April 22, 2020

The Honorable David Y. Ige  
Governor, State of Hawaii  
Executive Chambers  
State Capitol  
Honolulu, Hawaii 96813

Via Email:  david.y.ige@hawaii.gov  
joyce.s.kami@hawaii.gov

Dear Governor Ige:

I am writing on behalf of AFSCME and our 50,000 active and retired members in Hawaii. The COVID-19 pandemic has resulted in substantial economic and health care challenges. Our members across the United States stand with you on the front lines as we deliver vital services at a time when the public needs them the most. The fiscal impact of the shutdown of the economy has hit our states and cities hard. Hawaii, especially, with its reliance on tourism, services and trade is suffering. However, we think it is a mistake and unnecessary to furlough, lay off or reduce the compensation of public workers in Hawaii at this time.

AFSCME members represented by the Hawaii Government Employees Association and the United Public Workers perform essential services to support Hawaii’s communities. They have been hard at work during this crisis performing health care, social services, sanitation, and public safety functions. In many cases, they are doing so at personal risk of contracting the virus themselves even though the COVID-19 caseload in Hawaii is relatively low. But, despite the relatively mild health impact on Hawaii, the virus is taking a substantial economic and fiscal toll.

As Hawaii manages these challenges, we urge you to take only those actions that are in the long term economic and health care interests of the public. In this regard, the compensation reductions that you are contemplating will create short- and long-term damage to Hawaii’s economy and prolong the recession. In addition, the severity of the contemplated reductions, 10% to 20% of pay, will cause severe hardship among the affected workers. There are alternatives, and we urge you to seek them out.

First, pursuant to the CARES Act, the Federal Reserve Bank announced the Municipal Liquidity Facility. This program allows a state to borrow up to 20% of its own source revenues for up to 2 years. The facility can serve as a bridge loan as Hawaii copes with the short-term reduction in revenue and awaits further federal aid. As you may know, President Trump and House Speaker Pelosi have both committed to
substantial aid to states in the very near future to compensate for lost revenue. We expect that relief to be forthcoming in the next 30 days. I have attached the term sheet for the Municipal Liquidity Facility which is available on the Fed’s website: https://www.federalreserve.gov/newsevents/pressreleases/files/monetary20200409a3.pdf.

Second, the Coronavirus Relief Fund, enacted as part of the CARES Act, provides Hawaii with $1.25 billion in funding. Although the program limits the use of the funds to unbudgeted COVID-19 response, we understand that Treasury will issue guidance in the coming days that will authorize states to use the funds liberally. We urge that you immediately contact the Treasury Department to ascertain what, if any, restrictions remain on the use of the funds. In addition, the state has incurred substantial COVID-19 related costs that can fairly be characterized as unbudgeted and you should direct your departments to ensure the proper accounting so the state can make full of its allocation.

Finally, we understand that the federal government is waiving the 25% match requirement to access disaster relief funds under the Stafford Act for some states. This will have the effect of making more money available for other purposes. Stafford Act funds are available for hazard mitigation and other purposes. Given Hawaii’s long history with this program, I am confident in the state’s ability to access appropriate funds.

These measures are far preferable to compensation reductions which will serve to reinforce and prolong the recessionary impact of the pandemic. We think it is both smart and humane to fully explore these alternatives and AFSCME, as well as our Hawaii-based affiliates, is willing to assist you as needed.

Best personal regards for continued health in these difficult times.

In solidarity,

LEE SAUNDERS
President

Attachment

cc: Randy Perreira, HGEA Executive Director
    Dayton Nakanelua, UPW Executive Director
    Liz Ho, AFSD