

Legislative Federal Economic Stimulus Program Oversight Commission

12/15/09

DRAFT

I. Meeting called to order- 10:03 AM

Members present-

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
Mark Anderson- appointee of the Governor
Josh Wisch- appointee of Congresswoman Hirono
Jennifer Sabas- appointee of Senator Inouye
Representative Michael Magaoay- House of Representatives member
Amy Asselbaye- appointee of Congressman Abercrombie

Members not present-

Senator Shan Tsutsui- Senate member
Michael Kitamura- appointee of Senator Akaka

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

II. Adoption of Minutes

The draft minutes of the Commission's 12/08/09 meeting, as amended, were accepted and will be posted on the Commission's website at:

<http://capitol.hawaii.gov/site1/studies/commESPO.asp>.

III. General Business

- There was no General Business for the Commission.

IV. Overview of Federal Stimulus Funds

A. Presentation of the State Department of Business, Economic Development, and Tourism, (DBEDT), by Ted Liu, Director of DBEDT, and Ted Peck, Energy Program Coordinator.

1. Highlights

- DBEDT's approach to obtaining ARRA funds was to take its existing plans, match them up with funding being managed by the federal Department of Energy, and deploy the funds accordingly, as needed
- As of 12/14, \$46 million + has been awarded directly to DBEDT, based on 5 formula grants and 1 competitive grant; another \$1.1 million + will go

directly to DBEDT for the Energy Efficient Appliance Rebate program; these amounts include funds that will pass through to other agencies, including weatherization funds that will be managed by the Department of Labor and Industrial Relations

- \$60 million + will go directly to the private sector
- 78% of funds awarded to DBEDT are for energy programs, with a focus on energy efficiency; majority of ARRA money will be expended on energy efficiency as the technology already exists; ; renewable energy project spending has focused on feasibility (for which the private sector may not have sufficient funds), with that front-end work making it possible for the private sector to come in afterwards
- Unlike spending by other departments, much of DBEDT's energy spending does not establish a direct link between money spent and result obtained; instead the funds are being expended to transform the energy system

2. Discussion

- Regarding the interisland cable project, DBEDT will manage the EIS process and HECO will be part of the team
- The public sector EIS will be 100% federal funded with a programmatic/umbrella piece and separate EISs for the wind farm, terrestrial upgrade, and undersea cable
- ARRA funding will be used for other "front end" work including procurement through an RFP
- The private sector EISs will be paid for by the private sector
- The cable project will cost from \$2.5 billion to \$4 billion in all, with the wind farm cost running between \$500 million and \$1 billion and the cable portion costing \$1 billion
- The cable project is expected to be up and running by the end of 2013 and will provide 400 Mw of intermittent power, about 10% of the State's total
- Federal agencies are helping with bringing the power on to the grid, with spinning reserve providing backup
- By comparison, nuclear power is too centralized and even the smallest system would generate electricity in excess of the State's need

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- Regarding transportation programs, approximately \$4.5 million will be put toward planning electric vehicle infrastructure in consultation with the US Dept. of Energy (including statutory requirements for parking lot charging stations); private entities such as Better Place will compete for funding
 - Discussions are ongoing with electric vehicle manufacturers regarding the supply of vehicles
 - General contingency plans are in place to redeploy electric vehicle funds if they can't be expended as planned
 - Although there is a chance that electric vehicle project will be determined not feasible after the money is spent, DBEDT is confident that the vehicles will be built and is focusing on the charging infrastructure
 - Energy Efficiency Community Block Grants are being administered in conjunction with the counties; \$2.5 million will go to non-profits for the energy efficient appliance rebate program
 - Funding for staff being hired with ARRA funding will be exhausted in 2012; some hires are new hires, some have moved from civil service positions; 8 positions are solely ARRA funded, with 18 total positions authorized
 - Structural barriers that may require legislative action involve several bills regarding energy efficiency, funding, and the stress on regulatory agencies,, including the Public Utilities Commission (with 35 separate dockets) and the Consumer Advocate
3. Documents: DBEDT's answers to the Commission's questions and summaries of the competitive grant awards have been posted to the Commission's website
 4. Follow-up: Job production/preservation numbers for competitive energy grant program
- B. Presentation of the Department of Labor and Industrial Relations, (DLIR), by Darwin Ching, Director, and Ryan Markham, DLIR ARRA Coordinator
1. Highlights
 - The Unemployment Insurance Division has distributed ARRA funding in the amount of \$26.5 million for Federal Additional Unemployment Compensation and \$26 million for Emergency Unemployment Compensation as of 11/09

- ARRA grant funds have been distributed by the Office of Community Services in the amount of \$4 million for the Weatherization Assistance Program, \$5 million of the Community Service Block Grant, and \$250,000 for The Emergency Food Assistance Program
- ARRA formula grant funds have been distributed by the Workforce Development Division in the amount of \$500 thousand for the Senior Community Services Employment Program, \$1.4 million for Reemployment Services and Wagner-Peyser, and \$6.3 million for the Workforce Investment Act
- ARRA competitive grant funds include \$1.2 million (Labor Market Information), \$4.9 million (Energy Training Partnership Grant), \$3.9 million (Pathways Out of Poverty Grant), \$5 million (Healthcare & Emerging Industries Grant), \$5 million (State Energy Sector Partnership Grant), and \$5 million (Smart Grid Training Grant).

2. Discussion

- Federal UI funds are received after State payout, with no impact on the State UI Trust Fund; 30,00 claimants received an additional \$25/week
- There may be as many as 100,00 claimants in total, but no new claims after 12/27/09
- Funds for Weatherization Assistance Program are in addition to those passed through DBEDT; funds can go to homeowners or renters with energy audits being done before and after installation; \$300,000 to \$400,000 spent so far through community action agencies, with outreach being done to educate consumers
- Emergency Food Assistance used \$258,000 to bring in six container loads of food
- Workforce Investment Act funds of \$2.9 million are for more than just summer jobs
- Because Hawaii had one of the lowest unemployment rates in the nation until 18-24 months ago, little federal job training funding had been available; then, once the economic crisis hit, job losses began to happen faster than State could deploy federal funding
- Hawaii was one of 27 states to receive full funding in the grant competition

3. Documents: DLIR's answers to the Commission's questions and summaries of the competitive grant awards have been posted to the Commission's website
 4. Follow-up: Still to be determined is how to deal with unfunded federal mandates once ARRA funding runs out
- C. Presentation of the Department of Human Services, (DHS), by Henry Oliva, Deputy Director
1. Highlights
 - DHS has received 8 Notifications of Award totaling in excess of \$183 million (\$171.4 million through DHHS-Medicare/Medicaid, \$8.7 million through DHHS-Children/Families, \$1.1 million through DOA-Food & Nutrition, and \$2.6 million through DOE-Special Ed/Rehab)
 - Most ARRA funding is to supplement existing programs
 - Although ARRA provided \$5 billion for Temporary Assistance to Needy Families (TANF), only \$1 billion has been distributed due to state matching fund requirements
 - Hawaii has received no ARRA TANF funding so far, although negotiations regarding conditions for receipt of the funds are ongoing and include an upcoming webinar
 - It is unclear what will happen to Medicaid programs when ARRA funding is depleted; if the Federal Medical Assistance Percentage reverts from the ARRA rate of 67% to the pre-ARRA rate of 55%, or to the 52% rate that will become effective after 12/31/10, there will be a shortfall of more than \$150 million per year; accordingly additional State funds will be needed starting 1/11/11
 - The Hawaii Public Housing Authority received Capital Fund Program Grant funds in the amount of \$16.2 million that will be used for repairs to six public housing sites on Oahu, Maui, and Hawaii
 2. Discussion
 - ARRA funding for Homeless Prevention and Rapid Rehousing in the amount of \$2.1 million awarded as of 9/30/09 is specifically for three rural counties
 - ARRA funding received by the Hawaii Public Housing Authority is like an extra year of the funding they already receive, is being spent pursuant to an

existing 5 year spending plan, and, accordingly, can be expended sooner than would otherwise have been possible

- ARRA funding for childcare will support provider training, Keiki Care, health and safety initiatives, and quality improvement,
- The majority of ARRA childcare funding is being used for childcare subsidies but funding is still insufficient
- Rule amendments may be necessary for DHS to meet its budget without ARRA funding
- Industry sources were more reliable/timely with regard to public housing grant opportunities than were official government sources
- The environmental review process has presented some obstacles to expenditure of capital improvements in public housing

3. Documents: DHS's answers to the Commission's questions and summaries of the competitive grant awards have been posted to the Commission's website

V. Public Comments

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

VI. Adjournment

With a reminder that the next meeting would be held on December 22, 2009, with presentations by the Department of Education and the Department of Land and Natural Resources, the meeting was adjourned at 12:08 p.m.