



UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE

# GAO's Work on the American Recovery and Reinvestment Act in Pennsylvania

**October 8, 2009**

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# The American Recovery and Reinvestment Act of 2009 (Recovery Act)

- The Recovery Act has several provisions that may mitigate the fiscal difficulties that state and local governments are facing.
- The estimated total cost of the Recovery Act is about \$787 billion in spending and tax provisions.
- About \$280 billion will be administered through states and localities (including grants that go through states to individuals).
- Approximately \$48 billion had been outlayed to states and localities as of September 11, 2009.
  - About 84 percent of this amount was provided through the increased Medicaid Federal Medical Assistance Program and the State Fiscal Stabilization Fund (SFSF).

# Purposes of the Recovery Act

1. To preserve and create jobs and promote economic recovery.
2. To assist those most impacted by the recession.
3. To provide investments needed to increase economic efficiency by spurring technological advances in science and health.
4. To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.
5. To stabilize state and local government budgets, in order to minimize and avoid reductions in essential services.

# U.S. Government Accountability Office (GAO)

- The GAO is an independent, nonpartisan federal agency that is part of the legislative branch.
- GAO works for the U.S. Congress and the American people by evaluating and auditing the programs and expenditures of the federal government.
- The Recovery Act mandates several responsibilities for GAO.

# American Recovery & Reinvestment Act

## **GAO 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
- monitoring downturn's long-term effect on states (health care costs)

# GAO's State and Local Reporting Strategy and Objectives

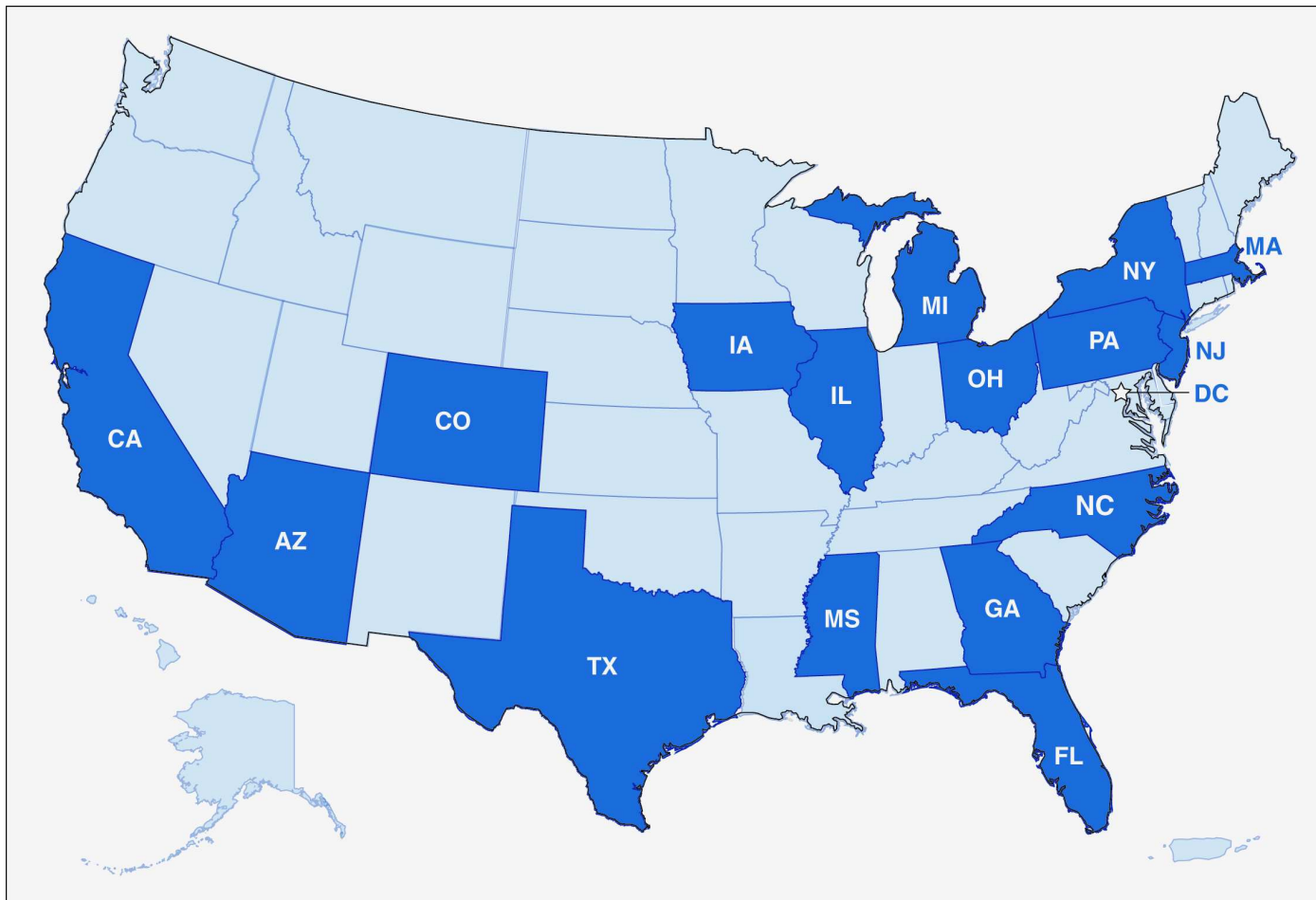
## State and Local Reporting Strategy for Bimonthly Reviews

- Longitudinal study of 16 states and the District of Columbia
- Selection represents about two-thirds of population and two-thirds of the intergovernmental assistance funds
- Localities sampled within selected states

## Objectives are to describe states' and localities:

- Use of funds
- Approaches taken to ensure accountability
- Plans to evaluate the impact of funds

# American Recovery & Reinvestment Act

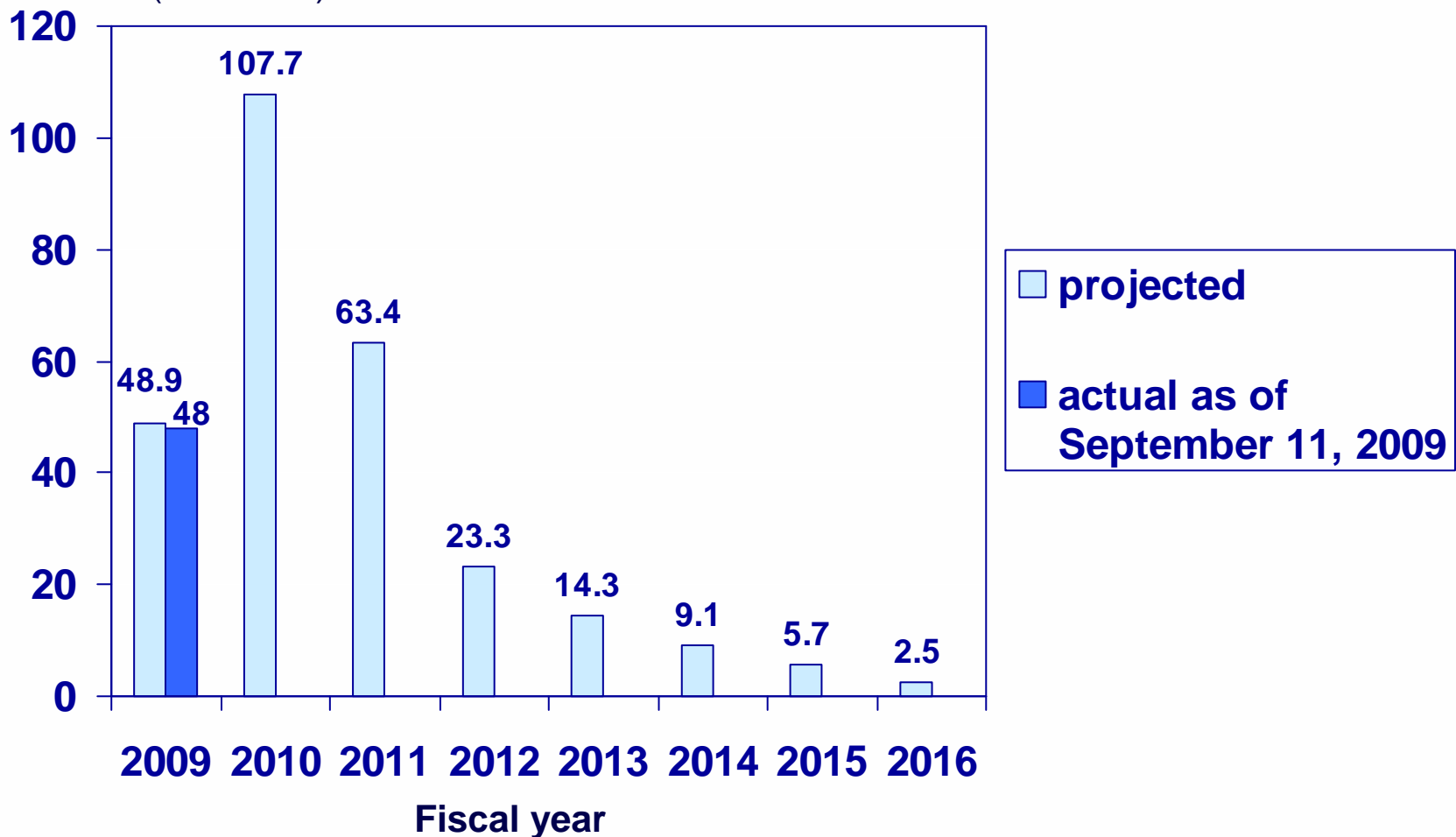


1. Arizona
2. California
3. Colorado
4. Florida
5. Georgia
6. Illinois
7. Iowa
8. Massachusetts
9. Michigan
10. Mississippi
11. New Jersey
12. New York
13. North Carolina
14. Ohio
15. Pennsylvania
16. Texas
17. Washington, D.C.

Source: GAO analysis.

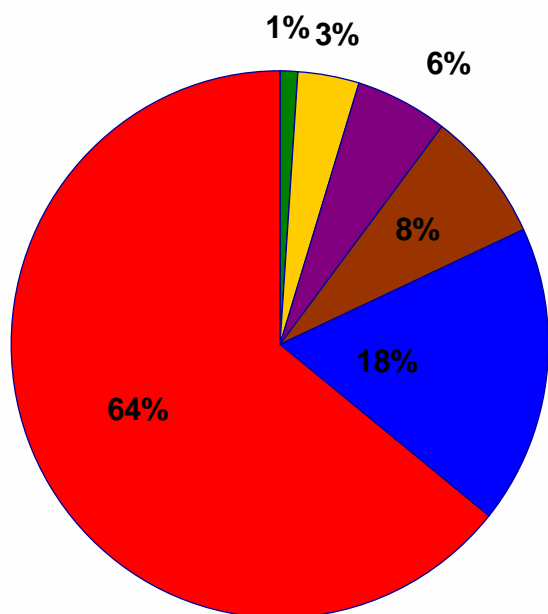
# Projected Versus Actual Federal Outlays to States and Localities Under the Recovery Act

Dollars (in billions)

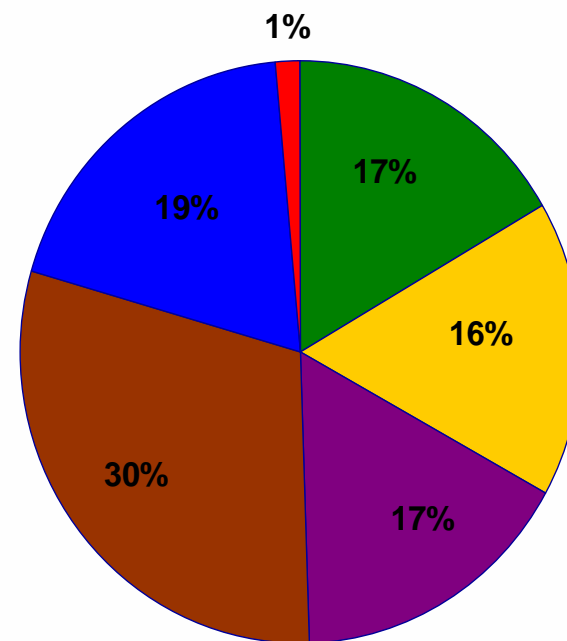


# Composition of State and Local Recovery Act Funding

## Fiscal Year 2009



## Fiscal Year 2012



- Health
- Education and Training
- Transportation
- Income Security
- Community Development
- Energy and Environment

Source: GAO analysis of CBO and FFIS data.

# Recovery Act Funds: Pennsylvania

- Pennsylvania estimates that Recovery Act formula grants will provide about \$9.9 billion:
  - Health care - \$4 billion
  - Education - \$2.6 billion
  - Transportation infrastructure - \$1.5 billion
  - Job training and relief for Pennsylvanians - \$1 billion
  - Energy independence - \$455 million
  - Other infrastructure and housing - \$355 million

Source: [www.recovery.pa.gov](http://www.recovery.pa.gov)

# Program–Specific Reviews Across States

- For the September report, we reviewed four Recovery Act programs in Pennsylvania:
  - Highway Infrastructure
  - Transit Capital Assistance
  - Weatherization Assistance
  - Workforce Investment Act (WIA) Youth program summer employment activities.
- We also updated funding information for three education programs and Public Housing Capital fund.

# Select GAO Findings on Recovery Act Funds in Pennsylvania

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 some Recovery Act programs we reviewed (Weatherization, and WIA Youth).
- Some Recovery Act programs received only partial appropriations (education).
- Competitive grants that Pennsylvania has applied for may not have spending authority to move forward as Pennsylvania receives the funds.

# Select GAO Findings on Recovery Act Funds in Pennsylvania

## Update on Three Education Programs

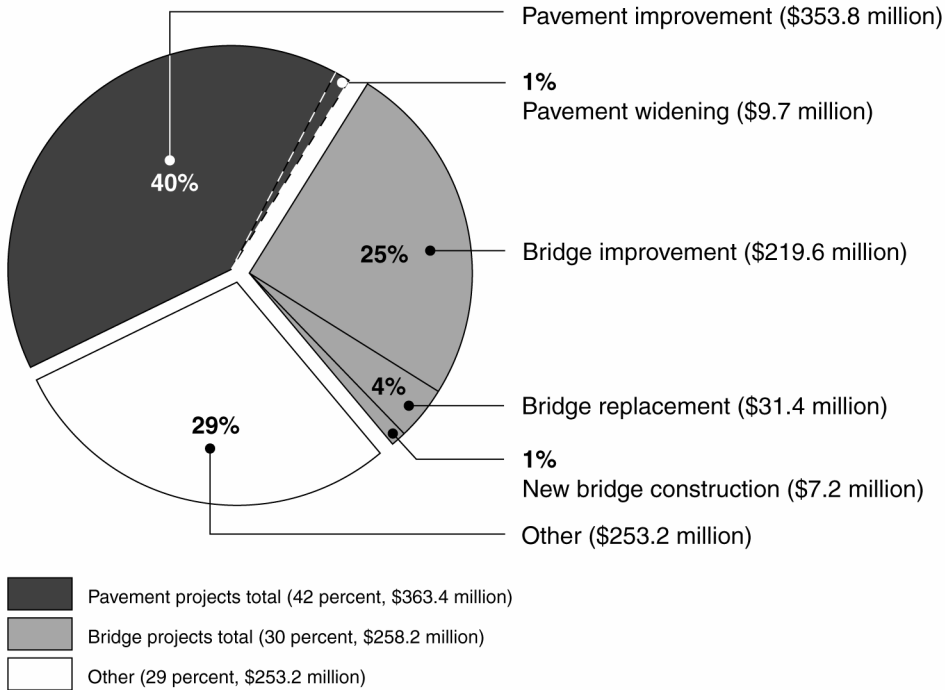
- State Fiscal Stabilization Fund
  - Pennsylvania had not yet received approval for the initial allocation of \$1.3 billion of its total \$1.9 billion allocation of SFSF funds. Pennsylvania will resubmit its application once a final fiscal year 2009-10 budget is in place. Local school districts remain uncertain about their SFSF funds given the budget uncertainty.
- Title I, Part A
  - Pennsylvania was awarded \$400.6 million in Recovery Act funds. As of September 3, 2009, Pennsylvania allocated \$368 million to local education agencies, but the stopgap budget provided authority to spend only \$199.4 million. These funds are to be used to help educate disadvantaged youth.
- IDEA, Parts B and C
  - Pennsylvania was awarded about \$456 million in Recovery Act funds. Pennsylvania had allocated \$267 million to local education agencies; however, the stopgap budget provided only \$228.5 million in spending authority. These funds are to be used to help educate disadvantaged youth.

# Select GAO Findings on Recovery Act Funds in Pennsylvania

## Highway Infrastructure Investment Funds

- Federal Highway Administration (FHWA) apportioned \$1.026 billion in Recovery Act funds to Pennsylvania. As of September 1, 2009:
  - \$874.9 million obligated by FHWA. Obligations amount to 85 percent of Pennsylvania's apportionment compared to 67 percent nationwide.
  - \$50.5 million reimbursed by FHWA. Reimbursements amount to 5 percent of Pennsylvania's apportionment compared to 5 percent nationwide.
- As of August 31, 2009, Pennsylvania had awarded contracts for 219 projects, mainly for bridge improvements and roadway resurfacing.

# Highway Obligations for Pennsylvania by Project Improvement Type as of September 1, 2009



Source: GAO analysis of FHWA data.

# Select GAO Findings on Recovery Act Funds in Pennsylvania

## Transit Capital Assistance Program Grants

- Federal Transit Administration (FTA) apportioned \$327.5 million to urbanized and nonurbanized areas in Pennsylvania. As of September 1, 2009:
  - \$257.5 million had been obligated for urbanized areas
  - \$30.2 million had been obligated for nonurbanized areas.
  - FTA concluded that the 50 percent obligation requirement had been met for Pennsylvania and its urbanized areas.
- Three transit agencies we visited plan to use their Recovery Act funds for rehabilitating rail lines and stations in Philadelphia, completing a tunnel to extend rail service from downtown Pittsburgh to its North Shore area, and constructing a transit center in Butler, Pennsylvania, that would serve local bus lines.

# Select GAO Findings on Recovery Act Funds in Pennsylvania

## Weatherization Assistance Program

- U.S. Department of Energy (DOE) allocated about \$253 million in Recovery Act weatherization funding to Pennsylvania for a 3-year period. Pennsylvania received its initial 10 percent allocation (about \$25 million) on March 27, 2009, and another 40 percent allocation (about \$101 million) when DOE approved Pennsylvania's weatherization plan on August 25, 2009.
- As of September 1, 2009, Pennsylvania had not obligated any of its weatherization funds but was working to issue contracts to 43 local weatherization agencies. Pennsylvania expects to begin work in November 2009 to weatherize 29,700 homes and create an estimated 940 jobs.

# Select GAO Findings on Recovery Act Funds in Pennsylvania

## WIA Youth Program Summer Employment Activities

- U.S. Department of Labor allotted \$40.6 million to Pennsylvania. Pennsylvania allocated \$34.6 million to local workforce boards, and as of September 1, 2009, the local workforce boards had expended \$11 million (27 percent). Local boards planned to spend 70-90 percent by September 30, 2009.
- Pennsylvania enrolled more than 8,800 youth, exceeding its enrollment goal of 8,700.
- Local workforce investment areas encountered some challenges implementing the summer youth employment activities.
  - In Philadelphia, the contractor said that work start dates for about 25 percent of youth participants were delayed because of delays in the enrollment paperwork process.
  - 10 of the 23 local workforce boards had not met their enrollment targets as of August 31, 2009.
- Pennsylvania Labor and Industry plans to evaluate outcomes, but there is not a consistent measure of work readiness.

# Select GAO Findings on Recovery Act Funds in Pennsylvania

## Update on Public Housing Capital Funding

- U.S. Department of Housing and Urban Development (HUD) has allocated about \$212 million in Recovery Act funding to 82 public housing agencies in Pennsylvania. Based on information available as of September 5, 2009:
  - About \$65.0 million (31 percent) had been obligated by 68 of those agencies.
  - About \$6.7 million has been drawn down by 51 housing agencies.

# Select GAO Findings on Recovery Act Funds in Pennsylvania

## Reporting and Assessing the Effects of Spending

- Pennsylvania's Accountability Office plans to centralize submission of quarterly recipient reporting for Recovery Act funds received by Pennsylvania state agencies.
- After the first round of recipient reporting is complete in October, Pennsylvania's Accountability Office will continue work on a performance measure framework to track results of Recovery Act spending and report meaningful outcomes on [www.recovery.pa.gov](http://www.recovery.pa.gov).

# GAO Recovery Act Information

- September 2009 Bimonthly Report: GAO-09-1016, GAO-09-1017SP  
**Recovery Act:** Funds Continue to Provide Fiscal Relief to States and Localities, While Accountability and Reporting Challenges Need to Be Fully Addressed
- July 2009 Bimonthly Report: GAO-09-829, GAO-09-830SP  
**Recovery Act:** States' and Localities' Current and Planned Uses of Funds While Facing Fiscal Stresses
- April 2009 Bi-Monthly Report: GAO-09-580  
**Recovery Act:** As Initial Implementation Unfolds in States and Localities, Continued Attention to Accountability Issues Is Essential
- GAO Recovery Act website: <http://www.gao.gov/recovery>