

Legislative Federal Economic Stimulus Program Oversight Commission

9/27/11

DRAFT

I. Meeting called to order- 10:04 AM

Members present-

Kate Stanley- appointee of the Speaker of the House of Representatives

Michael Kitamura- appointee of Senator Akaka

Richard Baker- appointee of Representative Ward

Senator Michelle Kidani- Senate member

Mark Anderson- appointee of the Governor

Lauren Dods for Rod Tanonaka- appointee of Representative Hanabusa

Jennifer Sabas- appointee of Senator Inouye

Members not present-

Ed Kemp- appointee of Senator Slom

Representative Kyle Yamashita- House of Representatives member

Susan Kodani- appointee of Congresswoman Hirono

John White- appointee of the President of the Senate

Others present- Park Kaleiwahea- office of the Senator Kidani; Ted Baker- Legislative Reference Bureau; members of the public

II. Adoption of Minutes

Adoption of minutes was deferred

III. Overview of Federal Stimulus Funds

A. Presentation by the Office of the Governor by Tammi Chun, Analyst, education issues

1. Highlights

- Using the presentation to be posted on the Commission's webpage, the Governor's Office updated the presentations it made on 12/29/09 and 10/26/10
- 100% of SFSF Parts A funds (\$157 million) had been received by the close of Quarter 2, 2011
- SFSF Part A funds were spent entirely on salaries, yielding an estimated total of 2,435 FTE created/retained
- Part B funds (\$35 million) were allocated pursuant to the Governor's discretion during the prior administration: Charter School support (39%); DOE support (35%); STEM programs (Science, Technology, Engineering, and

Math) (20%); Race to the Top (2%); Creative Industries (2%); Early Childhood (1%); and ARRA administration (1%)

- SFSF Part B expenditures were 90% complete (\$32.6 million) as of 9/13/2011 with all funds set to be obligated by 9/30/2011
- SFSF Part B expenditures yielded an estimated total of 341 FTE created/retained
- Spread across the respective student populations, SFSF spending amounted to \$2,516 per Charter School pupil, \$687 per DOE pupil, and \$855 per UH student, although programmatic support was not distributed on a per pupil basis
- Federal oversight produced minor findings, mostly involving the need for more sub-recipient monitoring, not because of any impropriety but to promote stronger involvement by the primary recipient; findings of this type have been fairly common nationally

2. Discussion

- Although no allocated funds have been expended for the DOD STEM summer youth challenge program, the funds will be obligated and spent on time
- The funding for Friends of Hawaii Robotics was expended on robotics/micro-robotics programs, expansion of the existing program to additional schools, hosting competitions, purchase of materials, membership subscriptions for the schools, and for travel; going forward, there is some support for the programs from corporate sponsors and remaining SFSF Part B funds
- Charter School general support included \$2.2 million to ensure a 180 day school year, teacher training/accreditation/certification, STEM, general support to schools on a per pupil basis, and to offset reduction in appropriations for teacher salary
- Performance measures for SFSF Part A include job creation/retention and the successful Race to the Top application and, for SFSF Part B, more sophisticated evaluations are ongoing, some of which are subjective

- B. Presentation of the State Department of Education, (DOE), by Kathryn Matayoshi, Superintendent

1. Highlights

- Using the slide presentation and letter to be posted on the Commission's webpage, DOE updated the presentations it made on 12/22/09 and 10/12/10
- The State has received ARRA awards totaling \$279 million with 151.31 FTE created/retained for the quarter ending 6/30/2011
- All SFSF Part A funding (\$104 million) had been expended as of 6/30/2011
- 93% of SFSF Part B funding (\$13 million) has been expended as 9/16/2011
- Year 1 Annual Performance Report for the Race to the Top (RTTP) grant was submitted on 9/16/2011; although only \$1.2 million of the \$74 million award has been spent, that funding has been leveraged into \$25 million from other sources, with 31.98 FTE created/retained for the quarter ending 6/30/11

2. Discussion

- Programs that received SFSF Part B funds will now be supported by general fund monies, with the exception of the Challenger Center and the Onizuka Memorial Space Museum
- RTTP is a 4 year program now in year 2; allocations have changed some but deliverables have not; there has been some delay attributable to a hiring freeze and procurement issues
- RTTP funds are meant as a catalyst (it's not a large sum given that it's to be spent over 4 years) to be used with other funds to further reforms including early learning subsidies for Extended Learning Opportunity zone schools, online data improvement software, the Longitudinal Data Study, and feedback to teachers for improvement (not yet for evaluative purposes)
- All ARRA funds will be expended by applicable deadlines
- Professional development services for teachers was outsourced, core standards and data training was done internally; much of the training was of the "train the trainer" type so that the trained person could then train others; support for data management software was done by the vendor and internally

- The USDOE visited in summer 2011 to assess DOE's progress on RTTP and was satisfied that the State is ready to ramp up for execution because it has a new chief financial officer on board, has a person specifically tasked to address procurement challenges, and has a good trajectory in the planning process; the State is still working on program amendments and getting support for them from USDOE; while other states are implementing their programs at the state and regional level, Hawaii has to work from the state level all the way down to the school level
- DOE staff is going to Washington, DC, for training regarding the recently-announced NCLB waivers; DOE needs to be sure that RTTP and any possible NCLB waiver do not work at cross purposes
- USDOE is concerned by HLRB/HSTA issues; for example, data collection is presently for teacher improvement, not evaluation, which is a separate issue; at some point the two will converge and have to be part of the collective bargaining process
- ARRA, Title I, and ELO (summer after school and inter-session programs) were made available to all schools and awarded based on which school principals made requests
- Private school support does not go to the schools themselves; instead, the schools ask for services, e.g., speech therapy, for eligible students
- There is a program separate from the ARRA State Educational Technology Grant that supports broadband upgrades for a single/converged line into each school, with the school responsible for upgrades from there
- Private support used to leverage RTTP funds comes from, for example, local foundations (Castle), Kamehameha Schools (especially for Leeward Coast programs), and from HCF which has an executive working with DOE on grant projects
- 6 schools are in Tier 1 of the School Improvement Grant; not all schools applied
- After ARRA funds are exhausted, DOE will look at Title V money to support ELO programs; it will be a challenge to support ELO at non-Title I schools

C. Presentation of the Charter Schools Administrative Office by Roger McKeague, Executive Director

1. Highlights

- 100% of all ARRA funds allocated (\$21 million) have been expended, \$7 million for SFSF Part A and \$14 million from SFSF Part B
- The final ARRA Part B payout of \$8.2 million was accomplished by a single salary reimbursement, rather than the two-step process of applying for activities funding and then applying for reimbursement after the activities are completed; this consolidated payment was a major breakthrough that streamlined the process of getting ARRA funds to the schools and was accomplished through a MOA developed after lengthy discussion between the Governor's Office, UH, DOE, and CSAO
- ARRA Part A and PART B funding created retained 417.66 FTEs
- There have been no federal audits or major findings

2. Discussion

- The majority of money went to stabilization (preventing layoffs), educational resource managers at each school (\$3.2 million total), and responding to furloughs
- \$200 thousand was spent for accreditation
- Funding intended for charter school startups was roiled into salary support because there was no mechanism to timely get these funds to these informal/inchoate groups
- Some building fund money has gone to salaries
- WAM withheld \$200 thousand from Myron Thompson Academy because it failed to provide information justifying funding for an athletic director in a school with no athletic program; ARRA funds were not allocated to offset this reduction but the school may have used its per pupil ARRA allocation to make up the difference
- \$100 thousand was used to improve capacity to monitor/track schools and their expenditures; CSAO is working on an automated/systematic approach to these issues instead of doing it for each of more than 30 schools

D. Presentation of the University of Hawaii (UH) by Glenn Okimoto, University Budget Office, and Yah-Yin Fong, Office of Research Services

1. Highlights

- Using the slide presentation to be posted on the Commission's webpage, UH updated the presentations it made on 12/1/2009 and 12/7/2010
- 100% of SFSF Part A funds had been expended as of 6/30/2011, \$32.8 million for UH Manoa and \$13.9 million for the UH Community Colleges
- FTEs created/retained using Part A funds since UH's last report include 478.99 for 2Q/11, 506.28 for 3Q/11, and 126.59 for 4Q/11
- 88% of SFSF Part B funds has been expended as of 9/20/2011; \$3 million for UH FIRST Academies (100%), \$600 thousand for UH-Hilo STEM (100%), \$381 thousand for UH-HCC MELE (95% with balance encumbered and to be expended by 9/30/2011), and \$500 thousand for UH-Community Colleges STEM (award received 9/6/2011, funds to be expended by 9/30/2011 for reimbursement of salaries)
- FTEs created/retained using Part B funds since UH's last report include 19.36 for 2Q/11, 17.96 for 3Q/11, and 191.19 for 4Q/11
- UH has been awarded \$115 million for 82 competitive ARRA grants as of August 2011; award end dates range from 2009 to 2014, with \$31.4 million, or 27%, expended so far; there have been no federal audit findings
- FTEs created/retained using competitive grant funds since UH's last report include 74.72 for 2Q/11, 84.05 for 3Q/11, and 91.99 for 4Q/11

2. Discussion

- Although there is bridge funding for STEM programs, FIRST Academies and MELE are new programs with no ongoing source of funding to sustain them; funding used to start these programs could have been used to reduce or eliminate teacher furloughs
- FTEs created /retained in 2010 and 2011 include non-tenure positions that are vulnerable because of loss of funding
- Recently, site visits have been conducted in cooperation with the US Dept. of Commerce, DOE, and the state libraries to help allocate \$35.9 million for an upgrade of broadband fiber connectivity and wireless connections
- UH did very well competing for grants as compared to other universities in its areas of strength (e.g., ocean sciences) but perhaps not as well in other areas

- In the last FY, UH has obtained \$480 million in research grants, included ARRA grants, whereas at the turn of the century that figure was \$100 million
- Although total federal are going down nationally, UH is in the top 1% of NSF grantees and submits over nine thousand grant proposals each year
- Grants are tracked by existing university financial systems with additional tracking required by ARRA performed for those grants; data gathered quarterly is provided to the principal investigator for each grant and then uploaded to the federal system

V. Public Comments

Polly Grace, a Waianae grandmother, expressed concerns about elementary education, noting that if keiki don't get educational support there, they become lost; she has helped put 24 great-grandchildren through private school to help keep this from happening to them; there are many homeless kids on the Waianae coast and many don't speak English

VI. Adjournment

With a reminder that the Commission will receive an update from Commission member and State ARRA Coordinator Mark Anderson and approve minutes at its next meeting on 11/8/2011, the meeting was adjourned at 12:03 a.m.