

# PENNSYLVANIA STIMULUS OVERSIGHT COMMISSION

## APRIL 23, 2009 MEETING

### *Summary Report*

A meeting of the Pennsylvania Stimulus Oversight Commission was convened by Ron Naples, Chairman of the Commission, at 2 p.m. in Conference Room 1 of the Forum Place Building, Harrisburg. Except for Phil English, who has resigned as a member, all of the Commission members or their representatives were in attendance either in person or by teleconferencing. Mr. Naples indicated that the Republican members of the Congressional delegation had not appointed a replacement for Phil English.

The agenda of the meeting was as follows:

#### Status Report

- A) Implementation Program (James Creedon)
- B) Accountability Program (Ron Naples)

#### Topical Discussion

- A) Overview of Stimulus Education Provisions (Diane Castelbuono – Deputy Secretary for Elementary and Secondary Education, PA Dept. of Education)
- B) Mission of Commission (Ron Naples)
- C) Schedule of Meetings

### Implementation Report

- A) Sec. Creedon reported that as of April 17, 2009, approximately \$394 million of ARRA funds had been received by Pennsylvania.
  - Unemployment Compensation -- \$62 million
  - Unemployment Extended Benefits -- \$55,000
  - DPW – Increased FMAP (federal medical assistance participation ) Rate -- \$331 million
  - Transportation -- \$9,167
  
- B) Penn Dot is currently moving forward with 242 ARRA funded projects with a dollar value of \$962 million. The bids received to date are running approximately 17 percent below estimate. Once all projects are awarded it is possible that additional projects will be added due to the reduced cost. Project status is as follows:
  - 43 projects have been awarded with a dollar value of \$73 million,
  - 14 projects currently have bids received with a dollar value of \$32 million,
  - 46 projects have been advertised with a dollar value of \$163 million, and
  - 34 projects will be advertised in the next 30 days with a dollar value of \$141 million.

- C) \$220 million in ARRA Water and Wastewater Funding is being awarded through the PennVest Board. The Board unanimously established the criteria for awarding the funds and approved \$150 million in funding at its April meeting. Another \$70 million will be allocated at its July meeting. The deadline for submission of projects to be awarded in July is May 18<sup>th</sup>. Sen. Waugh raised the issue of how the criterion for the funding allocation was determined and the need to review the matter. Sec. Creedon indicated that the Board had discussed possibly revisiting the criteria for its July meeting.
- D) The Department of Labor and Industry will have a total of \$74 million in ARRA funds available to local workforce investment areas. The funds are to be used to provide job training and education services for unemployed adults and young people seeking summer employment. The first installment of \$30 million was made available to the local areas on April 20<sup>th</sup>. The remaining \$44 million will require spending authority from the General Assembly.
- E) Outreach efforts relative to the economic stimulus programs have been ongoing. The web site has had over 100,000 hits to date and 1,980 individuals have signed up for e-alerts. Additionally, efforts are being made to reach out to local governments, school districts, and school administrators. The various local government and school related associations are being utilized to assist in setting up seminars or “webinars” to disseminate information. The primary focus is on doing much of these activities via technology and on a regional basis. Sec. Creedon indicated that he was willing to set up a “webinar” for any member of the General Assembly who was interested and they should contact his office.
- F) Upcoming activities are as follows:
- The weatherization plan, for which Pennsylvania will be receiving \$250 million, continues to be worked on in order to determine funding criteria and operational details.
  - The State Stabilization Plan is to be submitted to the federal government in the next week or so.
  - The Energy Plan is to be submitted by the end of May.
  - State Coordinators will be meeting in DC on April 29<sup>th</sup> and the state is awaiting final guidance from the federal Office of Management and Budget as to reporting and accountability requirements.

### **Accountability Report**

A Governor’s working group for stimulus accountability has been established within the administration. Mr. Naples is also chairing this group. This group met last week to begin the discussion on what performance measures should be used to provide accountability and how those measures should be communicated. The working group consists of the cabinet secretaries, the Governor’s Chief of Staff, and the executive directors of PCCD, PennVest, and PHFA.

## Overview of Stimulus Education Provisions

Pennsylvania is due to receive \$2.6 billion in ARRA education funding with the majority, 99.5 percent, flowing directly to individual school districts. The funding stream is as follows:

<u>Funding Stream</u>	<u>Total Allocation</u>	<u>Directly to Schools</u>
State Fiscal Stabilization	\$ 1,558 billion	\$ 1.558 billion
Education for the Disadvantaged (Title 1)	\$ 398.7 million	\$ 398.2 million
Special Education (IDEA)	\$ 427.1 million	\$ 424.1 million
Educational Technology (Title II-D)	\$ 25.3 million	\$ 24.0 million
Homeless Students	\$ 1.9 million	\$ 1.9 million
Title 1 School Improvement	\$ 121 million	\$ 114 million

The recovery funds will start to flow to Pennsylvania as early as this month and all federal ARRA funds must be expended by the school districts by September 30, 2011. Sixty-seven percent of SFSF funds will be here Spring, 2009 with the remaining 33 percent Summer/Fall, 2009; 50 percent of Title 1 will be here Spring, 2009 and the remaining 50 percent in Summer/Fall 2009; 50 percent of IDEA will be here Spring, 2009 and the remaining 50 percent Summer/Fall, 2009; 100 percent of the Homeless funds will be here Spring, 2009; and 100 percent of the Educational Technology and School Improvement Funds will be here Summer/Fall, 2009.

The proposed use of the \$1.558 billion in State Fiscal Stabilization Funds (SFSF) is as follows:

<i>Elementary and Secondary Funding</i>	<b>\$1,470,146</b>
State's Basic Education Formula 2009-2010	418,000
State's Basic Education Formula 2010-2011	735,073
Formula Grants Based on Poverty	317,073
 <i>Restoration of Higher Education Funding</i>	 <b>88,652</b>
Penn State, Pitt, Temple, Lincoln, Stevens Tech.	

## Mission

Mr. Naples provided a draft of a proposed mission statement for the Commission. This issue generated considerable discussion by various Commission members as to the exact role and mission of the Commission. Sen. Waugh, Rep. Ellis, Charlie Battaglia (representing Sen. Specter), Terry Kostoff (representing Sen. Casey), and Gene Barr all expressed concern that the Commission needed information prior to awarding of funds and should have input on the criteria used to determine awards. Sen. Waugh expressed it as "oversight and not hindsight." Mr. Naples asked Commission members to look at the draft statement and to provide him with input as to suggested language changes. He would attempt to incorporate suggestions and provide a new draft statement at the next meeting. The draft statement is as follows:

“The Pennsylvania Stimulus Oversight Commission’s mission is to serve three important roles in Pennsylvania’s stimulus spending effort:

- 1) Monitor – Review state spending (purpose, amount, and timeliness); the selection processes among the appropriate decision-making bodies to assure their openness, standards, and objectivity; and public reporting/accountability activities.
- 2) Advise – Provide input and guidance on stimulus matters.
- 3) Communicate – Aid the general understanding among the public and various constituencies of stimulus programs and their associated processes.”

### **Meeting Schedule**

The following dates were put forth as tentative future meeting dates.

May 14, 2009  
June 11, 2009  
July 16, 2009  
August 13, 2009  
September 10, 2009  
October 8, 2009  
October 30, 2009

After some discussion it was determined that the meetings should begin at 11:00 a.m. if at all possible.