

Legislative Federal Economic Stimulus Program Oversight Commission
11/03/09

I. **Meeting commenced-** 10:07 AM

II. **Introductions-** members and others present introduced themselves

Members present-

Representative Michael Magaoay- House of Representatives member

Senator Shan Tsutsui- Senate member

Kate Stanley- appointee of the Speaker of the House

Tom MacDonald- appointee of the Senate Minority Leader

Aaron Johanson- appointee of the House Minority Leader

Kyle Chock- appointee of the Senate President

Amy Asselbayer- appointee of Congressman Abercrombie

Josh Wisch- appointee of Congresswoman Hirono

Mark Anderson- appointee of the Governor

Michael Kitamura- appointee of Senator Akaka

Members not present- Jennifer Goto-Sabas- appointee of Senator Inouye

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

III. **Election of Chairperson**

Kate Stanley was nominated to be Commission Chair and the nomination was seconded and unanimously approved.

IV. **Adoption of Procedures of Operation for the Commission**

- The Chair stated that it is her intention to conduct meetings by consensus, as opposed to conducting votes, and to follow Robert's Rules of Order as applicable.
- The Chair stated that if she is unable to attend a Commission meeting, she will designate another member to act as Chair.

V. **Adoption of Questions to be Asked of Agencies Receiving Federal Stimulus Funds**

A. Concern was expressed that the proposed questions would require a lot of work by both the Commission and the responding agencies. This concern was addressed as follows:

- Most of the information requested has to be generated for federal reporting purposes.

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- To avoid additional work, the agencies will be asked to use already existing information whenever possible and to advise the Commission if they are encountering problems producing information, after which the Commission will follow-up as appropriate.
 - The information will be requested in advance of each meeting and the agencies will be asked to provide it in electronic format.
 - Commission member Mark Anderson, who is the Governor's ARRA Coordinator, will get feedback from the agencies during the course of the Commission's work regarding the manageability of the questions.
 - Representative Magaoay and Senator Tsutsui will be requested to transmit the information generated to the House and Senate money committees to reduce duplication of work by those committees and the agencies.
- B. The subject of state matching funds and how the questions should address the subject was raised. Specifically, ARRA funding may require an ongoing commitment of state funding. It was agreed that the questions should be revised to address the issue of matching funds and seek to identify other requirements for obtaining ARRA funds.
- C. The Chair was asked to revise the questions as necessary to clarify the criteria referred to in question (1)(f) and to reduce any overlap between questions (1)(h) and (1)(i).
- D. It was noted that the proposed questions are designed to be answered by state agencies and will be revised when addressed to federal agencies, the counties, and competitive grant applicants.
- E. With revisions by the Chair as necessary to address the concerns raised and subjects discussed, the Commission approved the Chair's request to send the questions to the responding agencies with an appropriate cover letter.

VI. Proposed Schedule of Commission Meetings

- A. It was agreed that the proposed schedule distributed prior to the meeting would be modified to move the presentations by the Department of Education, Charter Schools, and the University of Hawaii to December 1, 2009, and the presentation of the State Department of Transportation and the Department of Accounting and General Services to December 8, 2009.
- B. Commission members agreed that some issues may not be resolved until the legislative session is underway or has been completed.
- C. Commission members also agreed that follow-up with agencies may be required, especially in the case of funding that is still subject to the grant application and award process.

VII. Presentation by Commission Member Mark Anderson

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- A. Commission member Mark Anderson, the Governor's ARRA coordinator, presented an overview of ARRA and how it is being implemented nationally and locally, described the required internal controls and reporting process, and shared preliminary results from the first round of reporting.
- B. To date, 141 awards have been made in which a state agency is the primary recipient. The awards total \$940,873,816, of which \$296,501,216 has been expended. 926 jobs have been created or retained.
- C. Additional ARRA funds have been allocated to Hawaii that will be spent directly by federal agencies and the counties. To date, 250 federal jobs have been created or retained and another 369 jobs outside the state and federal sectors have been created or retained.
- D. Commission members reviewed and discussed the detailed reports.
- Apparent discrepancies in the first report between funds awarded, funds received, and funds expended derive from definition issues and quirks in the reporting process that are still being worked out.
 - An apparent lack of spending by the State Department of Transportation is attributable to the fact that, unlike mainland jurisdictions which have emphasized spending on road paving projects, ARRA transportation funds in Hawaii will be focused on infrastructure such as bridge repair and replacement. As a result, no spending will appear until the project has gone through the procurement process and a "Notice to Proceed" has been issued. This may be an issue in the federal appropriations process because it may appear that Hawaii is not spending ARRA money it has already received, thus calling into question its need for additional appropriations.
 - Mr. Anderson indicated that he may add a "funds encumbered" category to the reporting process to the step between "award" and "expenditure" that represents a commitment of funds through contractual obligation.
- E. Representative Magaoay asked Mr. Anderson to keep the Legislature apprised of whether he has adequate staff resources and is receiving the support he needs from his department and other state agencies. Mr. Anderson noted that ARRA does authorize states to set aside a certain portion of funds received for administrative expenses and that may be done at some point.
- F. The documents shared with the Commission by Mr. Anderson are available on the Commission's website at: <http://capitol.hawaii.gov/site1/studies/commESPO.asp>.
- VIII. Public Comments
- There were no comments or questions from members of the public present at the meeting.
- IX. Adjournment

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With a reminder that the next meeting would be held on November 24, 2009, with presentations by the Department of Health and the Department of Human Services, the meeting was adjourned at 11:45 a.m.