

LINDA LINGLE  
Governor



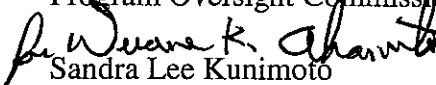
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July 8, 2010

To: Ms. Kate Stanley  
Chair, Legislative Federal Economic Stimulus  
Program Oversight Commission

From:   
Sandra Lee Kunimoto  
Chairperson, Board of Agriculture

Subject: Legislative Federal Economic Stimulus Program Oversight  
Commission, ACT 150, SESSION LAWS OF HAWAII 2009 - Questionnaire

The Department of Agriculture, Aquaculture Development Program, as the state advocate for aquaculture, was designated the primary contact and program administrator for the ARRA Aquaculture Grant Program.

As requested in your memo dated June 22, 2010, the following is the Department of Agriculture's response to the questions regarding the ARRA Funds managed by the department.

#### QUESTIONS

1. a. Project Description:

The Aquaculture Grant Program was developed to provide stimulus funds to eligible aquaculture producers that suffered financial losses associated with high feed input costs during the 2008 calendar year. As the state advocate for aquaculture, the Aquaculture Development Program (ADP) in the Department of Agriculture (HDOA) was designated the primary contact and program administrator. At the Federal level, the AGP was administered by the Farm Service Agency (FSA). The AGP had strict guidelines for the applicants. Initially, to be eligible with the FSA, each producer must have records on file at an applicable Farm Service Agency county office which: 1) indicate that their average adjusted gross income does not exceed \$2.5 million for the three preceding tax years (2005-2007), as calculated under regulations in 7 CFR Part 1400; and 2) indicate compliance with the conservation compliance eligibility provisions for other programs found at 7 CFR Part 12. The producer will not apply for or receive any assistance covered by the Supplemental Agricultural Disaster Assistance Programs established under Section 531 of the Federal Crop Insurance Act and Section 901 of the Trade Act of 1974 (these programs include the Emergency Assistance for



**Livestock, Honey Bees, and Farm-Raised Fish (ELAP), Livestock Forage Disaster Program (LFP), Livestock Indemnity Program (LIP), Supplemental Revenue Assistance Program (SURE), and Tree Assistance Program (TAP) for any losses in 2008 relating to the same species of aquaculture.**

**Additionally, assistance shall only be provided to eligible aquaculture producers that: 1) produced an aquaculture species for which 2008 feed costs represented at least 25 percent of the producer's total input costs for the aquaculture operation, as certified by the producer; and 2) experienced at least a 25 percent price increase of 2008 feed costs above the previous 5 year average (2003-2007), as certified by the producer.**

**The funds were awarded as a formula grant to the HDOA. Hawaii's portion of the total \$50M available was \$150,526, based on feed tonnage shipped to Hawaii in 2007.**

1. b. Amount of funds secured, encumbered and/or expended to date:

**\$150,526 was secured, \$30,700 was expended and the remaining balance was returned to the Federal Agency.**

1. c. Information on any competitive grants for which the Department has applied, lost, and/or obtained and, if applicable, any explanation as to the reason for the failure to secure such grants.

**The aquaculture program grant was the only grant that the department applied for.**

1. d. . Information on any funds that have been returned to the federal government and., if so, why?

**As per the contract with the FSA, \$119,826 was returned as unused. Primarily, the reason for the lack of disbursement was that FSA's original calculation did not take into consideration the eligibility parameters later defined by FSA, which greatly reduced the number of eligible operations and capped reimbursement amounts at \$100K (if any firm reached that threshold).**

2. Information on whether the Department's plans for ARRA funded projects are available on the State's ARRA website and, if not, why and/or when such information will be made available.

**The department's ARRA Recovery Plans are on the State's ARRA Website.**

3. Information on any problems or concerns the Department has encountered in securing and/or expending ARRA funds or with satisfying any reporting requirements.

**The department has not encountered any problems or concerns in securing and/or expending ARRA funds or with satisfying and reporting requirements. The State's ARRA Coordinator and his staff did an outstanding job of communicating and informing our staff of requirements and updates.**