

# **PENNSYLVANIA STIMULUS OVERSIGHT COMMISSION**

**JANUARY 14, 2010**

## ***Summary Report***

Ron Naples, Chairman, convened the meeting of the Commission at 11:00 a.m. on Thursday, January 14, 2010, in Conference Room 1 of the Forum Place Building, Harrisburg. Members in attendance included Gene Barr, Charlie Battaglia (representing Sen. Specter), Guy Ciarrocchi, Secretary Jim Creedon, Rep. Brian Ellis, Terry Kostoff (representing Sen. Casey) via tele-conferencing, Tony Ross, and individuals representing Sen. Mellow, Sen. Waugh, Rep. Mann and Don Siegal. The meeting was interrupted by a fire alarm at 1:00 and the building was cleared. The Chairman then made the decision to end the meeting and cancel the scheduled presentation by Eileen McNulty.

## ***Meeting Agenda***

- 1) Welcoming Remarks – Ron Naples, Chairman, Pennsylvania Stimulus Oversight Commission
- 2) Implementation Report – Jim Creedon, Secretary, Pennsylvania Department of General Services
- 3) Presentations
  - 1512 Report Update –Christian Soura, Senior Advisor for Recovery Implementation
  - Pennsylvania Commission on Crime and Delinquency (PCCD) Update – Michael Kane, Executive Director, PCCD
  - Pennsylvania Health Information Exchange Update –Philip Magistro, Deputy Director, Program Implementation, State Government HIT Coordinator, Governor’s Office of Health Care Reform
  - Education – Race to the Top – Beth Olanoff, Executive Policy Manager, Pennsylvania Department of Education
  - Performance Reports Plans – Eileen McNulty, Deputy Accountability Officer

## ***Welcoming Remarks***

Ron Naples began the meeting with opening remarks touching on several subjects.

First, he provided a brief overview of the scope and requirements of the 1512 Report mandated by the federal government to account for stimulus spending.

Secondly, he indicated that no Buy America waivers had been requested or granted. Also, one call has been received by the Waste, Fraud, and Abuse Hot-line. The call was referred to the Attorney General’s Office for investigation and he understood that it was concluded to be of no substance.

Thirdly, he mentioned that the federal government has changed the methodology for determining the number of jobs affected by stimulus funding. Future job numbers will reflect this change and may be significantly different than those previously announced. Also, he indicated that the National Council of Economic Advisors has forecast that 84,000 jobs in Pennsylvania have been directly or indirectly impacted as a result of stimulus funding.

### ***Implementation Report***

Secretary Creedon, Chief Implementation Officer of the Commission, provided the Implementation Report. As of January 7, 2010, the total investment of ARRA funds by the Commonwealth was \$6.043 billion, of which \$4.362 billion has already been spent and \$1.681 billion is in progress. The amount only reflects those ARRA funds that are disbursed through the Commonwealth.

#### Transportation and Infrastructure

*Highways and Bridges* – As of January 7, 2010, \$1.020 billion, or 99.4 percent of the funds estimated to be received for highway and bridge expenditures, have been obligated. A total of 301 of 326 projects have opened bids (the total now includes the initial round and the first and second reallocation rounds): 277 projects have Notice to Proceed; 213 projects have started; and 82 projects have been completed. A total of \$343.6 million (99.2 percent of total funding) has been obligated in rural transit projects. PennDOT reported to the FHWA that 3,829 jobs were created or sustained for the month of November.

#### Clean Water and Wastewater

As of January 7, 2010, 105 of the 114 projects approved by PENNVEST have settled, totaling \$213.5 million in ARRA investment. One hundred and four of the projects settled have started and the estimated number of jobs on these projects, as reported by the grantees, is 5,298. The Congressional House Transportation and Infrastructure Committee now ranks Pennsylvania ninth in terms of the speed with which ARRA funding for clean water projects is being implemented.

#### State Energy Plan

*Combined Heat and Power* – The application period closed on October 9, 2009 with 33 applications totaling approximately \$33 million in requests being received. A total of \$12.1 million was awarded by the Department of Environmental Protection to nine projects in eight counties: Bradford County – Craftmasters – \$1,358,869; Cumberland County – East Pennsboro Township – \$500,000; Lancaster County – Mount Joy Wire Corporation – \$1,181,250; Lycoming County – Susquehanna Health – \$1,500,000; McKean County – American Refining Group Inc. – \$831,072; Montgomery County – Abington Memorial Hospital – \$3,000,000; Montour County – Geisinger Medical Center – \$2,250,000; and Philadelphia County – AIMCO – \$1,087,100 and Philadelphia Gas Works – \$465,000.

*Biogas* – The application period closed on October 23, 2009 with 20 applications totaling approximately \$27 million in requests being received. A total of \$5.03 million was awarded by the Department of Environmental Protection to eight projects in eight counties: Cumberland County – Schreiber Foods Inc. – \$1,250,000; Dauphin County – Derry Township Municipal Authority – \$500,000; Lebanon County – Anergy Inc. – \$254,382; Mercer County – Hermitage Municipal Authority – \$350,000; Northumberland County – Furmano Foods Inc. – \$850,000; Snyder County – Ideal Family Farms LLC – \$433,716; Westmoreland County – NativeEnergy Inc. – \$893,752; and York County – York City Sewer Authority – \$500,000.

*Solar Round I* – The application period closed on November 9, 2009 with 20 applications totaling approximately \$24 million being received. It is expected that awards totaling approximately \$7 million will be announced by January 25<sup>th</sup>.

*Wind* – \$19.8 million in ARRA funding is available for awarding to wind energy projects. The application period opened in mid-December and nine applications totaling approximately \$68.3 million have been received.

*Weatherization* – As of the end of 2009, all but one of the 43 provider agencies have received funding; 1,485 homes have weatherization in progress, and 358 homes have been weatherized. Instructor training is underway at Penn College and most of the other training sites will be opening for coursework in tactics and diagnostics by January 19, 2010. Applicants seeking weatherization certification have been sent information regarding their status and, if applicable, coursework requirements. Approximately \$253 million is available over the two-year funding period and it is expected that 34,000 homes will be weatherized.

*Additional Energy Programs –*

- Requests for Proposals for entities seeking to manage the state’s Home Heating Equipment Rebate program will be accepted through January 29, 2010.
- Requests for Proposals for entities seeking to administer the state’s Green Energy Revolving Loan Fund closed on January 6, 2010.
- 27 projects funded through the state energy plan have started; four are complete or nearly complete.

Competitive Grants

*Applications Due*

<u>Agency</u>	<u>Program</u>	<u>Status</u>
Education	Race to the Top (Phase 1)	Application due 1/19

*Applications Submitted -- Pending*

Administration	Broadband	Applied 8/24
DCED	NSP-2	Applied 7/17
DCNR	The National Map	Applied 12/1

DMVA	Fire Station Construction	Applied 7/10
Health	Putting Prevention to Work	Applied 12/1
DOT	Intercity Passenger Rail (1, 3)	Applied 8/24
DOT	TIGER	Applied 9/15
DOT	Intercity Passenger Rail (2)	Applied 10/2
Education	State-Wide Data Systems	Applied 12/4
GOHCR	Health IT	Applied 10/16
L&I	Health Care & Emerging Industries	Applied 10/5
L&I	SESP Training Grants	Applied 10/20
L&I	Workforce Training for Power	Applied 11/30

*Application Results*

DEP	Appliance Rebate Program	State Plan approved
DPW/PDE	Early Head Start Expansion	Awarded \$1,186,084
Health	Healthy Homes Demo	Awarded \$ 875,000
Health	Healthcare Associated Infection	Awarded \$1,020,480
Health	Immunization and Vaccines	Awarded \$1,803,140
Health	Primary Care Offices	Awarded \$ 42,555
Health	WIC – Electronic Balance Transfer	Awarded \$ 462,264
Health	State Loan Repayment Program	Awarded \$ 156,000
Health	WIC – IT Hardware/Software	Awarded \$ 792,315
Health	Ambulatory Care – HAI	Awarded \$ 336,479
L&I	Market Information Improvement	Awarded \$1,250,000
PHMC	Geothermal Technologies Program	Not selected for funding

*Presentations*

**1512 Report Update – Christian Soura**

Each recipient of ARRA funds must file cumulative quarterly reports. The key contents of the reports include financial information, identities of grantees and vendors, project descriptions, completion status, employment impact and other details for infrastructure work. Reports are due 10 days after the close of each quarter. For the period ending December 31, 2009, the Commonwealth filed its preliminary 1512 reports on January 8, 2010. A total of 348 reports were filed covering 15 state agencies, 4,020 sub-recipients and vendors, federal funding awards of \$4.37 billion and state agency expenditures of \$713.4 million. January 29<sup>th</sup> is the last day for the Commonwealth to edit any reports and the final reports will be published January 30, 2010 on the federal recovery website. The preliminary reports are currently provided on the state website at [www.recovery.pa.gov](http://www.recovery.pa.gov)

## **Pennsylvania Commission on Crime and Delinquency (PCCD) Update – Michael Kane**

PCCD has received four funding streams of ARRA monies.

1. Victim Compensation: \$1.56 million
2. VOCA Victim Services: \$1.32 million
3. STOP Violence Against Women: \$4.9 million
4. Byrne/JAG Formula: \$45.4 million

*Victim's Compensation* – This stream provides funding for losses/costs for victims of violent crimes. Examples of permissible uses include: counseling, lost wages, limited property replacement, funeral costs, etc. The federal money matches state funds: \$0.60 for each \$1 of state spending. Funding in the amount of \$1.46 million (95 percent of the money to be awarded) was distributed to victims by August 5, 2009. An additional \$76,800 (five percent) to fund victim education programs in hospital emergency rooms will be deployed in the Spring of 2010.

*VOCA Victim Services* – These funds are available to agencies providing direct victim services such as counseling, assistance with the judicial process, assistance filing compensation claims, etc. A formula is used to distribute funds to each county. The ARRA funds augment VOCA funds currently being distributed by the Commonwealth. The decision was made to award all ARRA funds to six large VOCA grant recipients and redistribute the regular VOCA funds normally received by those recipients to the remaining agencies. It was felt that this methodology would better facilitate ARRA reporting requirements. A total of \$1,305,396 was distributed by September 22, 2009.

*STOP Violence Against Women* – This money is to be used to fund local coordinated approaches to address and improve criminal justice response to sexual assault, domestic violence and stalking. Recipient groups are required to develop plans to address these issues. By federal law, the funds distributed by PCCD must be apportioned as follows: 25 percent to police; 25 percent to prosecutors; five percent to courts; and the balance for victim services. PCCD had to submit an implementation plan, which was approved, to the Department of Justice. By October 20, 2009, PCCD had received 30 applications for funding and on December 12, 2009, approved 21 applications totaling \$3.4 million. The balance of the funds will be awarded in March of 2010.

*Byrne/JAG (Justice Assistance Grants)* – Monies from this funding stream can be used to support a broad range of activities including: law enforcement; prosecution and courts; prevention and education programs; corrections and community corrections; drug treatment and enforcement programs; crime victim and witness programs; and planning, evaluation, and technology improvement programs. The ARRA funding formula for each state was based on crime statistics and population. Forty percent of the state's share is distributed directly to local units of government by the Department of Justice. The other 60 percent is administered by PCCD with 75 percent of that amount available for programs benefiting local units of government through a plan developed by PCCD with input from stakeholders and the Governor's Office. The remaining 25 percent is available to state agency programs based on a PCCD plan developed in consultation with the Governor's Office.

## **Pennsylvania Health Information Exchange Update – Philip Magistro**

The potential ARRA funding under HITECH is quite significant. Pennsylvania's allotment for creation of a Pennsylvania Health Information Exchange (PHIX) is \$17.1 million. Additionally, \$1.5 billion is available in incentives to hospitals and providers to adopt electronic health records (EHR) and demonstrate meaningful use through Medicare and Medicaid.

To receive its funding, the Commonwealth is required to have a State Health Information Exchange Cooperative Agreement Program (HIE) and submit a Strategic Plan and an Operational Plan to the Office of National Coordinator (ONC) for approval. Milestones for payment to the Commonwealth would be negotiated based upon the plan. The HIE framework has five areas of domain:

- *Governance*: What is the structure of the state's governance entity responsible for developing and maintaining a multi-stakeholder process to ensure the exchange of information?
- *Finance*: What are the pricing strategies, public and private financing strategies, financial reporting, business planning, audits, and controls for the HIE?
- *Technical Infrastructure*: What are the technological aspects that will physically enable the technical services for the HIE?
- *Business and Technical*: What are the business and technical activities, including procurement, identifying requirements, process design, project management, etc.?
- *Legal and Policy*: What are the state's legal/policy activities associated with creating a common set of rules to enable health information exchange while protecting consumer interests?

A PHIX Core Group was convened to provide guidance in the development of the PHIX Strategic Plan. The group, comprised of representatives from providers, academic programs, regional health information organizations, patient advocacy, and payer groups participated in planning workshops. An initial plan was then submitted for a 30-day public comment period and 43 responses (one regional HIE, one physician hospital organization, 15 professional organizations, 13 vendors, three insurers, nine individuals, one state agency) were received relative to the plan's content.

*Governance*: The recommendation for PHIX was to create a public authority. Thirteen comments were received on this issue and all were in support of the recommendation.

*Finance*: The recommendation was an assessment on all medical claims paid by insurers. The assessment would be a percent of the payment (perhaps 1/10 of one percent) and would be dedicated to PHIX implementation and ongoing operations. Twelve comments were received on this issue: one general comment was neither in support or against the recommendation; six comments supported; and five comments opposed and asked for alternatives including use of general funds, a transaction fee paid by providers and hospitals, or some form of a tax.

*Privacy:* The recommendation was to continue the current method of dealing with health information. Ten comments were received on this issue: six comments supported the recommendation; one comment opposed; and three were general comments neither in support nor against.

*Technical Infrastructure:* The recommendation was that Pennsylvania enter into an interstate agreement with Delaware to piggyback on Delaware's existing, proven technical platform. Twenty-two comments were received on this issue: two supported the recommendation; eight comments neither supported nor opposed; and twelve comments did not support the recommendation.

The next step in the overall process is to present the findings, recommendations and comments to the Health Reform Cabinet for their approval and/or recommendations. Based upon the outcome, it is anticipated that the Strategic Plan and Operational Plan will be finalized and submitted to ONC for approval.

### **Education – Race to the Top – Beth Olanoff**

The Race to the Top is a \$4.35 billion ARRA competitive grant program awarded by the U.S. Department of Education. States have to compete for the grants by submitting a plan to the Department by January 19, 2010 and it is anticipated that Pennsylvania would be eligible for up to \$400 million. The program is meant to reform education in four specific areas:

1. Increase teacher and principal effectiveness and achieve equitable distribution of teachers
2. Adopt internationally benchmarked standards and high quality assessments
3. Turn around lowest achieving and struggling schools
4. Improve the collection and use of data to improve instruction.

In a December 4, 2009 letter, the Pennsylvania Department of Education (PADOE) disseminated information on the program to all school districts and charter schools. To participate in the program, a school district was required to return to the PADOE a Memorandum of Understanding signed by three local leaders: the superintendent of schools, the local school board president, and the local teacher's union president. A district will be required to implement all reforms stipulated by PADOE.

Between 100 and 110 of Pennsylvania's school districts have submitted MOU's to the Department. The responding school districts represent 33 percent of all students and 20 of the 31 lowest achieving districts. Of the money Pennsylvania anticipates receiving, approximately \$200 million will be available to participating school districts; approximately \$120 million of the \$200 million will go to the Philadelphia School District and \$10 to \$12 million to the Pittsburgh School District. The other \$200 million will be utilized by the PADOE to develop and build programs available to all school districts. Some funding, separate from district funding, will be available to charter schools and not impact district allocations. However, failing charters will not be able to participate.