

**PENNSYLVANIA STIMULUS OVERSIGHT COMMISSION**  
**May 12, 2011**

***Summary Report***

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, May 12, 2011, in Conference Room 1, 7<sup>th</sup> Floor, Forum Place Building, Harrisburg. Members in attendance included the Honorable Jennifer Branstetter, Eileen McNulty, Tony Ross, and individuals representing Sen. Blake, Rep. Ellis, Rep. Mann, Sen. Waugh and Don Siegel.

***Meeting Agenda***

- 1) Investment and Implementation Report – Eileen McNulty, Stimulus Accountability Office
- 2) Guest Presentations:
  - Oversight Update – John Kaschak, Director, Bureau of Audits, Office of Comptroller Operations, Governor’s Budget Office
  - Non-Highway Transportation Awards – Toby Fauver, Deputy Secretary for Local and Area Transportation, PA. Department of Transportation
  - Broadband Grants – Sue Suleski, Director, Broadband Stimulus Initiatives, and Steve Fuller, Director, Planning and Administration, Office of Public Safety Radio Services, Office of Administration
  - Weatherization Assistance Program – E. Craig Heim, Executive Director and Lynette Praster, Deputy Director, Office of Energy Conservation and Weatherization, PA. Department of Community and Economic Development

***Investment and Implementation Report***

Eileen McNulty, Deputy Director of the Stimulus Accountability Office, presented the investment and implementation report to the Commission.

It is anticipated that Pennsylvania will receive a total of \$31.1 billion in ARRA funding and approximately \$16.6 billion of that figure is to be disbursed directly by the Commonwealth. As of March 31, 2011, state agencies have committed ARRA funds totaling \$15.32 billion, of which \$14.22 billion has already been disbursed.

The distribution through March 31, 2011, of state directed ARRA funds is as follows:

<u>Category</u>	<u>Total \$ Committed</u>	<u>\$ Already Spent</u>
Health Care	\$4,422,762,289	\$4,418,422,757
Work Force	5,508,372,238	5,490,253,783
Education	2,460,767,719	1,889,059,491
Transportation Infrastructure	1,072,501,327	823,904,525
Other Infrastructure/Housing	308,608,542	220,570,813
Public Safety	387,459,730	366,746,374

Energy	369,926,006	237,022,163
Community and Family Support	779,052,701	758,381,062
Environment	13,292,750	11,408,949
<b>TOTAL</b>	<b>\$15,322,743,302</b>	<b>\$14,215,769,916</b>

- (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.

In April 2011, the Commonwealth filed the Section 1512 ARRA Reports for the 1<sup>st</sup> Quarter 2011. The Section 1512 reports cover approximately one-third of the ARRA funding received by the Commonwealth. A total of 345 reports were filed for the 1<sup>st</sup> Quarter 2011, representing \$5.4 billion of awards in progress, of which \$3.67 billion had been spent through March. These reports accounted for 9,626 FTE jobs funded during the quarter. The Section 1512 ARRA reports for all recipients in Pennsylvania showed a total of \$9.5 billion awarded, (Pennsylvania ranks 7<sup>th</sup> among the states), with 15,672 total FTE jobs reported for the 1<sup>st</sup> Quarter (Pennsylvania ranks 8<sup>th</sup> among the states).

#### Transportation and Infrastructure

*Highways and Bridges* – As of March 31, 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. As of March 31, 2011, 230 projects are complete, 565 miles of roads having been resurfaced, 290 bridges have been brought into compliance, and additional safety and other improvements have been made. PENNDOT reported to FHWA that 1,986 jobs were created or retained for the month of March 2011 and 1,167 for January 2011.

*Transit* – Funding for 143 transit projects has been awarded statewide, with 129 of those projects receiving Notice to Proceed. A total of 2,824 jobs were created or retained thru March 31 on transit projects statewide.

#### Clean Water and Drinking Water

Through March 31, 2011, PENNVEST has disbursed \$200 million (90.5%) of the \$221 million in ARRA monies which have been awarded for 111 ARRA funded projects. Construction progress on the 111 projects is reported as follows:

- Projects between 0 – 25% complete = 2
- Projects between 26 – 50% complete = 4
- Projects between 51 – 75% complete = 6
- Projects between 76 – 99% complete = 36
- Projects 100% complete = 63

Energy

*State Energy Plan (SEP) Program* – As of March 31, 2011, there were 60 approved projects, of which 10 were complete and 22 more had the physical work completed. A total of \$79 million (79.2%) of the \$99.7 million in SEP allocated funds have been expended, with Pennsylvania ranking 3rd in the nation in the percentage of SEP funds drawn down. To date, carbon dioxide emissions have been reduced by over 22.2 million pounds, and more than 18.1 million kilowatt hours of energy has been generated from renewable sources.

*EECBG: Conservation Works!* – 102 projects are underway, of which 26 are complete and 41 more have completed physical work. Over \$16.7 million (73.9%) of the \$22.6 million in ARRA funds allocated to projects has been expended. Pennsylvania currently ranks 4th in the nation in percentage of State EECBG funds drawn down.

*Weatherization* – As of March 31, 2011, 20,031 homes, or 67% of the 29,700 homes set as the goal in the State Weatherization Plan, have been weatherized. DCED monitoring staff has completed on-site reviews of 2,525 (12.6%) of completed homes and started fiscal monitoring of 34 of the 43 local sub-recipient organizations (monitoring for all organizations is anticipated to be in place by the end of the fiscal year). To date, 1,172 weatherization worker certifications have been earned by 1,030 workers and another 419 individuals are in training.

*Guest Presentations*

**American Recovery and Reinvestment Act Oversight Update – John Kaschak**

Mr. Kaschak began his presentation by providing a brief recap of the June 17, 2010 Oversight Commission presentation. At that time, the Government Accountability Office’s last bi-monthly review of PA’s management oversight of stimulus funds was underway; Pennsylvania’s first year of federal stimulus funds had been audited but the single audit report had not been released; the Office of the Budget’s Bureau of Audits had conducted a risk assessment to identify high risk ARRA programs and coordinated activities with federal audit entities; and no instances of fraud and abuse had been reported.

Now, approximately one year later, the Federal Inspector General’s Office has conducted ten general audits. Seven of those audits have had reports issued (five with recommendations and two with no recommendations) and three audits have reports pending.

<u>Federal OIG</u>	<u>Program</u>	<u>Status</u>
Energy	Weatherization Assistance	report with recommendations
Education	Title 1, IDEA, SFSF (state)	report with recommendations
Education	Title 1, IDEA, SFSF (LEA)	report with recommendations
Justice	Victims of Crime Grants	report with recommendations
Defense	PA Army National Guard	report with recommendations
Labor	WIA Youth	report with no recommendations
Labor	Equal Employment Laws	report with no recommendations

Agriculture	IC-EBT	report pending
Energy	Energy Efficiency & Conser.	report pending
Interior	PA Map	report pending

The Auditor General has issued one ARRA-related audit of PENNDOT's contract procurement program and three ARRA-related audits are still underway on the following:

- Department of Corrections Operations;
- Department of Labor and Industry Workforce Development Programs; and
- Department of Public Welfare Electronic Benefits Transfer.

The Office of the Budget, Bureau of Audits has completed two agency program audits (PDE/DOC – State Fiscal Stabilization Fund and the DEP – State Energy Program, three agency program audits are in process, 94 external audits of grantees or construction projects have been completed (86 PENNDOT projects, four PENNVEST projects, three workforce investment agencies, and one Title 1/IDEA) and 15 more are in progress. The following are the most common areas where recommendations were made as a result of the external audits:

- Discrepancies in reporting ARRA jobs (both over and understatements);
- Inadequate controls over prevailing wage (Davis Bacon Act);
- Inadequate polices/cost allocation plans; and
- Inadequate supporting documentation.

An overall summary of the various auditing efforts shows the following:

- The federal oversight agencies have been following-up on Federal Inspector General audits and have been in agreement with state agency corrective actions plans;
- Deficiencies relative to jobs reporting and prevailing wage payments appear to have been corrected at this time;
- The Accountability Office has provided grants management training to the state agencies and has worked with them to develop monitoring plans; and
- To date, no instances of fraud have been identified.

### **Non - Highway Transportation Awards – Toby Fauver**

To date, Pennsylvania has received \$346.4 million in ARRA non-highway transit funding. This amount is broken down as follows:

- Urban Transit Agencies           \$ 306.8 million
- Rural Transit Agencies           25.7 million
- Intercity Passenger Rail           9.4 million
- Intercity Bus Transportation       4.5 million

Additionally, the ARRA non-highway transit funding is broken down by project type as follows:

- Rail Systems/Rail Stations     \$ 239.2 million
- Vehicles                             54.8 million
- Facilities—Design/Constr.     38.7 million
- Parking Facilities                 6.1 million
- Other (safety & security, etc.)   7.6 million

In terms of the economic impact for Pennsylvania, \$445.4 million in contracts have been awarded as a result of dollars leveraged by ARRA and \$287.5 million worth of work has been performed. This has resulted in 3,014 full-time equivalent jobs created or retained and total cumulative payroll dollars of \$56.2 million.

The following provides a sampling of individual projects that have moved forward as a result of ARRA funds.

- Butler Transit Authority Intermodal Transit Center – total project cost of \$11.8 million and an ARRA allocation of \$5.3 million
- Schuylkill Transportation System Intermodal Center – Union Station – total project cost of \$16.1 million and ARRA allocation of \$5.5 million
- Elizabethtown Train Station Rehabilitation – total project cost of \$9.5 million and ARRA allocation of \$9.5 million
- Port Authority of Allegheny County North Shore Connector – total project cost of \$523.4 million and ARRA allocation of \$62.4 million
- SEPTA Penn Rock Yard, Broad Street Subway Track Renewal – total project cost of \$18.4 million and ARRA allocation of \$18.4 million
- SEPTA Girard and Spring Garden Stations, Broad Street Subway – total project cost of \$30.6 million and ARRA allocation of \$30.6 million
- SEPTA Croydon Stations, Trenton Regional Rail Line – total project cost of \$19.5 million and ARRA allocation of \$8.5 million
- SEPTA Malvern Station, Paoli-Thorndale Regional Rail Line – total project cost of \$15.5 million and ARRA allocation of \$9.2 million
- SEPTA Media-Sharon Hill Trolley Line – total project cost of \$16.8 million and ARRA allocation of \$16.8 million
- SEPTA Lansdale/Doylestown Line Bridge Rehab – total project cost of \$6.9 million and ARRA allocation of \$6.9 million
- Intercity Rail Keystone Corridor Grade Crossing Closure Projects, Lancaster County – ARRA allocation of \$23 million
- Seven total aviation projects in the state – ARRA allocation of \$23 million
- Rail Freight TIGER 1 CSX National Gateway with 17 total projects in the state – TIGER funds \$35 million, state funds \$35 million and CSX funds \$25.1 million
- Rail Freight TIGER 2 SEDA-COG and Lycoming County – 18 total projects in the state –TIGER funds \$10 million, state funds \$4.1 million, local funds \$1.8 million

- Generating Recovery by Enhancing Active Transportation in PA and NJ – \$23 million awarded by US DOT for biking and walking trails in Philadelphia and Camden (seven Philadelphia projects and three Camden projects)

Pennsylvania has also recently received an additional award of \$40 million to be used to upgrade the high speed rail corridor between Philadelphia and Harrisburg. The monies will allow improvements to the tracks leading into the Harrisburg railroad station, thus reducing the travel time between Philadelphia and Harrisburg.

### **Broadband Grants – Sue Suleski and Steve Kuller**

In February 2009, ARRA dedicated \$7.2 billion to expand broadband across the country. Under the Broadband Technology Opportunities Program, the Department of Commerce’s National Telecommunications and Information Technology Administration has three categories of awards: Comprehensive Community Infrastructure; Public Computer Centers; and Sustainable Broadband Adoption. Additionally, the State Broadband Data and Development Program was funded to collect broadband coverage data and facilitate state broadband planning and capacity-building efforts.

A total of \$309.6 million has been awarded in 12 federal grants that impact Pennsylvania. State agencies are taking the lead role in two of those grants.

- \$28,784,014 for infrastructure (Middle Mile Infrastructure Deployment); and,
- \$ 7,356,301 for Broadband Data and Development.

The \$7.3 million broadband mapping initiative was launched in Pennsylvania in January 2010, and will continue through December 2014. The initiative is collecting data on broadband availability, type, and speed of service by provider down to street segment or census block, as well as the locations and broadband attributes of community anchor institutions. The Pennsylvania map, as of 12/31/10, shows broadband coverage for 82% of known providers. The data map is updated semi-annually. The grant also includes funding for planning and collaboration efforts.

The \$28 million infrastructure grant has two separate but related initiatives:

- The Broadband Technology Opportunities Program (BTOP) which includes the following:
  - Expand capacity of current public safety radio network by adding an additional 150 Mbps to the existing network to accommodate broadband users;
  - Provide additional bandwidth to enable high-speed internet providers to reach communities in the 32 Pennsylvania counties north of I-80; and
  - Allow the Middle Mile network to connect “last mile” service providers and anchor institutions; and

- A Tower Management Contract to lease available space on Commonwealth-owned structures to commercial customers – “last mile” providers for bandwidth interconnect and wireless carriers for wireless coverage. This project includes installation of microwave equipment, construction of equipment shelters and the construction of new radio towers.

### **Weatherization Assistance Program – E. Craig Heim and Lynette Praster**

As outlined by Mr. Heim, the mission of the weatherization assistance program was to reduce energy consumption and cost in low-income households throughout Pennsylvania. The goals were to put an estimated 940 Pennsylvanians to work; weatherize more than 29,700 homes to decrease energy bills; and reduce energy usage.

To accomplish these goals, the Office of Energy Conservation and Weatherization developed a system whereby 43 local agencies provided the day-to-day program management, ramped up worker training programs throughout the Commonwealth, and instituted oversight procedures to prevent potential fraud and abuse.

In order to ensure an available trained workforce to meet the demand, the Office doubled the capacity of the weatherization training center at Penn College in Williamsport, and established new training centers at the Community College of Allegheny County, the Greater Johnstown Career and Technology Center, the Energy Coordinating Center in Philadelphia, and the Lehigh Career & Technical Institution. As a result, to date, more than 1,030 workers have been trained and certified.

In the first 17 months of the program, more than 20,000 homes have been weatherized and it is projected that 34,000 to 37,000 homes will be completed by the end of the program in March 2012.