

**PENNSYLVANIA STIMULUS OVERSIGHT COMMISSION
JANUARY 13, 2011**

Summary Report

Ron Naples, Chairman, convened the meeting of the Commission at 11:00 a.m. on Thursday, January 13, 2011, in the Governor's Reception Room, 225 Main Capitol Building, Harrisburg. Members in attendance included Gene Barr, Guy Ciarrocchi, Representative Brian Ellis, Eileen McNulty, Ian Rosenblum (representing Governor Rendell), Tony Ross, Don Siegel, Mary Soderberg, and representatives for Representative Jennifer Mann and Senator Mike Waugh.

The meeting of the Commission was preceded by a news conference held by Governor Ed Rendell to discuss the impact of the American Recovery and Reinvestment Act (ARRA) in Pennsylvania. Governor Rendell indicated the investment of stimulus monies in Pennsylvania has worked well and been a success. The \$31 billion of stimulus dollars being injected into Pennsylvania as a result of ARRA has lessened the impact of the recession on Pennsylvania families, provided benefits for the education system, and funded infrastructure projects that will provide long-term, lasting benefits. He said that, according to the national Council of Economic Advisors, the ARRA investment to date in Pennsylvania has directly helped create and protect more than 136,000 Pennsylvania jobs.

Meeting Agenda

- 1) Welcome and Investment Report – Ron Naples, Chairman, Pennsylvania Stimulus Oversight Commission
- 2) Implementation Report – Mary Soderberg, Chief Implementation Officer and Secretary of the Budget
- 3) Guest Presentation:
 - Department of Environmental Protection – John Hanger, Secretary

Welcome/Investment Report

Chairman Naples opened the meeting by reiterating the role of the Commission and announcing the appointment of several new members. Mary Soderberg was appointed by Governor Rendell to serve as Chief Implementation Officer and Bob DeSousa was appointed to represent Senator Toomey. The Chairman indicated that no Buy America waivers had been submitted and one report to the Inspector General's Office was found to be without substance.

The total anticipated ARRA investment in Pennsylvania is approximately \$31.1 billion, of which approximately \$11.1 billion goes directly to individuals as tax benefits, \$16.6 billion is state directed investments and \$3.4 billion is direct federal grants. As of December 31, 2010, ARRA funds committed through state agencies totaled approximately \$13.31 billion, of which approximately \$12.13 billion had already been disbursed.

The distribution of state directed funds is as follows:

<u>Category</u>	<u>Total \$ Committed</u>	<u>\$ Already Spent</u>
Health Care	\$3,961,086,746	\$3,957,596,145
Work Force	4,788,386,625	4,765,189,241
Education	2,106,326,225	1,552,590,713
Transportation Infrastructure	1,067,706,639	788,641,418
Other Infrastructure	309,597,877	199,091,386
Public Safety	385,777,916	361,279,468
Energy	366,701,027	215,225,780
Community and Family Support	313,341,308	285,129,502
Environment	13,211,398	8,969,632
TOTAL	\$13,312,135,761	\$12,133,713,285

- (1) Total \$ Committed is the amount of ARRA funds already disbursed by the Commonwealth and those funds the Commonwealth has committed to spend by contract, grant or otherwise, but which has not yet been paid out.
- (2) \$ Already Spent is the total amount of ARRA expenditures incurred and disbursed by the Commonwealth.

Implementation Report

Reporting

For the 4th quarter of 2010, the required federal Section 1512 ARRA reports were filed two days early. The reports showed \$5.4 billion of awards in progress, \$3.3 billion spent to date and 10,780 FTE jobs funded during the quarter.

Transportation and Infrastructure

Highways and Bridges – As of December 31, 2010, slightly more than \$1 billion in ARRA funding had been awarded to Pennsylvania for highway and bridge projects. This funding has allowed PENNDOT to award and certify 344 projects, of which 213 have been completed. A total of 541 miles of road have been resurfaced and 282 bridges have been brought into compliance. PENNDOT reported to FHWA that 2,486 jobs were created or retained in December, 2010 and 4,773 in November, 2010. Another 2,746 jobs were created or retained through November on transit programs statewide.

Clean Water and Drinking Water

Through December 31, 2010, PENNVEST has disbursed \$182.8 million (83%) of the \$221 million in ARRA monies which have been awarded for 112 ARRA projects. Construction progress on the projects is as follows:

0 – 25% complete = 2

26 – 50% complete	= 7
51 – 75% complete	= 13
76 – 99% complete	= 25
100% complete	= 65

Energy

Weatherization – As of December 31, 2010, 16,225 homes have been weatherized and DCED monitoring staff has completed on-site reviews of 1,878 (11.6%) of completed homes. To date, 900 weatherization worker certifications have been earned by 799 workers and another 1,040 individuals are in the certification process.

EECBG: Conservation Works! – 103 projects are underway, and 38 of those have completed physical work. Over \$14.2 million (62.8%) of the \$22.6 million allocated to projects has been expended. Pennsylvania currently ranks 3rd in the nation in the percentage of state EECBG funds drawn down.

State Energy Plan (SEP) Program – 60 projects have been approved, 50 are underway, and 19 have the physical work completed. A total of \$68.3 million (68.5%) of the \$99.7 million in SEP allocated funds have been expended. Pennsylvania currently ranks 2nd in the nation in percentage of SEP funds drawn down. The projects have so far reduced carbon dioxide emissions by over 26 million pounds and generated more than 19 million kilowatt hours of energy from renewable sources.

Guest Presentation

Pennsylvania Department of Environmental Protection – John Hanger, Secretary

Secretary Hanger provided the Commission with an overview and update of the ARRA programs coordinated by DEP.

The energy program goals were:

- *Create new energy sources – increase the amount of renewable and alternative energy generated:* 128 megawatts of renewable energy capacity, which is enough to power 36,000 homes, has so far been created.
- *Increase efficiency – save energy dollars in Pennsylvania through conservation and efficiency:* Annual savings so far include 160 million kwh of electricity (enough to power 16,000 homes); 25 million Mcf of natural gas; 225,000 gallons of distillate oil (equal to 26 tanker trucks); and 4,700 tons of coal (equal to 47 rail cars).
- *Spur economic development – maximize private sector investments to multiply the impact of ARRA funding:* The \$137 million of ARRA funding has generated

\$726 million in private sector funding for a total of \$863 million invested in Pennsylvania's economy.

- *Create long-term capital investments – develop long-term assets that operate for 10 to 30 years:* More than 20,000 projects, estimated to last an average of 24 years, have been implemented. These projects include wind turbines, solar panels and home heating equipment.
- *Put people to work – create jobs and enduring opportunities for employment:* It is estimated that 164 direct permanent jobs and 1,892 direct temporary jobs have been created. Additionally, the figures do not reflect those jobs which were retained or indirect jobs created.

The Secretary indicated that \$136 million in ARRA funds were invested in five energy programs:

\$99.60 million – State Energy Program
23.50 million – Energy Efficiency Conservation Block Grant
11.90 million – Home Heating
1.30 million – Energy Assurance
0.35 million – Industrial Efficiency Program

The Home Heating program provided equipment rebates to more than 17,000 home owners for gas and oil furnaces, boilers and water heating equipment. The \$11 million investment leveraged \$72 million in private investment and is estimated to have an energy savings of 403 billion Btus per year. Approximately 3,000 contractors were employed on the installations.

The Secretary also updated the Commission on several other funds:

Leaking Underground Storage Tank (LUST) – With \$6 million in total funding, Pennsylvania ranks 4th in the nation in grant money withdrawn. These funds have been used to deal with 70 abandoned and shut-down sites in 40 counties where property re-use may have been jeopardized by environmental contamination.

Diesel Emission Reduction Program – reduces diesel fuel consumption, reduces diesel emissions and improves air quality.

State Clean Diesel Grant Program -- reduces diesel emissions and improves air quality. A total of \$1.73 million awarded and \$965,000 reimbursed to sub-grantees.

National Clean Diesel Funding Assistance Program – A total of \$1.5 million awarded and \$950,000 reimbursed to sub-grantees

Clean Diesel Emerging Technologies Grant – A total of \$1.5 million awarded and \$1.3 million reimbursed to sub-grantees.

604b Program: Water Monitoring

The Department has received a total of \$1.6 million in funding, of which \$918,000 (58%) has been spent. The funds are being used for six surface water quality assessment projects and two water quality criteria development projects.