

# **PENNSYLVANIA STIMULUS OVERSIGHT COMMISSION**

**OCTOBER 8, 2009**

## ***Summary Report***

Ron Naples, Chairman, convened the meeting of the Commission at 11:00 a.m. in Conference Room 1 of the Forum Place Building, Harrisburg. Members in attendance included: Secretary Creedon, Gene Barr, Tony Ross, Terry Kostoff (representing Senator Casey), Charlie Battaglia (representing Senator Specter), Guy Ciarrocchi (via telephone), Bill George (representing Don Siegel), and individuals attending on behalf of State Senator Waugh, Rep. Mann and Rep. Ellis.

## ***Meeting Agenda***

- 1) Welcoming Remarks – Ron Naples
- 2) Implementation Report – James Creedon, Secretary of the Department of General Services
- 3) Presentations
  - Update on Section 1512 Reporting – Christian Soura, Senior Advisor for Recovery Implementation
  - Appliance Rebate Program – Kelly Heffner, Director, the Policy Office of the Department of Environmental Protection
  - GAO’s Work on ARRA in Pennsylvania – Phillip Herr, U.S. Government Accountability Office

## ***Implementation Report***

Ron Naples opened the meeting by reiterating the goals and responsibilities of the Oversight Commission and also mentioned that no reports had been received regarding waste, fraud or abuse.

Secretary Creedon, as Chief Implementation Officer, then provided an implementation status report. As of September 30, 2009, the total investment of ARRA funds by the Commonwealth has been \$3.895 billion, of which \$2.264 billion has already been spent and \$1.632 billion is in progress.

### **Transportation and Infrastructure**

*Highways and Bridges* – As of October 1, 2009, \$910 million or 89 percent of the funds estimated to be received have already been committed. A total of 271 of the 293 anticipated projects in the initial and reallocation rounds have opened bids; 249 projects have Notice to Proceed; 176 projects have started work; and 21 projects are completed. Low bid savings continue to average 11.4 percent below initial bid estimate and a second reallocation round may be warranted. Disadvantaged business participation is tracking at 5.72 percent across all projects

but varies by region. PENNDOT estimates that 5,037 jobs were created or sustained for the month of August as a result of the ARRA funding.

### Clean Water and Wastewater

As of September 25, 2009, 38 of the 118 projects awarded in April and June have settled. These projects represent a total of \$121.9 million in ARRA investment. A total of 107 projects will have settled or are scheduled to settle before the end of November 2009. In addition, 31 projects have started and the grantees are estimating 1,295 jobs for those projects.

### Energy

*Weatherization* – The management plans for all 43 participating agencies have been reviewed and approved. To date, 10 weatherization instructors have been certified and 300 worker certification applications are under review. The announcement of grant availability for additional training and certification centers opened on September 17, 2009 and applications are due by October 9, 2009. It is anticipated that four to seven additional centers will be opened. All weatherization agencies are targeted to begin ARRA funded projects by November 1, 2009.

### DCED

*Homeless Prevention and Rapid Re-Housing Program* – Based on need and demographics, \$20 million in formula funding has been allocated directly to 63 counties. Additionally, on a competitive basis, DCED awarded \$1.8 million to 10 service providers in seven counties across the state.

### Pennsylvania Council on the Arts (PCA)

The Pennsylvania Council on the Arts was awarded \$359,200 in ARRA funds from the National Endowment of the Arts. The funds will be used for grants within the Arts in Education program to PCA's regional partners who place teaching artists in jobs and educational settings. Proposals are being developed by regional partners, artists, and school personnel and will be reviewed by PCA for approval.

### Competitive Application Status

<u>Agency</u>	<u>Program</u>	<u>Status</u>
Administration	Broadband	Applied 8/24
DEP	Appliance Rebate Program	Application due 10/15
DCNR	NOAA-Coastal Habitat Restoration	Not selected for funding
DCNR	State Forestry Funds	Not selected for funding
DCNR	Site Characterization – CO2 Storage	Not selected for funding
DMVA	Fire Station Construction	Applied 7/10
DOT	Intercity Passenger Rail (1,3)	Applied 8/24
DOT	TIGER	Applied 9/15
DOT	Intercity Passenger Rail (2)	Applied 10/2

Education	Statewide Data Systems	Application due 10/15
GOHCR	Health IT	Application due 11/19
Health	Health Homes Demo	Awarded \$875,000
Health	Healthcare Associated Infections	Awarded \$1,020,480
Health	Primary Care Offices	Awarded \$42,555
Health	State Loan Repayment Program	Awarded \$156,000
Health	WIC – EBT Planning	Awarded \$462,264
Health	WIC – EBT Hardware/Software	Applied 6/26
Health	Immunization and Vaccines Plan	Awarded \$1,803,140
Health	Ambulatory Surgical Center	Applied 8/31
L&I	Market Info. Improvement	Applied 8/13
L&I	SESP Training Grants	Application due 10/10
L&I	Health Care & Emerging Indust.	Applied 10/5
PHMC	Geothermal Technologies Program	Applied 8/6
PSP	COPS Hiring Recovery Program	Not selected for funding
PSP	Byrne Competitive Grant	Not selected for funding
PSP	Rural Law Enforcement	Not selected for funding

### *Presentations*

#### **Section 1512 Federal Reporting – Christian Soura**

The ARRA legislation requires each recipient of ARRA funds to file cumulative quarterly reports within 10 days of the close of the quarter. The first report is due October 10, 2009. The key contents of the Section 1512 reports are: amount of funds received; description of project or activity; evaluation of completion status; estimate of employment impact; information on grantees/sub-recipients; and additional detail for infrastructure work. The initial reports will be posted on the Recovery.PA.gov website on October 11<sup>th</sup> for public review and the finalized reports will be posted on October 30<sup>th</sup>.

#### **Appliance Rebate Program – Kelly Heffner**

The Department of Energy's stated goals for the State Energy Efficient Appliance Rebate Program (SEEARP) are to save energy, make rebates available to consumers, enhance existing programs, and create jobs. Pennsylvania's federal allocation for this program is \$11,944,000, of which \$944,000 is estimated to be used for administrative costs and \$11 million for rebates. The Commonwealth's proposal is due to the Department of Energy by October 15, 2009. The proposal will call for the offer of rebates on oil, natural gas, and propane water heating and HVAC systems to residential consumers on a statewide basis utilizing a third party administrator. It is estimated that the rebates will translate into 22,000 projects for home improvement contractors across the state. The benefits of the proposal are: energy savings; addresses recycling and refrigerant recovery concerns; compliments (without duplicating) Act 129 electric utility programs; the promotion of equipment made predominately in the United States (estimated at 90 percent); and the creation or retention of jobs at the local level.

***Appliance Rebate Plan***

Standard Energy Star Appliances

Advanced Energy Star Appliances

<u>Products</u>	<u>Rebate</u>	<u>Rebate</u>
Water Heaters	\$250	\$ 500
Oil Furnaces	\$500	\$1,000
Natural Gas/Propane Furnaces	\$500	\$1,000
Oil Boilers	\$500	\$1,000
Natural Gas/Propane Boilers	\$500	\$1,000

The Commonwealth is focusing its efforts on non-electric appliances since Pennsylvania electric utility companies, as mandated under Act 129, are pursuing a parallel rebate program for electric appliances.

**GAO's Work on ARRA in Pennsylvania – Phillip Herr**

The U.S. Government Accountability Office (GAO) is an independent, nonpartisan federal agency that is part of the legislative branch. Language in the ARRA mandates several responsibilities for the GAO. The responsibilities include: conducting bimonthly reviews of selected states' and localities' use of funds; commenting on recipient reports on the number of jobs created or preserved; reviewing areas such as trade adjustment assistance, new education incentive grants, and efforts to increase small business lending; and monitoring the downturn's long-term effect on states.

In terms of the bimonthly reviews, the GAO is conducting longitudinal studies in 16 states (including Pennsylvania) and the District of Columbia. The objectives of the studies are to describe the states' use of funds, approaches taken to ensure accountability and the plans to evaluate the impact of funds.

For its September report, the GAO reviewed four Recovery Act programs in Pennsylvania: highway infrastructure; transit capital assistance; weatherization assistance; and WIA Youth program summer employment activities. Additionally, the GAO updated funding information for three education programs and the Public Housing Capital Fund.

In its September report, the GAO provided findings relative to Recovery Act funds in Pennsylvania.

The Pennsylvania budget impasse has delayed release of some Recovery Act funds.

- Highway infrastructure investment funds did not require separate appropriation, and Pennsylvania has been spending those funds since last spring.
- The August stopgap budget provided appropriation authority for the Weatherization and WIC Youth programs.
- Education programs received only partial appropriations authority.

- Competitive grants that Pennsylvania has applied for and/or received may not have spending authority to move forward immediately.

#### Highway Infrastructure Investment Funds

- The FHWA apportioned \$1.026 billion in ARRA funds to Pennsylvania.
- As of September 1, 2009, \$874.9 million was obligated by FHWA (85 percent of Pennsylvania's apportionment, compared to 67 percent nationwide).
- \$50.5 million reimbursed by FHWA (five percent of Pennsylvania's apportionment, compared to five percent nationwide).

#### Transit Capital Assistance Program

- The Federal Transit Administration apportioned \$327.5 million in funding.
- As of September 1, 2009, \$257.5 million had been obligated for urbanized areas and \$30.2 million had been obligated for non-urbanized areas.

#### Weatherization Assistance Program

- The Department of Energy allocated approximately \$253 million in ARRA funding for weatherization funding for a three-year program.
- To date, Pennsylvania has received approximately \$126 million or approximately 50 percent.
- As of September 1, Pennsylvania has not obligated any of its weatherization funds but was working to issue contracts to 43 weatherization agencies.
- Pennsylvania expects to begin work in November 2009, and to weatherize 29,700 homes.

#### WIA Youth Program

- The Department of Labor allocated \$40.6 million to Pennsylvania.
- Pennsylvania allocated \$34.6 million to local workforce boards, and as of September 1, the local workforce boards had expended \$11 million (27 percent)
- Local boards planned to spend 70 to 90 percent by September 30, 2009.
- More than 8,800 youth were enrolled.
- The Pennsylvania Department of Labor plans to evaluate outcomes, but there is not a consistent measure of work readiness.

#### Public Housing Capital Funding

- HUD allocated approximately \$212.1 million in ARRA funding to 82 public housing agencies in Pennsylvania.
- Based on information available as of September 5, approximately \$65 million (31 percent) had been obligated by 68 of those agencies and about \$6.7 million had been drawn down by 51 housing agencies.

#### State Fiscal Stabilization Fund

- Pennsylvania has not received approval for the initial allocation of \$1.3 billion of its total \$1.9 billion allocation for SFSF funds. Pennsylvania will resubmit its application once the FY2009-10 budget is place.

Title 1, Part A

- Pennsylvania was awarded \$400.6 million in ARRA funds. As of September 3, \$368 million had been allocated to local education agencies, but the stopgap budget provided authority to spend only \$199.4 million.

IDEA, Parts B and C

- Pennsylvania was awarded approximately \$445.6 million in ARRA funds. \$267 million has been allocated to local education agencies but the stopgap budget only provided \$228.5 million in spending authority.

Information relative to all of the GAO reports is posted on the GAO Recovery Act website: <http://www.gao.gov/recovery>.

- September 2009 Bimonthly Report: GAO-09-1016, GAO-09-1017SP
- July 2009 Bimonthly Report: GAO-09-829, GAO-09-830SP
- April 2009 Bimonthly Report: GAO-09-580