6	Medical Expenses (including Alternative Care Facilities)	0	0
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency	0	0
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)	0	0
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19	0	0
1.10	Mental Health Services	0	0
1.11	Substance Use Services	0	0
1.12	Other Public Health Services	0	0
2	Expenditure Category: Negative Economic Impacts		
2.1	Household Assistance: Food Programs	0	0
2.2	Household Assistance: Rent, Mortgage, and Utility Aid	0	0
2.3	Household Assistance: Cash Transfers	0	0
2.4	Household Assistance: Internet Access Programs	0	0

Category		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
2.5	Household Assistance: Eviction Prevention	0	0
2.6	Unemployment Benefits or Cash Assistance to Unemployed Workers	0	0
2.7	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)	0	0
2.8	Contributions to UI Trust Funds*	0	0
2.9	Small Business Economic Assistance (General)	0	0
2.10	Aid to nonprofit organizations	0	0
2.11	Aid to Tourism, Travel, or Hospitality	0	0
2.12	Aid to Other Impacted Industries	0	0
2.13	Other Economic Support	0	0
2.14	Rehiring Public Sector Staff	0	0
3	Expenditure Category: Services to Disproportionately Impacted Communities		
3.1	Education Assistance: Early Learning	0	0
3.2	Education Assistance: Aid to High-Poverty Districts	0	0
3.3	Education Assistance: Academic Services	0	0
3.4	Education Assistance: Social, Emotional, and Mental Health Services	0	0
3.5	Education Assistance: Other	0	0
3.6	Healthy Childhood Environments: Child Care	0	0
3.7	Healthy Childhood Environments: Home Visiting	0	0
3.8	Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System	0	0
3.9.	Healthy Childhood Environments: Other	0	0
3.10	Housing Support: Affordable Housing	0	0
3.11	Housing Support: Services for Unhoused persons	0	0
3.12	Housing Support: Other Housing Assistance	0	0
3.13	Social Determinants of Health: Other	0	0
3.14	Social Determinants of Health: Community Health Workers or Benefits Navigators	0	0
3.15	Social Determinants of Health: Lead Remediation	0	0
3.16	Social Determinants of Health: Community Violence Interventions	0	0
4	Expenditure Category: Premium Pay		
4.1	Public Sector Employees	0	0
4.2	Private Sector: Grants to other employers	0	0
5	Expenditure Category: Infrastructure		

Category		Cumulative expenditures to date (\$)	Amount spent since last Recovery Plan
5.1	Clean Water: Centralized wastewater treatment	0	0
5.2	Clean Water: Centralized wastewater collection and conveyance	0	0
5.3	Clean Water: Decentralized wastewater	0	0
5.4	Clean Water: Combined sewer overflows	0	0
5.5	Clean Water: Other sewer infrastructure	0	0
5.6	Clean Water: Stormwater	0	0
5.7	Clean Water: Energy conservation	0	0
5.8	Clean Water: Water conservation	0	0
5.9	Clean Water: Nonpoint source	0	0
5.10	Drinking water: Treatment	0	0
5.11	Drinking water: Transmission & distribution	0	0
5.12	Drinking water: Transmission & distribution: lead remediation	0	0
5.13	Drinking water: Source	0	0
5.14	Drinking water: Storage	0	0
5.15	Drinking water: Other water infrastructure	0	0
5.16	Broadband: "Last Mile" projects	0	0
5.17	Broadband: Other projects	0	0
6	Expenditure Category: Revenue Replacement		
6.1	Provision of Government Services	0	0
7	Administrative and Other		
7.1	Administrative Expenses	0	0
7.2	Evaluation and data analysis	0	0
7.3	Transfers to Other Units of Government	0	0
7.4	Transfers to Nonentitlement Units (States and Territories only)	0	0

Project Inventory

As of July 31, 2021, Governor Ige approved eight projects funded by APRA CSFRF with an obligation amount of \$720,621,026.10.

Project #1

Project LBR-2021-001:	Repayment of Unemployment Title XII advances for Benefit Payments
Funding Amount:	\$700,000,000.00
Project Eligibility Category:	Public Health/Negative Economic Impacts
Project Expenditure Category:	2.8 Contribution to UI Trust Funds
Project Overview:	Funds will be used to repay Title XII advances provided by the U.S. Department of Labor to the State of Hawai'i. The Title XII advances allowed the State to continue to pay unemployment insurance benefits after Hawaii's Unemployment Compensation Trust Fund was depleted. These funds will be paid to the U.S. Department of Labor by September 2, 2021.
Dollar amount of total project spending that is allocated towards evidence-based interventions:	Not applicable in this case because the funds are strictly being used to replenish the State's unemployment trust fund as the government continues to help residents through a period of economic instability of unknown duration.

Project #2

Project BED-2021-001:	Hawai'i Tourism Recovery Plan
Funding Amount:	\$3,210,000.00
Project Eligibility Category:	Public Health/Negative Economic Impacts
Project Expenditure Category:	2.11 - Aid to Tourism, Travel, or Hospitality
Project Overview:	The Hawai'i Tourism Authority (HTA) will create a Hawai'i Tourism Recovery Plan that will detail the use of the \$60,000,000 that was appropriated by the Hawai'i State Legislature in Act 88 (2021). When completed, the Hawai'i Tourism Recovery Plan will be posted at https://www.hawaiitourismauthority.org/ . The purpose of the Hawai'i Tourism Recovery Plan is to provide resources to aid in the recovery of Hawaii's tourism industry. A portion of the \$60,000,000 in the amount of \$3,210,000 was released to HTA for salaries and fringe benefits. As of July 31, 2021, no expenditures have been recorded for this project.
Dollar amount of total project spending that is allocated towards evidence-based interventions:	To be determined. The Hawai'i Tourism Authority will use the 'logic model' to evaluate the efficacy of the Hawai'i Tourism Recovery Plan. As of July 31, 2021, no expenditures have been recorded for this project.

Project #3

Project BED-2021-004:	Convention Center Funding
Funding Amount:	\$490,000.00
Project Eligibility Category:	Public Health/Negative Economic Impacts
Project Expenditure Category:	2.11 - Aid to Tourism, Travel, or Hospitality
Project Overview:	To provide funding for payroll and fringe benefits for employees of the Hawai'i Convention Center.
Dollar amount of total project spending that is allocated towards evidence-based interventions:	To be determined. As of July 31, 2021, no expenditures have been recorded for this project.

Project #4

Project BUF-2021-001:	Federal Recovery Plan Performance & Reporting
Funding Amount:	\$16,416,026.10
Project Eligibility Category:	Revenue Loss
Project Expenditure Category:	6.1 Provision of Government Services
Project Overview:	To provide the resources to ensure the State of Hawai'i can meet the U.S. Treasury's compliance and reporting requirements over the next five years as required for ARPA CSFRF; and to facilitate the transition of federal award management into a new Enterprise Finance System that will support grant management, project management, reporting, and cybersecurity functions necessary to comply with requirements of federal awards in a timely, efficient, and uninterrupted manner.
Dollar amount of total project spending that is allocated towards evidence-based interventions:	Not applicable. Part of this project includes funding of staff to supervise the spending of funds, which is an allowable use per U.S. Treasury guidance.

Project #5

Project Hawaii-2021-001:	Landlord Tenant Mediation Program for County of Hawai'i
Funding Amount:	\$69,000.00
Project Eligibility Category:	Public Health/Negative Economic Impacts
Project Expenditure Category	2.5 Household Assistance: Eviction Prevention
Project Overview	To provide funds to the County of Hawai'i to establish a program to provide mediation services as may be needed due to the lifting of the eviction moratorium in Hawai'i on August 6th, 2021. The program was created by the Hawai'i State Legislature to encourage communications and facilitate mediation between landlords and tenants to help reduce the large number of summary possession cases that are expected to follow the expiration of certain COVID-19 emergency proclamations. As of July 31, 2021, no expenditures have been recorded for this project.
Dollar amount of total project spending that is allocated towards evidence-based interventions:	The State of Hawai'i will report the Mandatory Indicator for Expenditure Category 2.5: Number of people or households receiving eviction prevention services (including legal representation).

Project #6

Project Maui-2021-001:	Mediation for Eviction Prevention
Funding Amount:	\$100,000.00
Project Eligibility Category:	Public Health/Negative Economic Impacts
Project Expenditure Category	2.5 Household Assistance: Eviction Prevention
Project Overview	To provide funds to the County of Maui to establish a program to provide mediation services as may be needed due to the lifting of the eviction moratorium in Hawai'i on August 6th, 2021. The program was created by the Hawai'i State Legislature to encourage communications and facilitate mediation between landlords and tenants to help reduce the large number of summary possession cases that are expected to follow the expiration of certain COVID-19 emergency proclamations. As of July 31, 2021, no expenditures have been recorded for this project.
Dollar amount of total project spending that is allocated towards evidence-based interventions:	The State of Hawai'i will report the Mandatory Indicator for Expenditure Category 2.5: Number of people or households receiving eviction prevention services (including legal representation).

Project #7

Project Honolulu-2021-001:	Honolulu Eviction Prevention Mediation
Funding Amount:	\$300,000.00
Project Eligibility Category:	Public Health/Negative Economic Impacts
Project Expenditure Category	2.5 Household Assistance: Eviction Prevention
Project Overview	To provide funds to the City and County of Honolulu to establish a program to provide mediation services as may be needed due to the lifting of the eviction moratorium in Hawai'i on August 6th, 2021. The program was created by the Hawai'i State Legislature to encourage communications and facilitate mediation between landlords and tenants to help reduce the large number of summary possession cases that are expected to follow the expiration of certain COVID-19 emergency proclamations. As of July 31, 2021, no expenditures have been recorded for this project.
Dollar amount of total project spending that is allocated towards evidence-based interventions:	The State of Hawai'i will report the Mandatory Indicator for Expenditure Category 2.5: Number of people or households receiving eviction prevention services (including legal representation).

Project #8

Project Kaua'i-2021-001:	Tenant Eviction Mediation Program
Funding Amount:	\$36,000
Project Eligibility Category:	Public Health/Negative Economic Impacts
Project Expenditure Category	2.5 Household Assistance: Eviction Prevention
Project Overview	To provide funds to the County of Kauai to establish a program to provide mediation services as may be needed due to the lifting of the eviction moratorium in Hawai'i on August 6, 2021. The program was created by the Hawai'i State Legislature to encourage communications and facilitate mediation between landlords and tenants to help reduce the large number of summary possession cases that are expected to follow the expiration of certain COVID-19 emergency proclamations. As of July 31, 2021, no expenditures have been recorded for this project.
Dollar amount of total project spending that is allocated towards evidence-based interventions:	The State of Hawai'i will report the Mandatory Indicator for Expenditure Category 2.5: Number of people or households receiving eviction prevention services (including legal representation).

Performance Report

Listed below are mandatory performance indicators that the U.S. Treasury uses for certain Expenditure Categories (EC). Note, not all of these indicators will be applicable to State of Hawai'i projects:

- Household Assistance (EC 2.2 & 2.5) and Housing Support (EC 3.10-3.12):
 - ✓ Number of people or households receiving eviction prevention services (including legal representation)
 - ✓ Number of affordable housing units preserved or developed
- Negative Economic Impacts (EC 2):
 - ✓ Number of workers enrolled in sectoral job training programs
 - ✓ Number of workers completing sectoral job training programs
 - ✓ Number of people participating in summer youth employment programs
- Education Assistance (EC 3.1-3.5):
 - ✓ Number of students participating in evidence-based tutoring programs
- Healthy Childhood Environments (EC 3.6-3.9):
 - ✓ Number of children served by childcare and early learning (pre-school/pre-K/ages 3- 5)
 - ✓ Number of families served by home visiting

State of Hawai'i Mandatory Performance Indicators*

Project	Mandatory Indicator	Current Data Period	Previous Data Period
Landlord Tenant Mediation Program for County of Hawai'i	Number of people or households receiving eviction prevention services (including legal representation)	0	0
Mediation for Eviction Prevention (Maui)	Number of people or households receiving eviction prevention services (including legal representation)	0	0
Honolulu Eviction Prevention Mediation	Number of people or households receiving eviction prevention services (including legal representation)	0	0
Tenant Eviction Mediation Program (Kauai)	Number of people or households receiving eviction prevention services (including legal representation)	0	0

*As of July 31, 2021, no expenditures have been recorded for these projects.

Ineligible Activities: Tax Offset Provision

Item	Amount
a. Revenue-reducing Covered Changes	\$0.00