

## Legislative Federal Economic Stimulus Program Oversight Commission

6/8/10

### I. Meeting called to order- 10:03 AM

#### Members present-

Representative Michael Magaoay- House of Representatives member  
Kate Stanley- appointee of the Speaker of the House  
Michael Kitamura- appointee of Senator Akaka  
Mark Anderson- appointee of the Governor  
Josh Wisch- appointee of Congresswoman Hirono  
Ed Kemp- appointee of Senator Hemmings  
Jennifer Sabas- appointee of Senator Inouye

#### Members not present-

Kyle Chock- appointee of the Senate President  
Senator Shan Tsutsui- Senate member  
Aaron Johanson- appointee of the House Minority Leader

**Others present-** Judy Fomin- office of Representative Magaoay; Keira Kamiya- office of Senator Tsutsui; Ted Baker- Legislative Reference Bureau; members of the public

### II. Adoption of Minutes

The minutes of the Commission's meetings of 12/15, 12/22, and 12/29/09 were approved without changes

### III. General Business

- A. The Commission welcomed Ed Kemp as a new member appointed by Senator Hemmings to replace Tom McDonald who has moved to the mainland
- B. HOUSE CONCURRENT RESOLUTION NO. 237- Requesting the Economic Stimulus Oversight Commission to Expand its Monitoring of Federal Stimulus Funds Available to Hawaii
  - HCR 237 was prompted by concerns expressed by the Healthcare Association of Hawaii that Hawaii may not be obtaining the maximum amount of stimulus funds for which it is eligible, especially as it relates to health care, and Medicaid in particular
  - The Chair testified before the House Finance Committee that the resolution may not be necessary because the Commission is already doing things requested by the Resolution
  - While a representative of the Healthcare Association of Hawaii has met with Commission member Mark Anderson, who is also the Governor's ARRA coordinator,

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the Chair has told the Association that the Commission will invite the Department of Human Services to make a further presentation to the Commission if the Association is not satisfied that its concerns have been addressed

- The Chair stressed that the Commission wants members of the public to be able to bring their concerns to the Commission for appropriate action
- C. The Chair reminded members that written responses to the Commission's questions had been received from agencies not scheduled to make oral presentations, including the Department of Defense and the Department of Public Safety, that have been distributed to Commission members
- D. The Chair discussed the proposed schedule of Commission meetings for the balance of 2010 and recommended a variety of adjustments to accommodate requests by several agencies
- E. A follow-up presentation by the Department of Business, Economic Development, and Tourism, (DBEDT), will be scheduled for 7/27/10 because the Department has spent very little of the funds that have been awarded to it, despite the very ambitious plan described at its 12/15/09 presentation to the Commission; the Chair will send a letter to the Director requesting that the Department provide a written contingency plan before the follow-up presentation that describes how it will expend awarded funds if it is not able to use them as previously planned within the timeframe established by the federal government
- F. Follow-up letters will also be sent to agencies that previously made presentations asking for a status report on the expenditure of ARRA funds to date, whether awarded funds will be obligated before applicable deadlines (or, if not, describing a contingency plan to do so), and updated job retention/creation numbers
- G. The Chair also reported that a member of the media had expressed some difficulty in locating information on the Commission's website and will look into modifications to address that concern

### IV. Overview of Federal Stimulus Funds

- A. Commission member Mark Anderson, the Governor's Lead ARRA Coordinator, provided an update of ARRA activities since the Commission last met in December 2009
1. Highlights
    - To date State of Hawaii entities have received 164 awards totaling nearly \$1.3 billion and spent nearly \$585 million or about 45% of the funds awarded

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- State of Hawaii entities collectively reported about 1,811 jobs saved or created in the first quarter of 2010, with all ARRA recipients reporting a total of about 2,562 jobs saved or created in the quarter
- The primary benefit of ARRA thus far has been in tax relief, state fiscal relief, and additional social benefits to individuals; going forward, ARRA spending is expected to provide greater benefits in transportation, housing, energy, education, and health and human services
- Major reinvestment pieces of ARRA include: Health Information Exchange (creation of strategic and operational plan, regional extension center grant to prepare for statewide integration of medical records, and grant to implement region-wide solution for increased specialty patient care); Broadband (mapping activities); Energy (DBEDT implementation of Hawaii Clean Energy Initiative framework); Education (second round Race to the Top grant application)
- Several spreadsheets summarizing ARRA awards were distributed to and reviewed with Commission members

### 2. Discussion

- Expenditures by the Department of Transportation, (DOT), in the Highways category appear low but are not endangered because they have been obligated
- What appears to low expenditures is reflected by the fact that there is a lag between the Notice to Proceed, the expenditure by DOT, and the subsequent drawdown of ARRA funds by DOT in the form of a request for reimbursement of the expenditure
- Consideration will be given to adding a column for "obligated" and/or "encumbered" funds on the spreadsheets to make it clear what portion of awarded funds not yet expended have been obligated/encumbered and will, therefore, not lapse
- Letters to agencies requesting follow-up information or presentations, especially DOT and the Hawaii Housing Finance and Development Corporation, will ask for the obligated/encumbered status for each award of funds
- DOT won a \$21 million TIGER grant that was described at its December 2009 presentation to the Commission but which is not included in the spreadsheets because the administering federal agency has not yet been formalized nor has a an award ID been issued

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- Agencies will be asked to identify issues and concerns so that they can be addressed prior to the September 2010 obligation/encumbrance deadline
- The Governor's Education Part B funds have not yet all been obligated; though appropriated by the Legislature, obligation will actually be done by the University of Hawaii and the Department of Education pursuant to Memorandum of Agreement
- Jobs saved and created and saved numbers are quarterly totals, not cumulative
- The Commission is tracking only ARRA funds coming through State entities; why recovery.gov shows ARRA expenditures by private entities without job numbers is presently unclear
- While award recipients are focused on ensuring that ARRA funds are obligated/encumbered and therefore secure, the goal is not just to secure the funds but to get them into the economy; however, various requirements intended to ensure transparency (including reporting and fraud prevention training) run counter to expeditious spending
- The second round of competitive broadband grant awards is underway; the Department of Commerce and Consumer Affairs is taking the lead on the 700 Mhz public safety broadband grant
- If agencies encounter difficulty obligating/encumbering awards, they will be encouraged to contact Mark Anderson to find an alternative to returning the funds

### 3. Follow-up

- Agencies will be requested to provide progress reports on obligation/encumbrance, ability to expend funds by applicable deadlines, and backup plans for funds if deadlines cannot be met
- The letter to DBEDT requesting a follow-up presentation will also ask for information on the impact on staffing once ARRA funds are exhausted and how projects started with ARRA funds will be sustained
- Mark Anderson will get an update on the Education Part B funds to see how they have been allocated (including to charter schools and STEM programs)

## V. Public Comments

There were no comments or questions from members of the public present at the meeting.

**VI. Adjournment**

With a reminder that the next meeting would be held on June 22, 2010, the meeting was adjourned at 11:20 a.m.