

**PENNSYLVANIA STIMULUS OVERSIGHT COMMISSION**  
**July 14, 2011**

***Summary Report***

Eileen McNulty of the Stimulus Accountability Office convened the meeting of the Commission at 11:00 a.m. on Thursday, July 14, 2011, in Conference Room 1, 7<sup>th</sup> floor, Forum Place Building, Harrisburg. Members in attendance included Eugene Barr, Terry Kostoff, Mike Marisco, Tony Ross, Don Siegel and individuals representing Sen. John Blake, Hon. Jean Branstetter, Rep. Brian Ellis, Rep. Jennifer Mann, and Sen. Mike Waugh.

***Meeting Agenda***

- 1) Investment and Implementation Report – Eileen McNulty, Stimulus Accountability Office
- 2) Guest Presentations:
  - PENNVEST Update – Paul Marchetti, Executive Director, Pennsylvania Infrastructure Investment Authority
  - Department of Labor and Industry – Dan Kuba, Acting Director, Bureau of Workforce Development, Pennsylvania Department of Labor and Industry
  - Department of Education – Brian LaForme, Special Assistant and Executive Stimulus Coordinator, and Renee Palakovic, Division Chief, Division of Federal Programs, Pennsylvania Department of Education

***Welcome and Investment and Implementation Report***

Eileen McNulty welcomed everyone to the 21<sup>st</sup> meeting of the Oversight Commission and indicated that since the last meeting of the Commission there had been no new referrals or filings for the Inspector General and no new Buy American waiver requests. Further, she announced that the last official meeting of the Oversight Commission will be held on September 22, 2011. She then proceeded to present the Investment and Implementation Report.

It is estimated that the overall Federal Recovery Act funding will total approximately \$814 billion, of which approximately \$32.6 billion will flow into Pennsylvania's economy. Of the \$32.6 billion, \$11.1 billion will be in the form of tax benefits, \$3.6 billion will be direct federal grants and approximately \$17.9 billion will be disbursed directly by the Commonwealth. Preliminary data, as of June 30, 2011, shows state agencies have committed ARRA funds totaling \$16.76 billion and actually disbursed \$16.06 billion of the committed amount.

The distribution through June 30, 2011, of state directed ARRA funds is as follows:

<u>Category</u>	<u>Total \$ Committed</u>	<u>\$ Already Disbursed</u>
Health Care	\$4,863,838,234	\$4,858,523,930
Workforce	6,083,786,729	6,068,294,684
Education	2,861,328,138	2,582,320,670
Transportation Infrastructure	1,080,549,861	894,909,366

Other Infrastructure/Housing	308,897,299	232,212,895
Public Safety	388,852,539	372,968,536
Energy	372,809,475	269,680,782
Community and Family Support	783,933,209	767,340,126
Environment	13,143,774	12,177,610
TOTAL	<u>\$16,757,139,259</u>	<u>\$16,058,428,599</u>

In early July, the Commonwealth filed the Section 1512 ARRA reports for the 2<sup>nd</sup> quarter of 2011. A total of 338 reports were filed representing \$5.4 billion of awards in progress, of which \$4.5 billion had been spent by the end of June. These reports showed 16,908 FTE jobs funded during the quarter.

A total of \$125.8 million in contracts have been awarded to MBE/WBE/DBE enterprises. This figure represents 6.3% of total contract awards.

### Transportation Infrastructure

*Highways and Bridges* – As of June 30, 2011, slightly more than \$1 billion in ARRA funding has been awarded to Pennsylvania for highway and bridge projects. This funding has allowed PENNDOT to award and certify 344 projects, all of which have started work. In addition to safety and other improvements, 584 miles of road have been resurfaced and 302 bridges have been brought into compliance. PENNDOT reported to the FHWA that 3,808 jobs were created or retained for the month of May and 3,224 for April.

*Transit* – 143 transit projects have been awarded in Pennsylvania and 129 of those have received Notice to Proceed. Statewide, 3,205 jobs were created or retained through the month of June on transit projects.

### Clean Water and Drinking Water

Through June 30, 2011, PENNVEST has disbursed \$203.5 million (92%) of the \$221 million available for the 111 ARRA funded projects.

- Projects between 0 – 25% complete = 1
- Projects between 26 – 50% complete = 4
- Projects between 51 – 75% complete = 5
- Projects between 76 – 99% complete = 33
- Projects 100% complete = 68

### Energy

*State Energy Plan (SEP) Program* -- As of June 30, 2011, of the 60 approved projects 15 are totally complete, and 20 more have completed the physical work. Approximately \$81.8 million (82%) of the \$99.7 million in SEP funds have been expended. Pennsylvania ranks third in the nation in terms of the percentage of State Energy Plan funds drawn down. To date,

carbon dioxide emissions have been reduced by over 29 million pounds and more than 23.6 million kilowatt hours of energy has been generated from renewable energy sources.

*EEDBG: Conservation Works:* -- 102 projects have been approved and are underway. To date, 32 projects have been completely closed out, and 49 more have completed physical work. Over \$18.4 million (82%) of the \$22.4 million allocated to projects has been expended. Pennsylvania ranks fourth in the nation in the percentage of State EECBG funds drawn down.

*Weatherization* -- 22,174 homes have been weatherized as of June 30, 2011. This figure represents 75% of the goal of 29,700 homes set in the original State Plan. (By the end of the program, the goal is expected to be exceeded). DCED monitoring staff have completed on-site reviews of 2,765 (12.5%) completed homes and started fiscal monitoring of all 43 sub-recipients. To date, 1,267 weatherization certifications have been earned by 1,137 individuals (some individuals hold multiple certifications) and another 298 individuals are in training.

### *Guest Presentations*

#### **PENNVEST Update – Paul Marchetti**

PENNVEST received \$221 million in ARRA funding for drinking water and wastewater projects, which included non-point source projects. At least 20% of the money had to be awarded to “Green Infrastructure” projects, at least 50% had to be in the form of grants and all funds had to be committed to projects within one year (2/17/10). PENNVEST met all of these goals.

A total 111 projects were approved (this number is two less than previously reported due to the withdrawal of two projects) for the \$221 million, of which \$193 million was provided in the form of grants and \$28 million in loans (when repaid the loan money can be re-utilized). Twenty-six drinking water projects received \$44 million in ARRA funding (\$14 million loans and \$30 million grants) and 85 wastewater and non-point source projects received \$177 million (\$14 million loans and \$163 million grants). All projects are under construction and 68 projects have been completed. A total of \$203.5 million (92%) of the ARRA funding has been disbursed.

**Department of Labor and Industry Update – Dan Kuba** (Sue Mukherjee, Director, Center for Work Information & Analysis; Nesta Livingston, Director, Bureau of Central Operations Office of Vocational Rehabilitation; and Samuel Cost, Vocational Rehabilitation Specialist, Office of Vocation Rehabilitation assisted in the presentation).

An overview was provided on ARRA funding for Labor and Industry programs.

*Workforce Investment* – Pennsylvania received \$99.68 million in Workforce Investment Act ARRA funds. These monies were received in three funding streams: WIA Adult (\$16.5 million), WIA Dislocated Worker (\$42.5 million) and WIA Youth (\$40.6 million). As of June 30, 2011, \$95.85 million (96.2%) had been expended.

During the period of May 1, 2009 thru May 31, 2011, WIA Adult served 10,088 participants and 4,775 participants received job training services. Dislocated Worker served 23,748 participants and 7,793 participants received job training services.

The funding for the WIA Youth allowed for the expansion of program eligibility to include individuals up to 25 years of age. During the May 1, 2009 thru May 31, 2011 period, there were 9,751 total youth participants, 6,641 in-school (68%) and 3,110 out of school (32%).

*Employment and Re-employment Activities* – Pennsylvania received \$15.1 million to provide services to individuals including skill assessment, career guidance, job search, and referral to job opportunities. As of May 31, 2011, the following received assistance:

Employment Services – total participants served: staff assisted 178,879 individuals and 275,693 individuals took advantage of self-service opportunities. The number of participants referred to employment was: staff-assisted 29,152 and self-service 123,459.

Re-Employment Services – total participants served 117,485 and 26,290 participants referred to job training.

*AmeriCorps/PennSERVE* – Nearly \$2.8 million was awarded (\$1.2 million formula driven and \$1.6 million competitive). Ten AmeriCorps programs supported the creation of employment and community service opportunities throughout Pennsylvania. Activities included: summer enrichment and day camps; tutoring and training; general community services; academic coaching; and community renovation projects. Over 8,990 individuals were mentored, over 9,280 disadvantaged children and youth were served, and over 6,480 volunteers provided more than 28,190 volunteer hours.

*Vocational Rehabilitation* – A total of \$23.1 million in ARRA funds was awarded to L&I in this category. Of this amount, \$21 million was directed to L&I under the Voc Rehab Title IB program to develop and operate 13 projects to help individuals with disabilities prepare for, obtain and maintain employment. An additional \$552,000 was provided to L&I for the Centers for Independent Living (nine centers received grants of \$45,000 to increase services and another \$100,000 was used for replication of best CIL practices). A total of \$1.64 million was also provided to L&I for Independent Living Older/Blind to provide services to older individuals who are blind to maximize their independence and productivity and to promote their integration into mainstream society

*Unemployment Compensation (UC) Benefits and Modernization* – 1,247,794 individuals received some type of ARRA funded UC benefits and the federal government has paid out over \$5.7 billion in ARRA related UC benefits in Pennsylvania since February 18, 2009.

The Federal Additional Compensation (FAC): provided unemployment claimants an additional \$25 weekly benefit. A total of 1,164,648 claimants, as of the week of May 28, 2011, were receiving or have received this additional benefit. To date, \$1.06 billion in benefits have been paid.

Emergency Unemployment Compensation (EUC): provides ARRA funds to allow for 47 additional weeks of unemployment compensation benefits. As of the week of May 28, 2011, 616,042 claimants in Pennsylvania were receiving or have received this benefit. Approximately \$4.2 billion in benefits had been paid.

Extended Benefits (EB): provides ARRA funds to allow for up to 13 additional weeks of emergency unemployment benefits beyond the 47 weeks. As of the week of May 28, 2011, 213,494 claimants in Pennsylvania were receiving or have received this benefit. Approximately \$518.3 million in benefits had been paid.

Unemployment Modernization – L&I was awarded administrative grants totally \$19.6 million in ARRA funding. Of this amount, \$6 million has been used to hire 50 PA CareerLink specialists and \$13.6 million was used for implementing IT initiatives relating to law changes.

*Weatherization* – L&I received \$9 million in ARRA funding from DCED to implement weatherization training and certification of weatherization workers. Seven weatherization training providers in different regions of the state were funded to train the current workforce and new hires. To date, 795 weatherization courses have been offered, 2,067 individuals have taken weatherization coursework, and 1,124 individuals are fully certified. As of June 20, 2011, \$4.91 million (45.4%) has been expended.

The Department of Labor and Industry also received \$9.95 million in Federal ARRA Competitive Grants: \$1.25 million for State Labor Market Information Improvement (LMI); \$6.0 million for the State Energy Sector Partnership (SESP); and \$2.7 million for National Emergency Grant On-the-Job Training.

The Labor Market Information Improvement grant was a research award and the project was targeted to enhance labor market information around the green economy. Listening sessions, surveys and other techniques were to be used to identify green jobs, to determine where those jobs were and what job skills were required and to reach out to green job employers.

The State Energy Sector Partnership is a project focused on increasing the energy efficiency and renewable energy workforce by implementing regional and statewide strategies to provide training opportunities to traditionally underserved populations. Proposals from 16 training providers from across the Commonwealth were selected for funding and it is expected that over 2,000 participants will be served.

National Emergency Grant On-the-Job Training is working in partnership with L&I, local workforce investment boards, industry partnerships, community based organizations and intermediaries to identify OJT opportunities in Pennsylvania's 11 targeted industry clusters. The goal is to return dislocated workers (long-term 22 weeks or longer) to the workplace. Six local Workforce Investment areas involving 26 counties are involved in the effort. Each of the six LWIAs was allocated \$403,000 for the administration of basic education, supportive services, and employer wage reimbursement.

**Department of Education Update – Brian LaForme and Renee Palakovic**

ARRA funding for education came with four basis principals:

- Spend funds quickly to save and create jobs;
- Improve student achievement through school improvement and reform;
- Ensure transparency and accountability -- report publically on the use of funds; and
- Invest one-time ARRA funds thoughtfully to minimize the “funding cliff”.

*Summary of ARRA Education Funding to Pennsylvania*

<u>ARRA Award</u>	<u>Amount</u>
Preschool Grants for Children with Disabilities	\$ 14,495,034
Grants to States for the Education of Children with Disabilities	427,178,222
Child Nutrition Recovery Act-NSLP Equipment	2,872,047
Title II, Part D – Enhancing Education through Technology	25,302,703
Title I, Part A – Improving Basic Programs Operated by Local Education for Homeless Children and Youth	400,603,678
State Fiscal Stabilization Fund – Ed Grants, Recovery Funds	1,874,497
School Improvement Grants, Recovery Act	1,558,797,939
Statewide Longitudinal Data Systems, Recovery Act	119,379,100
Education Jobs Fund	14,284,020
	387,815,661
TOTAL	<hr/> \$2,952,602,901

The ARRA funds for Title I, Title II, IDEA (individuals with disabilities), SLDS (data systems), School Lunch Equipment, Homeless Education and School Improvement Grants were additional funds for existing federal programs.

The State Fiscal Stabilization Funds (SFSF) and Education Job Funds represented new funding sources. The SFSF funding of \$1.559 billion (\$1.31 billion for basic education and \$249 million for higher education) was distributed on the following calendar distribution: FY 08-09 -- \$63 million; FY 09-10 -- \$748 million; FY 10-11 -- \$748 million. The Education Jobs funding of \$388 million was awarded and fully expended in FY 10-11 only to school districts and distributed based on Basic Education Funding.