

**Legislative Federal Economic Stimulus Program Oversight Commission**

10/26/10

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

**Members present-**

Ed Kemp- appointee of Senator Hemmings  
Kate Stanley- appointee of the Speaker of the House  
Mark Anderson- appointee of the Governor  
Michael Kitamura- appointee of Senator Akaka

**Members not present-**

Senator Shan Tsutsui- Senate member  
Representative Michael Magaoay- House of Representatives member  
Jennifer Sabas- appointee of Senator Inouye  
Aaron Johanson- appointee of the House Minority Leader  
Kyle Chock- appointee of the Senate President  
Kehau Yap- appointee of Congresswoman Hirono

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

**II. Adoption of Minutes**

Adoption of minutes was deferred

**III. General Business**

There was no General Business conducted

**IV. Overview of Federal Stimulus Funds**

A. Presentation of the Department of Transportation (DOT) by Jiro Sumada, Deputy Director

1. Highlights

- Using the slide presentation and spread sheet to be posted on the Commission's webpage and answers to the Commission's questionnaire already posted, DOT updated the presentation it made on 12/8/09
- With \$201.2 million in ARRA funding (Highways - \$125.7 million; Airports - \$46.7 million; Harbors - \$25.9 million; Transit \$2.9 million) supplementing existing funding sources, 154.33 FTE jobs were created
- DOT sought equitable distribution of funds to all islands

2. Discussion

- No new employees were hired to monitor ARRA spending; this extra responsibility was assigned to existing personnel
- All obligation/expenditure deadlines have been or will be met; the goal is not to return any funding
- Back-up projects were identified, prioritized in consultation with the counties, and pursued when approaching deadlines required switches or when bids for others came in lower than expected, freeing up funds for the next priority
- More projects could have been pursued if funding had been available
- Removal of Explosive Detection systems and integration with baggage handling in the rear of the terminals on Maui and in Honolulu reopened the lobbies for their intended purpose
- It is unclear whether the jobs number for the Neighbor Island bus purchases is attributable to manufacturing the buses or addition of routes to be serviced by the new buses

B. Presentation of the Office of the Governor by Linda Smith, Senior Policy Advisor

1. Highlights

- Using answers to the Commission's questionnaire posted on the Commission's webpage, the Governor's Office updated the presentation it made on 12/29/09
- \$70 million of the SFSF Part A (education) award of \$157 million has been encumbered; \$27.4 million of the SFSF Part B (government) award \$35 million has been encumbered
- Expenditure of Part B funds is at the Governor's discretion and could have been spent on prisons or any other state function; the Governor chose to spend it on education which helped the State's Race to the Top application
- Part B expenditures focused on STEM programs (Science, Technology, Engineering, and Math) (\$14.9 million; Improving School Performance (\$6.3 million); Charter Schools (\$13.8 million); and Administrative Oversight (\$500 thousand)

2. Discussion

- Part B funds spent for administrative oversight were not used to hire staff; this function was performed by the Department of Budget and Finance and the funds were expended by B&F for statewide oversight
- With regards to possibly "cliff effect" on, for example, STEM funding, projects were chosen for funding based on ability to expend in a timely manner and/or generate other public/private funding
- Part B funding choices were made by the Governor in consultation with the Department of Education (DOE), the University of Hawaii (UH), and the Charter Schools Administrative Office; the Governor solicited project funding requests based on the ability to meet the 4 assurances required by federal administrators for the funding; no Request for Proposals was issued but UH and DOE knew about the funding opportunity
- The Governor did not work from an existing a list of planned projects; federal administrators gave the Governor discretion to choose
- Specific projects were picked based on ability to meet the 4 assurances, track record of success, ability to administer/exp[end funds in a timely fashion, whether other funds were available, and the ability to improve student performance
- No review committee was used to choose projects for funding; the Senior Policy Advisor reviewed each proposal and the Governor chose in close consultation with the education community
- Although the Governor had the discretion to do so, Part B funds were not used to end teacher furloughs because of a prior commitment to fund STEM and because some of the money went to charter schools which had chosen not to impose furloughs and would have been penalized if the money had been used to end furloughs in public schools
- The Governor's Office was commended for its support of the successful Race to the Top application

**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 November 9, 2010, with presentations from the Department of health and the Department of Human Services, the meeting was adjourned at 11:10 a.m.

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