

Legislative Federal Economic Stimulus Program Oversight Commission

11/9/10

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I. Meeting called to order- 10:04 AM

Members present-

Kate Stanley- appointee of the Speaker of the House

Ed Kemp- appointee of Senator Hemmings

Kyle Chock- appointee of the Senate President

Jennifer Sabas- appointee of Senator Inouye

Mark Anderson- appointee of the Governor

Members not present-

Senator Shan Tsutsui- Senate member

Representative Michael Magaoay- House of Representatives member

Michael Kitamura- appointee of Senator Akaka

Aaron Johanson- appointee of the House Minority Leader

Kehau Yap- appointee of Congresswoman Hirono

Others present- Lt. Gov.-elect Brian Schatz; Keira Kamiya- office of Senator Tsutsui; Ted Baker- Legislative Reference Bureau; members of the public

II. Adoption of Minutes

Adoption of minutes was deferred

III. General Business

- A. Commission member Johanson has submitted a letter of resignation from the Commission; appointment of a new representative of the House Minority Leader, or reappointment of member Johanson, is pending with the new House Minority Leader
- B. Commission member Magaoay's service with the Commission has ended with his term of office as a member of the House of Representatives; appointment of a new member is pending with the Speaker's office
- C. Commission member Tsutsui will make a new appointment to the Commission in his capacity as Senate President-elect and attend meetings as he is able

IV. Overview of Federal Stimulus Funds

- A. Presentation of the Department of Health (DOH) by Lorrin Kim, Office of Planning, Policy and Program Development

1. Highlights

- Using the slide presentation to be posted on the Commission's webpage and answers to the Commission's questionnaire already posted, DOH updated the presentation it made on 11/24/09
- With \$62.3 million in ARRA funding awarded and \$28.2 million expended, 318.43 FTE jobs have been created or retained
- There has been a \$5.2 million increase in total awards from the previous presentation, with no applications denied no additional ones in development
- Most of the 17 awards complete or substantially so but 2 have either not been started or have had no recent expenditures; the delays in the two programs (Clean Air and Chronic Disease Self-Maintenance program) have been slowed by procurement challenges, staffing levels, and existing workload
- All awards are on track for timely encumbrance and expenditure although several may require reallocation or extensions for which approval is anticipated

2. Discussion

- Projects administered by the Wastewater Branch were allocated to the counties based on their priorities that have not been funded locally; whether future allocations will follow that used for ARRA remains to be determined
- One of the criteria for EPA approval of wastewater projects was that there would be sufficient funds to complete the project after exhaustion of ARRA funds
- The Healthcare Acquired Infections project is being administered with account for needs of rural health facilities; because of in-kind donations, some funds have been redirected to yet-to-be-identified IT upgrades; however, the focus will remain on the facilities because the funding requires clinical outcomes
- There is no clear answer to how the Early Intervention program will be sustained after ARRA funds are exhausted; the funding bought time for the project after reduction in services due to RIFS and other cuts so the "cliff effect" may take its toll; it is unknown whether renewed funding will be included in the next Executive Budget

- ARRA funding for the immunization program will last through the current flu season; the programs will continue after exhaustion of ARRA funds using formula funds, albeit at a perhaps less robust level
- With regard to the Healthcare Acquired Infections project and the Communities putting Prevention to Work project, getting funds and expending them via procurement process has been very different; the coalition building process for getting the grants can be an informal, expedited one, but expending the funds thru the procurement process may slow expenditures and require opening the process to other entities not involved in the informal agreements that facilitated award of the grant
- Going forward, consideration may need to be given to modifying procurement requirements, although educating the Centers for Disease Control and other federal partners regarding those requirements may be the most important way for the State to remain competitive with others
- Federal partners sometimes find it easier to work through non-profit organizations to avoid cumbersome procurement requirements with a public agency as a backup
- Streamlined interim procurement rules will lapse on 12/31/10 even though Act 150 will remain effective through 6/11; efforts will be made to see if the rules can be extended

B. Presentation of the Department of Human Services (DHS) by Pankaj Bhanot, Administrator, Benefit, Employment and Support Services Division

1. Highlights

- Using the slide presentation to be posted on the Commission's webpage and answers to the Commission's questionnaire already posted, DHS updated the presentation it made on 12/15/09
- \$323.4 million of \$327.6 million in ARRA funds awarded have been expended as of 9/30/10, with no lapsing issues on the horizon
- 11 awards (TANF, Head Start, Homelessness Prevention, Child Care, SNAP, Medicaid, Medicare, Adoption Assistance, Foster Care, Vocational Rehabilitation, Independent Living) were made through 5 federal agencies (DHHS - Center for Medicare and Medicaid Services, DHHS - Administration for Children and Families, Dept, of Agriculture, Department of Education, and Dept, of Housing and Urban Development) for the benefit of over 430,000 clients

- The subsidized wage program for employers under TANF has been very successful and served as a model for other states

2. Discussion

- Medicare/Medicaid funds were expended under existing eligibility guidelines, as required by US DHHS
- It is unclear why the existing state Early Learning Council was not chosen to administer the Head Start grant instead of creating a new council for that purpose
- Jobs supported by the subsidized wage program include 643 adults with numbers for youth summer hires still pending
- Although the wage subsidies will expire after 6-12 months, it is hoped that the economy will improve enough during that time such that the employees hired with subsidies can be retained in non-subsidized positions after the subsidies are exhausted; of the 2,844 people employed from 2005 to 2010, over 990 have been retained in unsubsidized positions
- The impact of the "cliff effect" on various social welfare programs is unclear at this time and won't be clarified until after the national elections
- The cost of providing services to Micronesians pursuant to the Compact of Free Association (COFA) has been estimated at \$100 million per year, with health care costing \$40 million alone; although it is being contested in federal court, an effort is being made to separate out these services from existing programs and move them to something similar to Quest-Net because they are entirely state funded and recipients do not qualify for TANF or other federal programs; the \$11.2 million federal grant does not even cover the health care portion of the services
- Federal payments under COFA go directly to Micronesia and the money does not travel with Micronesians when they go elsewhere
- Additional Medicare funds have not been pursued because the matching General Fund money appropriated by the Legislature has not been released by the Governor; losses by the Hawaii Health Systems Corporation have been used as a partial match

C. Presentation of the Hawaii Public Housing Authority (HPHA) by Alan Sarhan, Planning and Evaluation Office

1. Highlights

- Using the slide presentation to be posted on the Commission's webpage and answers to the Commission's questionnaire already posted, HPHA updated the presentation it made on 12/15/09
- A grant of \$16.2 million was awarded through HUD in 3/09 for capital repairs to low-income housing pursuant to existing priorities, with 100% of the funds obligated, 35% expended, work/value in place amounting to 51%, and 81.76 FTE jobs created/retained
- Each of 6 projects was reviewed
- 60% of the funds must be expended by 3/1/11 and 100% by 3/1/12

2. Discussion

- The grant was in addition to the \$12 million HPHA receives annually from HUD
- There will be no "cliff effect," just a return to pre-existing project funding levels
- Even with the additional federal funds and a State CIP appropriation of \$10 million, there remains a backlog of \$850 million in deferred repairs and maintenance
- It has been difficult to ramp up spending because of RIFs, furloughs, and a hiring freeze but HPHA is confident the funds will be encumbered and expended as required
- Another challenge has been the American-made products requirement because pre-existing specifications for projects that were ready to go used called for whatever was available and cheapest
- Projects included solar installations, tankless water heaters, and energy efficient roofing and windows
- HPHA is currently investigating an instance in which a contractor has not been paying a subcontractor what has been billed against ARRA funds

V. Public Comments

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

VI. Adjournment

Due to a lack of time, the presentation by Commission member and State ARRA Coordinator Mark Anderson was deferred. With a reminder that the next meeting would be held on November 23, 2010, with presentations from the University of Hawaii, the meeting was adjourned at 11:10 a.m.

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