

PENNSYLVANIA STIMULUS OVERSIGHT COMMISSION
September 22, 2011

Introduction

Peter Tartline, Deputy Secretary for the Budget, acting as the designee for Budget Secretary Charles Zogby, convened the meeting of the Commission at 11:00 a.m. on Thursday, September 22, 2011, in Conference Room 1, 7th Floor, Forum Place Building, Harrisburg. Members in attendance included Sen. John Blake, Terry Kostoff, Mike Marsico, Eileen McNulty, and a representative for Sen. Mike Waugh.

Meeting Agenda

- 1) Welcoming Remarks – Peter Tartline, Deputy Secretary for the Budget
- 2) Oversight, Transparency and Accountability in Pennsylvania under the American Recovery and Reinvestment Act – Eileen McNulty, Stimulus Accountability Office
- 3) Pennsylvania E-Health Collaborative Update – Robert Torres, State Health Information Technology Coordinator

Welcoming Remarks

Peter Tartline welcomed everyone to the 22nd meeting of the Oversight Commission and stated it would be the final meeting of the Commission. He proceeded to thank all Commission members for their service on the Commission and their willingness to provide oversight to Pennsylvania's effort with regard to the ARRA. Further, he indicated the reporting and accountability functions of the Commission would be transitioning to the Office of Comptroller Operations along with Eileen McNulty, who has served in the Stimulus Accountability Office.

Oversight, Transparency, and Accountability in Pennsylvania under the American Recovery and Reinvestment Act

As this was the final meeting of the Commission, Eileen McNulty presented a recap of the ARRA and the Commission, and an update as to what has transpired to date regarding the stimulus effort in Pennsylvania.

ARRA had five basic purposes:

- To preserve and create jobs and promote economic recovery,
- To assist those most impacted by the recession,
- Investment to spur technological advances in science and health,
- Investment in infrastructure for long term economic benefit, and
- To stabilize state and local budgets.

The Stimulus Oversight Commission was one step taken by the Commonwealth to ensure transparency, accountability, and oversight in the implementation of the ARRA and the spending of stimulus funds. The Commission's role included the following:

- Review of the spending streams, timelines, and allocation process,
- Review of the competitive application process,
- Review of the state's oversight controls and procedures to prevent and detect fraud or abuse,
- Review of the state's approach to required reporting, and
- To provide regular status updates on applications, spending, risk management, program implementation, reporting, and results.

In order to help ensure transparency and accountability, the Commission established a website, www.recovery.pa.gov, to provide timely and up-to-date information on the stimulus process and requirements, the spending of stimulus funds, and the results achieved by the spending. Additionally, the Commission monitored the various spending programs for fiscal compliance and provided regular reports to the federal government and public showing the findings.

Federal ARRA funding is expected to total approximately \$840 billion with approximately \$33.8 billion coming to Pennsylvania. The breakdown of Pennsylvania's ARRA funding is \$11.1 billion for tax benefits, \$19.0 billion for state-directed investments, and \$3.7 billion in direct federal grants. The distribution percentages for the Pennsylvania funding are as follows: 39% entitlements, 33% tax relief, 17% state grants, 8% direct federal, and 3% local awards.

Through August 31, 2011, a total investment of \$17.51 billion in state directed ARRA funding has been made in Pennsylvania. Of this amount, \$16.98 billion has been spent and an additional \$540 million has been committed. The breakdown for this funding is as follows:

<u>Category</u>	<u>Total \$ Committed</u>	<u>\$ Already Disbursed</u>
Health Care	\$ 4,856,188,141	\$ 4,852,679,429
Workforce	6,442,415,211	6,437,891,281
Education	2,866,611,743	2,638,566,130
Transportation Infrastructure	1,057,727,461	922,535,179
Other Infrastructure/Housing	309,081,475	240,619,151
Public Safety	390,014,241	377,342,832
Energy	374,653,800	292,690,220
Community and Family Support	1,207,707,598	1,201,672,259
Environment	13,157,264	12,501,067
TOTALS	\$ 17,517,556,934	\$ 16,976,497,548

It was reported that stimulus funding has provided a significant boost to Pennsylvania's economy in terms of jobs and economic growth, personal assistance, technology investment, infrastructure investment, and state and local budget stabilization.

Jobs and economic growth

The Council of Economic Advisors has estimated the ARRA impact was 132,000 jobs in Pennsylvania and the Congressional Budget Office estimates of ARRA growth impact showed the GDP up 1.5% to 4.2% in 2010 and the GDP up 0.8% to 2.5% in the 2nd quarter of 2011.

Personal assistance

ARRA and stimulus funding provided significant direct assistance to many individuals and families in Pennsylvania:

- 4.5 million families were impacted by the Making Work Pay tax credit,
- 1.76 million individuals received extra food stamp benefits,
- 1.16 million workers received additional Unemployment Compensation,
- Stimulus funding allowed for 4,430 additional child care slots, 128 additional Early Head Start slots, and 310 additional Early Intervention slots,
- An additional \$482.4 million in Pell grant funding was provided to students at PA institutions of higher education, and
- 11,844 youths were placed in summer employment.

Technology investment

Significant funding has also been allocated as an investment in advancing energy, science and health technologies:

- \$668.7 million of business investments in energy technology,
- \$350.7 million for health research activities,
- \$87.8 million for health care facilities,
- \$17.4 million for health related scholarships and training,
- \$617 million for incentive grants to medical assistance providers to adopt electronic health records, and
- \$17.1 million for secure sharing of medical records among health care providers.

Infrastructure investment

ARRA stimulus funding allowed Pennsylvania to make long term infrastructure investments across the major areas of: transportation, clean water and drinking water, energy conservation, weatherization and broadband.

Transportation Infrastructure/Highways and Bridges – Slightly more than \$1 billion in ARRA funding has been awarded in Pennsylvania for highways and bridges. A total of 344 projects have been funded, of which 267 are complete. To date, 650 miles of resurfaced roadway have been completed and 350 bridges have been brought into compliance.

Transportation Infrastructure/Transit – \$346 million has been awarded for 143 transit projects, of which 134 have notice to proceed. As a result, there are 39 new or renovated facilities, 186 new public transit vehicles (72 hybrids) and improvements at seven airports.

Clean Water and Drinking Water – Of a stimulus allocation of \$221 million, PENNVEST has disbursed \$207.9 million on 111 ARRA funded projects. These projects are estimated to bring the drinking water of 520,000 people into compliance with water quality standards; conserve 1.5 million gallons of potable water annually; and eliminate nutrients and sediment annually of 1.2 million pounds of nitrogen, 513,000 pounds of phosphorous, and 357,000 pounds of solids.

Energy Conservation – Two programs comprised this effort, the State Energy Plan program and Conservation Works! program. The 60 projects approved under the State Energy Plan program included a broad spectrum of project types: solar, wind, geothermal, combined heat and power, biomass boilers and others. The \$99.7 million in ARRA funds allocated for these projects resulted in \$353.7 million in matching funds and \$271.3 million in leveraged funds for a total project value of \$724.7 million. Annually, these projects are estimated to result in 114.9 million kWh energy saved, 25.1 million Mcf gas saved, and 510.9 million kWh energy generated.

The Conservation Works! program consisted of block grants to fund 102 projects for local governments and non-profits. A total of \$23.1 million in ARRA funds awarded to these projects generated \$19.7 million in matching funds and \$12.8 million in leveraged funds for a total project value of \$55.6 million. These projects are estimated to result in 33.5 million kWh energy saved, 103,238 Mcf gas saved and 1.12 million kWh in energy generated.

Weatherization – As of August 31, 2011, 24,891 homes have been weatherized. This figure represents 84% of the 29,700 home goal set in the State Plan (it is anticipated the goal will be exceeded by the end of the program in April 2012). DCED monitoring staff have completed on-site reviews of 2,975 completed homes and completed fiscal monitoring of all 43 sub-recipients. A total of 1,206 individuals have earned weatherization certification as a result of job training and another 380 individuals are in training.

Broadband – ARRA funding has resulted in major upgrades to Pennsylvania's broadband system. Microwave equipment has been installed at 17 of 71 connections. Bandwidth has been leased to "last mile" service providers in areas containing 2,657 community anchor institutions. Funds in the amount of \$28.8 million have allowed for the deployment of "middle mile" infrastructure in 32 counties in northern Pennsylvania. Additionally, \$7.4 million has been used to collect and maintain data through 2014 for the state's portion of a national broadband map providing an inventory of broadband service availability.

Stabilize state and local budgets

The economic downturn has put enormous pressure on state and local budgets. Stimulus funds were allocated in Pennsylvania to help alleviate the pressure and allow for the continuation of vital services:

- \$4.8 billion to maintain healthcare for 2.2 million Medicaid recipients,

- \$1.6 billion to stabilize education budgets,
- Support for 356,295 Special Education students,
- School reform plans were funded in 48 schools,
- \$20.3 million was allocated to the Community Oriented Police (COPS) program to help fund local police, and
- Salary funding for 9,883 correctional officers.

Pennsylvania E-Health Collaborative Update

The advent of the Corbett administration resulted in a re-evaluation of how Pennsylvania intended to deal with the issue of E-Health, the electronic sharing of medical health records, and e-prescribing by pharmacies.

In March, 2011, Pennsylvania's revised Operational Plan was approved by the Office of National Coordinator and limited access was given to implementation funds pending reengagement of stakeholders and the development of a detailed plan. A total of \$17.1 million in funding was made available. A revised strategic and operational plan, endorsed by the stakeholders, needs to be developed by January, 2012 and a governance model needs to be established by July 1, 2012.

A program information notice issued by the Office of National Coordinator indicated Pennsylvania's plan:

- Must enable point-to-point exchanges in 2011 (Direct Project: secure internet-based direct communications), and
- Must address:
 1. Gaps in the use of e-prescribing by pharmacies,
 2. Gaps in the ability of independent labs to send structured lab results electronically, and
 3. Gaps in provider ability to electronically share patient care summarized across unaffiliated organizations.

On July 27, 2011, Governor Corbett issued an Executive Order establishing the PA E-Health Collaborative. The health exchange project was simultaneously re-launched with a stakeholder session attended by 134 individuals representing sectors of the healthcare industry and consumers. Five working committees (business & operations; finance & sustainability; legal, privacy & security; communication & outreach; and evaluation & performance) were organized at the session with each having key priorities relative to various aspects of the issue.

Business & Operations

- Document business needs, justifications and recommendations related to enabling point-to-point exchanges
- Recommend an approach for long-term health information exchange technical infrastructure and services

- Identify and recommend an approach to Provider Directory
- Identify and assess long-term governance options
- Identify and leverage existing resources

Finance & Sustainability

- Identify a sustainable revenue model
- Develop an expense budget based upon recommendations from the other committees
- Leverage available appropriated funds
- Identify state and private sector resources that can be leveraged
- Develop recommendations for a five-year sustainability model

Legal, Privacy & Security

- Leverage Nationwide Privacy and Security Framework to develop Pennsylvania's guiding principals
- Use the guiding principles to address the legal framework needed for health information exchange operations and oversight to achieve the end-state vision

Communication & Outreach Committee

- Create plans and identify resources to deliver education and outreach activities to support the health information exchange
- Work with stakeholder organizations, including state agencies, to align activities and distribute the health information exchange message
- Establish benchmarks and evaluate the effectiveness of communication and outreach efforts

Evaluation & Performance Committee

- Identify and develop measures and benchmarks to comply with grant requirements; measure health information exchange adoption, use and performance; and measure clinical care improvements resulting from health information exchange
- Conduct assessment scans of current and planned health information exchange activity across the Commonwealth
- Conduct assessment scans of provider and patient awareness across the Commonwealth