

## Legislative Federal Economic Stimulus Program Oversight Commission

12/7/10

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### I. Meeting called to order- 10:00 AM

#### Members present-

Kate Stanley- appointee of the Speaker of the House  
Mark Anderson- appointee of the Governor  
Michael Kitamura- appointee of Senator Akaka  
Josh Wisch- appointee of Congresswoman Hirono  
Ed Kemp- appointee of Senator Hemmings  
Richard Baker- appointee of the House Minority Leader

#### Members not present-

Jennifer Sabas- appointee of Senator Inouye  
Kyle Chock- appointee of the Senate President

**Others present-** Lt. Gov. 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 members introduced themselves
- B. Richard Baker has been appointed by the House Minority Leader to replace former Commission member Aaron Johanson who resigned following his election to the House of Representatives in November; he is a retired Foreign Service officer with 22 years of experience at the East-West Center
- C. The Lt. Governor was introduced by the Commission Chair who reported that he has been tasked by the Governor to lead the State's effort to maximize its share of federal funds
- D. The Commission Chair announced that the Commission will meet once more, on 1/11/11, before breaking for the 2011 legislative session; the purpose of the additional meeting is to adopt minutes of prior meetings and to discuss the outline of the Commission's report that will be submitted prior to the Commission's termination on June 30, 2011

### IV. Overview of Federal Stimulus Funds

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

1. Highlights

- Using the answers to the Commission's questionnaire and the slide presentation posted on the Commission's webpage, UH updated the presentation it made on 12/1/09
- As of 9/30/10, UH has secured \$115 million in competitive grants through 6 sponsoring federal agencies, of which \$10.3 million has been expended
- UH submitted 227 grant proposals and 77 were funded, with some proposals still pending; grants are tracked by a compliance officer in the Budget Office
- The focus of the competitive grants has been to conduct research and training primarily in the science and health-related fields and providing and to provide and/or upgrade broadband fiber connectivity and wireless connections
- SFSF Part A funds are being used, pursuant to a MOA between the Governor, DOE, and UH, to partially offset loss of legislative appropriations by reimbursing instructional payroll expenses at UH Manoa and the community colleges
- Of the \$47 million Part A funds awarded (\$22 million for FY2010; \$25 million for FY2011), \$22 million has been expended as of 10/15/10
- SFSF Part B funds are being used for STEM education on the middle schools, reimbursement of instructional payroll at UH Hilo in the physical sciences, and MELE (Music Entertainment and Learning Experience) at Honolulu Community College
- Of the \$4.9 million Part B funds awarded (\$1.3 million for FY2010; \$3.5 million for FY 2011), \$1.1 million has been expended as of 10/15/10

2. Discussion

- About \$35 million in competitive grant money has been secured fiber cable/connectivity project at 388 sites, including the community colleges, long distance learning centers, and public/charter schools
- Most grants are for a 2-5 year period and deadlines will be met by coordinating with other agencies that participated in obtaining the grant

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- The grants secured amount to about one-third of pre-existing annual funds and has helped fill gaps in that funding
- UH is doing well in securing grants in comparison to institutions of a comparable size, although a little below average overall
- As of 9/30/10, competitive grants had created/retained 69.45 FTE jobs
- Regarding the "cliff effect" of the exhaustion of ARRA SFSF Part A funds, a proviso in the FY2011 budget required these amounts to be written into the next executive budget; however, if not funded, some of the 437 jobs created/retained could be lost; it is not clear how the exhaustion of Part B funds will effect programs
- UH was consulted regarding the Governor's allocation of SFSF Part B funds by way of discussions, not in response to a RFP
- SFSF money came with lasting commitments including a "maintenance of efforts" requirement, continued funding, performance assurances, and the Longitudinal Data System
- UH got only \$4 million of the \$10 million Part B money authorized by the Legislature
- The spending process is affected by the source of the funding; with competitive grants, money was in addition to previously received money so the spending process was different; SFSF Parts A/B offset reductions by the Legislature and the Governor and afforded the Governor some flexibility in choosing what to fund
- ARRA required a lot of effort and expense for monitoring/reporting but the inability to answer some of these questions raises the question of whether that time/expense is cost effective
- A multi-year spending plan might alter the spending frenzy culture that attends the end of the fiscal year and that may also be affecting ARRA spending

### B. Presentation of Commission member and State ARRA Coordinator Mark Anderson

- 7 reports posted to the Commission's website for the 11/9/10 meeting were reviewed
- Examples of data quality issues that continue to be a challenge were discussed

- The State is not in immediate peril of losing any ARRA funds due to failure to meet deadlines, although the DOH underground tank project is lagging, as is spending by DBEDT
- The Council on Economic Advisers formula for indirect job creation/retention takes into consideration money distributed to state programs (FMAP, for example) and tax benefits
- ARRA spending not subject to Section 1512 reporting does not require inclusion of job creation/retention numbers
- FAMIS needs to be upgraded to meet new federal funding transparency requirements that may persist after ARRA

#### **V. Public Comments**

Two members of the public offered comments.

Jay April, President and CEO of Akaku, Maui Community Television, expressed concerns about the manner and purposes for which UH is expending the \$35 million broadband grant. According to him, Hawaii is way behind in broadband access and speed because of market control by Oceanic Time Warner and Hawaiian Telcom. Elsewhere, public/private partnerships are improving the situation but in Hawaii there is no plan to integrate spending by entities like UH to accommodate community and telecom needs. This causes a "silo" or "stove-pipe" effect such that, for example, physically contiguous facilities like UH Maui College and the Maui Arts and Cultural center that each have state-of-the-art facilities can only be linked via a signal sent first to Honolulu.

Mr. April was asked to submit written testimony and to contact David Lassner, UH's Vice President for Information Technology and Chief Information Officer, DCCA, and the Governor's office directly with his concerns. He agreed to do so.

Gordon Fuller, Managing Director for CAVU Hawaii, LLC, has been working with the State Independent Living Council to get disabled people working because Hawaii ranks fiftieth nationally in these efforts. However, he has found Hawaii's infrastructure too limited and too slow to effectively undertake tele-health and other applications. According to him, UH is an ivory tower organization that doesn't play well with others, especially those in minority groups such as the disabled, aged, and Native Hawaiian. These groups are excluded from consideration on the grant-making process undertaken by UH.

Mr. Fuller was asked to submit written testimony and agreed to do so.

**VI. Adjournment**

With expression of best wishes for the holidays and a reminder that the next meeting would be held on January 11, 2011, the meeting was adjourned at 11:09 a.m.

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