

LEGISLATIVE FEDERAL ECONOMIC STIMULUS PROGRAM OVERSIGHT COMMISSION
ACT 150, SESSION LAWS OF HAWAII 2009

DEPARTMENT/AGENCY QUESTIONNAIRE

Instructions: Please use this MS Word document as a template, entering your answers below the corresponding number/letter. The commission is cognizant of the numerous reporting requirements of ARRA and does not wish to burden your Department or agency with duplicative requests for information where possible. Please use information that you have all ready reported to the Federal government, as applicable.

If a question is not applicable please indicate N/A. The information requested under question 1 should be answered under each item for each group/category or program/project. However, Questions 2 and 3 need not be answered for each group/category or program/project.

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 State Fiscal Stabilization Fund program is a one-time appropriation of \$48.6 billion that the U.S. Department of Education will award to Governors to help stabilize State and local budgets in order to minimize and avoid reductions in education and other essential services, in exchange for a State's commitment to advance essential education reform in four areas: (1) making improvements in teacher effectiveness and in the equitable distribution of qualified teachers for all students, particularly students who are most in need;(2) establishing pre-K-to-college-and-career data systems that track progress and foster continuous improvement; (3) making progress toward rigorous college and career ready standards and high-quality assessments that are valid and reliable for all students, including limited English proficient students and students with disabilities; and (4) providing targeted, intensive support and effective interventions for the lowest-performing schools.

Source: U.S. Dept. of Education guidance on the State Fiscal Stabilization Fund Program, April 2009.

- (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 two components of the Stabilization program are the Education Stabilization Fund and the Government Services Fund. By statute, the US Department of Education will award 81.1% of a State's total Stabilization formula allocation under the Education Stabilization Fund and the remaining 18.2% of its allocation under the

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Government Services Fund. The award is made directly to the Governor on each State.

Hawaii's formula allocation is \$192,178,168.

*Education Stabilization (Part A) – 81.8% or \$157,201,741
Government Services (Part B) – 18.2% or \$34,976,427*

- (c) Whether matching funds are required, and, if so:
 - (i) Are they available;
 - (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;

Not applicable

- (d) If there are additional requirements to receive funds, what are they;

The Governor of each State was required to submit an application to the U.S. Department of Education. In the application each State was asked to ensure compliance with section 1111(b)(3) of the Elementary and Secondary Education Act (ESEA) regarding improving assessments and teacher effectiveness. Each State was also asked to ensure compliance with sections (3)(C)(ix) and (6) of section 1111(b) of the ESEA and section 612 (a)(16) of the Individuals with Disabilities Education Act (IDEA) related to the inclusion of children with disabilities and limited English proficient students. Additionally, each State was asked to take steps to improve State academic content standards and student academic achievement standards consistent with section 6401(e) of the America Competes Act. Finally, each State was asked to ensure compliance with section 1116 of the ESEA with respect to struggling schools.

- (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);

Please see response to #1b above. The guidelines issued by the US DOE state that funds are available for obligation through September 30, 2011. However, the award letter issued by the US Dept of Education indicated the award was available for the period of June 19, 2009 through Sept 30, 2010. We have an inquiry pending with the Assistant Secretary for Elementary and Secondary Education to inquire about the discrepancy in the deadlines.

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- (f) What criteria were used to identify the program/project as a priority and how does the program/project meet them;

These funds are being expended for elementary, secondary, and higher education support to address the assurances set forth by the application guidelines.

- (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;

Not applicable

- (h) The criteria used to select activities for the program/project;

Pursuant to memorandums of agreement between the Governor of the State of Hawaii and the Department of Education, the Charter School Administrative Office, and the University of Hawaii, the selected activities should better align education, workforce development and economic development policies. Further to the MOAs, the activities will create a framework for future cooperation between the parties on a common reform agenda to dramatically improve student achievement and outcomes in Hawaii's public education systems over the next eight years.

- (i) Efforts made to provide public notice and seek public comment/input or, if public comment/input was not sought, why;

Use of the funds was prescribed by federal law and guidelines.

- (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;

Not applicable

- (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;

With the assistance of the Department of Budget and Finance and the Department of General Services a payment and drawdown procedures manual has been prepared to track that funds are used for authorized purposes within the prescribed period of time and that expenditures abide by the reporting and transparency obligations set forth in ARRA.

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- (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

The Federal Dept of Education has awarded the Governor \$105,325,166 of the Part A funds listed above. Guidelines for requesting the balance of the funds were issued by the US Dept of Education on November 9, 2009 and states must submit their application by January 11, 2010. The entire amount of the Part B funded has been awarded. As of December 22, 2009 the Governor has issued authorizations to expend totaling \$84,603,669 to the Departments of Education, the Charter School Administrative Office and the University of Hawaii.

- (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.

Based on data provided by the University of Hawaii, they estimate 208.73 lecturer/professor positions were retained for the most current pay period ending December 15, 2009. The Charter School Administrative Office reports 343.51 positions retained as of the pay period 12/15/09. The Department of Education reports as of November 5, 2009 the retention of 1,561.98 full time equivalent positions.

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.

The Governor is encouraging the State education agencies to apply for those competitive and non-competitive grants for which we are eligible. For example, the deadline to apply for early childhood education funds in the amount of \$500,000 is August 1, 2010. The deadline to apply for Race to the Top competitive grants is January 19, 2010 with a second application period occurring in June 2010..

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;

Although the American Recovery and Reinvestment Act was signed on February 17, 2010, guidance to States on applying for the initial allocation of the State Fiscal Stabilization Funds was not issued until April 2009. US Dept of Education guidelines for the second allocation of the State Fiscal Stabilization Funds was not issued until November 2009. Federal officials have been holding periodic

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webcasts and conference calls to keep states apprised of the delays and the new timetables.

Reporting requirements have changed periodically. For example new guidelines on job counts were issued earlier this month and many require State agencies to revise their job counts prior to the January national reporting deadlines.

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

The delays did not cause undo harm to the effected departments, but did result in advance allocations of state funds in anticipation of the drawdown of federal monies.

- (c) If and how they were mitigated.

The Governor's office has been in regular communication with the US Dept of Education, including meetings with senior officials in Washington D,C to apprise them of our intent to use ARRA State Fiscal Stabilization Funds to implement compelling, meaningful changes in the State Department of Education. The federal support for this effort has been gratifying.