

February 11, 2011

TO: House Committee on Legislative Management

FROM: Kate Stanley
Chair
Legislative Federal Economic Stimulus Program Oversight Commission

RE: HB 383 Relating to the Legislative Federal Economic Stimulus Program Oversight Commission.

Chair and Members of the Committee:

The Commission is in support of HB 383 bill which extends the life of the Commission from June 30, 2011 to December 31, 2011.

At the January 11, 2011 meeting, the Commission asked Senate President Tsutsui to introduce a bill to extend the life of the Commission by six months who agreed to ask the Speaker of the House to do likewise. The Commission would like the additional six months to ask a few of the agencies (DBEDT, DOE, UH and Health) to update the Commission on their ARRA expenditures and prepare a report to the Legislature prior to next session.

The Commission's purpose as set forth in Act 150 SLH 2009 is to ensure transparency and accountability for programs, services and benefits of funds allocated to the State by the American Recovery and Reinvestment Act of 2009.

The Commission has scheduled meetings to hear presentations from State and Federal agencies since November of 2009. The Commission's website is found on the Hawaii State Legislature's home page under special studies. The web site lists Commission members, and has by date of each meeting the presentations of each agency. In addition the web site has the quarterly reports from the State administration's ARRA Coordinator Mark Anderson. His latest report to the Commission is attached to this testimony.

The Commission believes that extending the life of the Commission will further the goal of transparency and accountability as the agencies complete their expenditures of ARRA funds.

Thank you for this opportunity to testify in support of HB 383.

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Prepared Comments for the Legislative Federal Economic Stimulus Program Oversight Committee
By

Mark Anderson, State Lead ARRA Coordinator, Office of Economic Recovery and Reinvestment,
Department of Budget and Finance

Chair Stanley and Members of the Legislative Economic Stimulus Program Oversight Committee,
thank you for this opportunity to provide the Committee with an update on ARRA activities.

1512 reporting

As mentioned previously, all State of Hawaii entities submitted the required 1512 quarterly data to the federal government on the use of ARRA funds for the reporting period July 1, 2010 to September 30, 2010. This is the fifth reporting period since ARRA became effective on February 17, 2009. State entities have become proficient at the web-based reporting. However, the OERR continues to detect data reporting errors. The OERR is currently working to resolve about 15 outstanding data issues. Errors in most part involve differences in values between data reported to the federal government and data contained in the State's Financial Accounting Management and Information System (FAMIS)

The OERR also monitors comments posted by federal agency reviewers on reports submitted by state entities. Federal agencies comments increased during this quarter's federal agency review period. The focus of these comments was in large part on the narratives entered in the "award description" and "quarterly activities/project description" fields. Federal guidance requires these fields to be updated and provide sufficient detail so that the public can understand how ARRA funds are being used.

For each reporting period the OERR verifies that:

- Each ARRA award by federal award ID has a unique state appropriation symbol and that transactions for each ARRA award are conducted within a single state appropriation symbol in FAMIS;
- The ARRA award amount matches the award amount in the federal award letter;
- ARRA funds use the designated method of funding "V" in FAMIS;
- The source code 0581, Federal Stimulus Funds, is used when funds are received and deposited in FAMIS;
- Revenue and expenditure amount (cumulative total) on the 1512 report matches the amount recorded in FAMIS;
- Vendor payments \$25,000 and over recorded in FAMIS (including p-card charges) are reported individually on the 1512 vendor page;
- Vendor payments under \$25,000 recorded in FAMIS (including p-card charges) are reported in the aggregate (total amount and number of vendors);
- A worksheet showing how vendor payments are calculated has been submitted to OERR for each ARRA award;
- A worksheet showing how FTE ('full time equivalents') are calculated has been submitted to OERR for each ARRA award subject to the 1512 reporting requirements;
- The FTE total on the 1512 report matches the total on the FTE job calculation worksheet submitted to OERR for each ARRA award;

- And, the narratives entered in the "Award Description" and "Quarterly Activities/Project Description" fields on the 1512 reports are updated and provided sufficient detail to the public.

The OERR will issue a memorandum describing outstanding data reporting issues after providing state entities a reasonable period of time to address these issues.

Review of ARRA data

Summary of All Awards to All State entities:

The OERR tracks all ARRA grants awarded to a State of Hawaii entity including grants not subject to the '1512 reporting requirements.' Through September 30, 2010, State entities have been awarded \$1,644,144,050.86 in ARRA funds through 188 individual ARRA grants. Of this amount, \$849,896,891.84 has been expended. A large portion of these expenditures came from basic federal aid to the State (the enhanced FMAP percentage) and increased unemployment benefits. Most federal agencies faced a September 30, 2010 deadline to make ARRA awards to state and local government. Therefore I expect this quarter's award amount to be close to the final award total for ARRA funds. The only additional major ARRA award outstanding that I am aware of is the Medicare and Medicaid electronic health record incentive program which will start in early 2011.

Total List of ARRA Awards to All State Entities Subject to the 1512 Reporting Requirements:

State of Hawaii entities have been awarded 178 ARRA grants subject to the 1512 reporting requirement. 8 of these grants are now complete. The remaining 170 grants have an award amount of \$865,960,590 of which \$242,334,316 has been expended and \$113,312,762 has been encumbered.

Total List of ARRA Awards to All State Entities Not Subject to the 1512 Reporting Requirements:

State of Hawaii entities have been awarded 10 ARRA grants that are not subject to the 1512 reporting requirements and therefore do not appear on recovery.gov. These 10 ARRA grant are for \$777,512,732, of which \$606,899,003 has been expended, and \$39,861,026 has been encumbered.

List of Capital Improvement Projects Funded by ARRA for All State Entities:

State entities are undertaking 38 CIP projects using ARRA funds for a total of \$284,492,194. The List provides a breakdown by island. Please note a number of projects are now completed.

ARRA Awards to All State Entities by Sectors:

The GAO's methodology was adopted to characterize grants by one of six sectors. I hope the Committee finds this chart useful.

Total Jobs Saved or Created by State Entities for ARRA Awards Subject to the 1512 Reporting Requirements:

State entities reported 3,399.63 jobs saved or created by ARRA awards subject to the 1512 reporting requirements.

Estimated Employment Impact of the ARRA in Hawaii: 2009 and 2010:

A total of 5,117 jobs were reported as created or saved by ARRA funds subject to the 1512 reporting requirements. New data from the Council of Economic Advisors (CEA) on overall

economic impact should be made available next week. When it is released we will update this chart to include the CEA data.

Conclusion

State entities continue to make use of ARRA funds and have contributed to Hawaii's economic recovery. I would like to thank the many individuals involved in the ARRA process for their hard work and dedication in putting these funds to use. I would now be happy to take any questions the Committee may have.