

LINDA LINGLE  
Governor



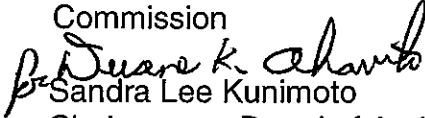
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December 4, 2009

To: 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 December 1, 2009, the following is the Department of Agriculture's response to the questions regarding the ARRA Funds managed by the department.

#### QUESTIONS

1. For each group/category or program/project for which ARRA funds have been obtained, please provide the following information:
  - (a) A brief summary of the program/project, including goals;  
**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).**



- (b) Whether funds were appropriated for expenditure by a federal agency, were awarded as a formula/block grant to a State or county agency, or were awarded on a competitive grant basis;  
**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.**
- (c) Whether matching funds are required, and, if so:
- (i) Are they available;  
**N/A**
  - (ii) Have they been secured;
  - (iii) If they have not been secured, why not; and
  - (iv) Will the State be required to continue that match or provide increased/full funding in the future;
- (d) If there are additional requirements to receive funds, what are they;  
**N/A**
- (e) The amount of funds involved and the state/federal fiscal year within which the funds must be expended (e.g. SFY 2009-2010 or FFY 2009-2010);  
**HDOA received \$150,526 on September 9, 2009 and all funds were required to be disbursed within 60 days of receipt (SFY2010).**
- (f) What criteria were used to identify the program/project as a priority and how does the program/project meet them;  
**The AGP was a priority for the HDOA since it was the only program specifically designed for aquaculture producers.**
- (g) Efforts undertaken to coordinate application for funds and administration of the program/project, including expenditure of funds, with other federal, state, and county agencies;  
**ADP coordinated its efforts with the local Farm Service Agency office for application eligibility and farm contact. It also coordinated communication through the Hawaii Aquaculture Association regarding program information and timelines.**
- (h) The criteria used to select activities for the program/project;  
**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.**

- (i) Efforts made to provide public notice and seek public comment/input or, if public comment/input was not sought, why;  
**HDOA issued a press release regarding the program information which detailed program requirements and timelines. No public input comment/input was sought since the program parameters were already established by the FSA.**
- (j) Efforts made during the bidding/award process to ensure that it was transparent and that the funds were awarded based on merit and in a prompt, fair, and reasonable manner;  
**HDOA contracted the services of KMH, LLC to provide program support during the application process. KMH had worked with HDOA on the Livestock Feed Reimbursement Program, a State program that is similar to the AGP, and was familiar with state and federal transparency requirements.**
- (k) Measures employed to: (1) reduce duplication of efforts, (2) ensure that funds were used for authorized purposes, and (3) prevent cost overruns, fraud, waste, error, and abuse;  
**HDOA's oversight of the program, with KMH LLC's support, ensured that no extra costs were incurred and that the program was administered properly.**
- (l) Current status of the program/project, including percentage of awarded funds that have been obtained, percentage of awarded funds encumbered and/or expended, and what part(s) of program/project have been completed; and  
**A total of \$30,699.86 was disbursed to three producers (20% of the funds received). The remaining balance (\$119,826.14) was returned to the FSA. The AGP program has been closed.**

- (m) Actual or anticipated economic impact to the State of the program/project, including the number of jobs saved/created and the long-term public benefits of the program/project.

**The AGP will have minimal impact to the State. Each of the three producers received \$9,237.61, \$14,942.39 and \$6,519.86, respectively. The participating producers are small sole proprietor operations which will use the funds to remain in business and will continue to provide aquaculture products to the food markets.**

2. For other programs/projects, if ARRA funds, such as competitive grants, were available for a program/project but were not sought or were denied, please briefly describe why the funds were not sought or why they were denied.

N/A

3. Please describe:

- (a) Any legal/operational barriers/constraints encountered in the award, receipt, encumbrance, or expenditure of funds, including procurement, late/delayed federal guidance, and reporting requirements;

N/A

- (b) The effect of those barriers/constraints; and

- (c) If and how they were mitigated.