Battered by Covid-19, Hawaii Begins to Reopen

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Executive Director, UHERO

University of Hawaii Board of Regents
Budget & Finance Committee
September 3, 2020
Sound public health policy is the best economic policy

small business revenue declines with case counts

Source: https://tracktherecovery.org

Index

-60%
-50%
-40%
-30%
-20%
-10%
0%
10%

Tx begins re-opening 5/1:

- AZ
- TX
- FL

1-Apr 16-Apr 1-May 16-May 31-May 15-Jun 30-Jun 15-Jul 27-Jul

June 1
3.5-7 per 100K

June 20 4x increase in cases per 100K

3-4 cases per 100k people
Oahu Kama’aina re-opening in retreat as case counts rise

Hawai’i High Frequency Economic Data

Percent Change in Open Small Businesses
Honolulu County - All Industries

Percent Change in Small Business Revenue
Honolulu County - All Industries

Select Date Range:
2020-01-10 to 2020-08-09

Data is collected by Womply, a firm that aggregates credit card transaction information from businesses. The data set is made available through the Opportunity Insights project.

Source: https://uheroanalytics.shinyapps.io/highfrequency/?t=womply
Preliminary research suggests economy weakening—giving up 10% of June recovery.

Source: UHERO; *Estimating the Trajectory of the Recovery*, Dr. Peter Fuleky.
Visitor spending eventually recovers to 2016-17 level

real spending lags arrivals

Depth and duration of recession is highly uncertain

Real income vs Job Growth in May Baseline Forecast

### Business Outlook:
(with no additional federal support and visitor quarantine till October 1)

<table>
<thead>
<tr>
<th></th>
<th>More staff cuts and reductions</th>
<th>Do not expect to survive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State of Hawaii</strong></td>
<td>34.6%</td>
<td>16.8%</td>
</tr>
<tr>
<td><strong>Honolulu</strong></td>
<td>40.2%</td>
<td>15.0%</td>
</tr>
<tr>
<td><strong>Hawaii</strong></td>
<td>29.1%</td>
<td>16.3%</td>
</tr>
<tr>
<td><strong>Maui</strong></td>
<td>41.2%</td>
<td>24.3%</td>
</tr>
<tr>
<td><strong>Kauai</strong></td>
<td>31.0%</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

Restoring fiscal balance will take many years

Source: Mak, Ebel, Bonham “How Can The State Government Restore Fiscal Balance”
Mission & Focus

Conduct rigorous, independent economic research on issues that are both central to Hawai‘i and globally relevant.

- Analytics
- Energy Policy & Planning
- Environmental Policy & Planning
- Forecasts
- Housing
- More to come

Analytics
The UHERO Analytics team uses data to generate economic insights that are important to Hawai‘i. By leveraging large data resources, we provide unbiased analysis of economic issues. We communicate findings through data visualizations, public data repositories and clear economic analysis.

Energy Policy and Planning Group
UHERO fellows conduct research to evaluate impacts of past and prospective energy-related policies, and engage with policymakers and stakeholders on contemporary and emerging energy issues, such as renewable energy and associated clean air goals, energy efficiency, electric vehicles, and carbon taxes.

Environmental Policy and Planning Group
The UHERO Environmental & Policy Planning Group partners with government, non-profit, business, and community groups to address Hawai‘i’s key environmental policy challenges. To do so we employ a diverse set of interdisciplinary methods and tools to study the interconnection between human and natural systems with the purpose of contributing to more effective decision making. We specifically work in the linked areas of water, energy, food systems, watersheds, and coastlines, where an overarching theme is how to mitigate and adapt to land use and climate change and their effects on these systems.

Forecast
UHERO Forecasts provide the Hawai‘i community with analysis of economic trends in the State and the Asia-Pacific region.

Housing
The UHERO Housing Policy Group provides rigorous analyses to inform debates regarding housing in Hawai‘i, with a focus on the high housing cost burdens experienced by the State’s residents. This problem is multiscale in its origins and thus requires a bundle of analyses ranging from longitudinal portraits of the State’s housing market, to estimates of the impact of housing costs on diverse communities, to objective evaluations of proposed policy solutions.