

Legislative Federal Economic Stimulus Program Oversight Commission

1/11/11

I. Meeting called to order- 10:04 AM

Members present-

Kate Stanley- appointee of the Speaker of the House
Mark Anderson- appointee of the Governor
Michael Kitamura- appointee of Senator Akaka
Ed Kemp- appointee of Senator Hemmings
Richard Baker- appointee of the House Minority Leader
Senate President Shan Tsutsui

Members not present-

Jennifer Sabas- appointee of Senator Inouye
Kyle Chock- appointee of the Senate President
Josh Wisch- appointee of Congresswoman Hirono

Others present- Keira Kamiya- office of the Senate President; Ted Baker- Legislative Reference Bureau; members of the public

II. Adoption of Minutes

Minutes of prior meetings (all posted on the Commission's website) were reviewed and technical/typographical corrections noted. Revised minutes will be circulated by email for review and subsequent approval.

III. General Business

There was no General Business conducted

IV. Discussion - Preparation of Report to the Legislature

- A. The Chair presented an overview of the elements recommended for inclusion in the Commission's report to the Legislature
 1. Description of the authorizing legislation
 2. Explanation of how Commission meetings were organized, presentations made, and reports presented by Commission member Mark Anderson
 3. Identification of the agencies reviewed, how they were selected (e.g., those receiving significant awards), and why some were not reviewed
 4. Major observations based on today's meeting and input from Commission members

5. Personal statements of opinion and philosophy by Commission members, with attribution, e.g., that there should have been more CIP spending, the results of which are quantifiable, as opposed to social spending because nothing is left afterwards to quantify the impact of such spending

B. Discussion

1. The methodology prescribed by the federal government for counting jobs retained or created was not particularly useful because, for example, federal agencies did not report job numbers, instead relying on contractors to do so, and because the method developed by the Council of Economic Advisors (CEA) to indirectly count jobs retained or created was not exact, although it is not clear how else it could have been done
2. The State was prudent to have an overall ARRA coordinator
3. One problem with the job count is that it is not clear from one quarter to the next whether jobs are new or continuing; "man months of employment" might be more accurate
4. The FTE (full time equivalent employee) count by quarter is similar in that, for example, 3 people employed one month is equivalent to 1 FTE for the quarter
5. One problem in assessing the impact of ARRA based on job counts is that 1/3 of the package lacked quarterly job reporting; job counting was focused on state/local grants which comprised 1/3 of the package; the CEA tried to measure the other 2/3 indirectly; while the metric needs improvement, this was the first time that such an effort was undertaken to show the public how its money was spent
6. Federal agencies reported up the chain of command or management structure so there was no easy way to quantify how their expenditures benefited the State across all public and private entities here
7. The reporting requirements were imposed to help justify the debt burden imposed on succeeding generations by ARRA expenditures
8. Assessment of ARRA is almost impossible because it is difficult to compare present impact, especially social spending, vs. the impact on future generations
9. Although it was necessary to stabilize the economy, stimulus spending preserved the status quo and necessary adjustments still have not been made
10. Agencies worked hard to meet deadlines and met most of them; there have been little or no reports of fraud

11. Stimulus spending provided important gap funding to certain agencies/programs, e.g., DOE and FMAP/Medicaid, but it remains to be seen whether that spending stabilized existing programs or perpetuated unsustainable spending and programs
12. Stimulus spending is still moving through the economy; only about one-half of the money has been spent to date; a full assessment cannot be made until the end of 2011 or beginning of 2012
13. That some bids came in lower than expected and that there was money that could be spent on additional projects reflects on the state of the private sector economy
14. One reason to focus on construction projects in difficult times is that they can be done at less cost due to excess capacity in the private sector
15. Although there was an allowance for signage to indicate that a particular project is being funded by ARRA funds, most agencies chose to spend that money on projects instead; in addition, there was no capacity to conduct public outreach to educate the public on ARRA spending and its impact; as a result, the public had little understanding of how the money was spent or what it accomplished
16. It was noted that the State ARRA coordinator's position is authorized only through September 2011 but that federal reporting will be required until the last of the funds have been expended sometime in 2014

C. Extension of Act 150

It was noted that Act 150 does not require the Commission to prepare a final report and that, due to staffing constraints imposed by the coming legislative session, no report can be prepared before June 2011 in any event.

It was suggested that the Commission's duties could be transferred to the executive branch, perhaps the Lt. Governor's office, and a report could be prepared thereafter. It was also suggested that the Commission could submit a resolution to the Legislature transmitting a summary report including the Commission's meeting minutes and Commission member Mark Anderson's status reports and asking the Legislature to decide whether the Commission should continue its work.

The Commission decided to submit legislation for introduction by the Senate President and the Speaker of the House of Representatives to extend Act 150 by six months, until 12/31/11, which would permit the Commission to continue meeting and to submit a report immediately prior to the 2012 legislative session with the most current available information.

Legislative Federal Economic Stimulus Program Oversight Commission

1/11/11

Page 4

The Commission authorized the Chair to represent the Commission at any hearings on the legislation to extend Act 150.

V. Public Comments

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

VI. Adjournment

The meeting was adjourned at 11:10 a.m.