

PENNSYLVANIA STIMULUS OVERSIGHT COMMISSION

SEPTEMBER 10, 2009 MEETING

Summary Report

Ron Naples, Chairman, convened the meeting of the Commission at 11:00 a.m. in Conference Room 1 of the Forum Place Building, Harrisburg. Members in attendance included Ron Naples, Sec. Creedon, Gene Barr, Tony Ross, Rep. Ellis, Guy Ciarrochi, Charlie Battaglia (via telephone), Donna Cooper, and representatives for Sen. Casey, Sen. Waugh, Rep. Mann, and Donald Siegel.

Meeting Agenda

1. Welcoming Remarks – Ron Naples
2. Implementation Report – James Creedon, Secretary of the Department of General Services
3. Presentations
 - TIGER Competitive Grants – Allen Biehler, Secretary of Transportation
 - State Energy Plan Update – John Hanger, Secretary of Department of Environmental Resources
 - Broadband Stimulus Update – Naomi Wyatt, Secretary of Administration
 - Health IT Overview – Phil Magistro, Governor’s Office of Health Care Reform
 - ARRA Administrative Costs – Sec. Mary Soderberg, Secretary of the Budget

Implementation Report

Opening the meeting, Ron Naples stated that a hot line telephone number has now been added to the website to allow individuals the opportunity to report waste, fraud or abuse. To date, no reports have been made.

The meeting was then turned over to Sec. Creedon for an implementation status report. Sec. Creedon indicated that, to date, ARRA funds to be distributed through the Commonwealth totaling \$2.948 billion have been committed; of which \$1.754 billion have already been spent with the remaining \$1.194 billion in progress.

Transportation and Infrastructure

Highways and Bridges-- \$883 million or 86 percent of the funds estimated to be received have already been committed. Of the 293 anticipated projects (including the reallocation of additional projects as a result of round one savings), 244 have opened bids; 212 projects have received notices to proceed; 140 projects have started work; and 8 projects have been completed. Of the total number of projects, 242 projects were included in Round 1, while 51 will be included in Round 2. The Department of Transportation is reporting that 3,304 jobs were created or sustained for the month of July as a result of ARRA funding.

Transit System Projects – ARRA funds totaling \$267.8 million in construction contracts and procurements have been awarded to various transit agencies. An additional \$73.8 million is pending.

Clean Water and Wastewater

Utilizing \$96.15 million in ARRA funding, PENNVEST awarded 33 projects in April. Of this number, 28 have settled, 27 projects have started and an additional 3 are scheduled to begin by September 30. In July, 85 projects were awarded of which 2 have settled and 78 have had consultations and scheduled settlements. On the projects due to begin construction by September 30, the grantees are reporting 1,355 jobs involved.

Energy

The Weatherization Plan submitted by the Commonwealth was approved by the Department of Energy on August 25, 2009. A total of 43 delivery agencies across the Commonwealth will be providing services under the program and their provider management plans are currently under review and revision. A provider summit will be held on September 16th to brief providers on federal requirements, training and procurement procedures.

Competitive Application Status

<u>Agency</u>	<u>Program</u>	<u>Status</u>
Administration	Broadband	Applied 8/24
DEP	Appliance Rebate Program	Application due 10/15
DMVA	Fire Station Construction	Applied 7/10
DOT	Intercity Passenger Rail (1,3)	Applied 8/24
DOT	Intercity Passenger Rail (2)	Application due 10/2
DOT	TIGER	Application due 9/15
Education	Statewide Data Systems	Application due 11/19
GOHCR	Health IT	Application due 10/16
Health	WIC – Elec. Balance Transfer	Applied 5/29
Health	WIC – EBT Hardware/Software	Applied 6/26
Health	Immunization Plan	Applied 7/2
Health	Ambulatory Surgical Center	Applied 8/31
L&I	Market Info. Improvement	Applied 8/13
L&I	Health Care & Emerging Indust.	Application due 10/5
L&I	SESP Training Grants	Application due 10/20
PHMC	Geothermal Technologies Program	Applied 8/6
DCNR	NOAA-Coastal Habitat Restoration	Not selected for funding
DCNR	State Forestry Funds	Not selected for funding
Health	Healthy Homes Demo	Awarded \$875,000
Health	Healthcare Associated Infections	Awarded \$1,020,480
PSP	COPS Hiring Recovery Program	Not selected for funding

Presentations

TIGER Competitive Grants – Sec. Biehler

Sec. Biehler stated that \$1.5 billion in ARRA funds is available nationally on a discretionary competitive basis. Using criteria supplied by the federal government, PennDOT has reviewed 15 projects of interest and arrived at 3 which are believed to be worthwhile candidates. The three projects are as follows:

- The CSX National Gateway – a multi-state initiative to double stack clear routes through North Carolina, Virginia, DC, Maryland, Pennsylvania and Ohio and construct several Intermodal Terminals. Construction locations in Pennsylvania include Allegheny, Somerset and Bedford Counties.
- The Norfolk Southern Crescent Corridor – a multi-state initiative to double stack clear routes through Pennsylvania, Virginia, Tennessee, Mississippi, and Alabama and build/expand several Intermodal Terminals. Construction locations in Pennsylvania include Franklin and Philadelphia Counties.
- I-95 Reconstruction – reconstruction and widening of I-95 between Levick Street and Bleigh Avenue in Philadelphia County, including upgrades to several ramps, and replacement of seven bridges.

It is anticipated that Ohio will be the primary applicant, with Pennsylvania as a partner, for the CSX project and Pennsylvania will be the primary applicant for the other two projects.

Energy -- Sec. Hanger

The Department is currently in the early stages of developing an Appliance Rebate Program to be funded with \$11.9 million in ARRA funds. This program is similar to the just completed “Clunker” program but will be developed and administered at the state level. The administrative costs to run the program are to be shared on a 50/50 basis between the state and federal governments. The state application to the federal government must be submitted by October 15th

Sec. Hanger also provided an update on the PA Green Energy Works Program and the PA Conservation Works! program.

The **PA Green Energy Works Program** was approved by the Department of Energy on July 7, 2009. Approximately \$99 million in ARRA funds are available to the Commonwealth for the following: Sustainable Business Recovery, Sustainable Heat and Power, Clean Biogas, Solar Projects, a Wind Initiative, a Green Development Loan Program, and Geothermal Buildings.

Sustainable Business Recovery projects have been awarded funds based upon 2008 applications - 5 PEDA grants (work has been completed on 3) and 12 Energy Harvest Projects. On August 10, 2009, 12 grants totaling \$10 million in ARRA funds were announced by PEDA. Based on awarded projects, it is estimated that \$47 million in private dollars will be leveraged and 185 full-time permanent jobs and 381 construction jobs will be created. Total

lifetime energy generation/savings is estimated at over 1 billion kWh and an environmental benefit of 49 tons CO₂/yr.

The *Sustainable Heat and Power* program has \$11.3 million in ARRA funds available to provide large non-profit institutions with on-site plants that make both electricity and steam for heating, cooling and other operations. Applications for these grants opened on September 8th and close on October 6th. Grants will be announced in early November.

The *Clean Biogas* program has \$5 million in ARRA funds available to install bio-digesters that convert waste from agriculture, food processing and other processes into clean-burning gas. Applications for these grants open September 21 and continue through October 23rd. Grants will be announced in late November.

Solar Project Funds will be available in two phases. Phase one contains \$7 million in grants for deployment of solar projects. The application period opens on October 5 and grants will be announced in early December. The second phase contains \$9.3 million in grants for manufacturing which will be announced in June 2010.

Green Development Loans in the amount of \$12 million are available to leverage the creation of \$48 million in revolving loan funds to support high efficiency buildings and businesses. It is anticipated that an RFP for lender(s) to provide loans focused on energy saving projects that will create or retain jobs will be released in late September. The hope is to get \$4 million of capital into loans by December 31, 2009 and the remaining \$8 million by June 30, 2010.

The *PA Wind Initiative* has \$20 million in ARRA funds available in wind project grants to support equipment and transmission interconnection expenses. The application period should open in late November to early December with the awards to be announced in mid January.

The *PA Geothermal Buildings* program has \$14.8 million in ARRA funds available to fund the incremental costs of geothermal equipment that will save up to 60 percent of heating and cooling costs in new homes, schools, non-profits and local governments. The program guidelines are expected to open for public comment in May, 2010 with the grants to be announced in June, 2010.

Another aspect of the energy effort, **The PA Conservation Works!** program has \$22 million in ARRA funds available for energy efficiency block grants. The applications for this program closed on August 14th and over 500 applications were received requesting a total of \$63 million. The applications are currently being scored and it is anticipated that grants will be announced in early October.

In addition to the above mentioned formula driven ARRA grants, there are \$12.2 billion in ARRA competitive energy grants available nationally. To date, grants have been received by the following Pennsylvania companies: East Penn Battery -- \$32.5 million; Powerex -- \$8 million; and Enersys -- \$40 million. Currently, there are \$815 million in active applications from Pennsylvania companies.

Broadband – Naomi Wyatt

ARRA Broadband stimulus funding totals \$7.2 billion nationally and will be awarded over three rounds. The deadline for Round One applications was August 14, 2009 with the initial grant awards to be announced around November 7, 2009 and all awards for Round One to be announced by December 31, 2009. Round Two and Round Three awards will be announced in the Spring of 2010. All funds must be awarded by September 10, 2010; projects must be substantially completed by September 10, 2012; and final program audits must be completed by September 10, 2014.

Applications seeking \$27.6 billion have been submitted nationally for the \$4.3 billion in funding available during Round One. Of this number, 1,500 applications seeking \$23.2 billion were submitted for infrastructure projects (\$3.9 billion available), 360 applications seeking \$1.9 billion were submitted for computer center projects (\$50 million available), and 320 applications were submitted seeking \$2.5 billion for sustainable adoption programs (\$150 million available).

The Commonwealth submitted a total of 7 applications for approximately \$108 million. Of this amount, \$28.7 million of infrastructure funding was requested by the Office of Administration to deploy additional broadband capacity in northern Pennsylvania (32 county footprint). In addition, \$49.7 million of infrastructure funding was requested by the Department of Education to connect 514 schools, libraries, colleges and universities in a seamless network, and \$4.5 million of broadband mapping funding was requested by the Office of Administration and DCED to gather more comprehensive and accurate state-level broadband data and to implement a searchable broadband mapping tool. In terms of public computer center funding, the Department of Education applied for \$5 million to provide equipment, software, training and technical support for 100 public computer centers across the state. Additionally, for sustainable adoption programs, the DMVA applied for \$381,360 to provide access, education and training at 6 state veterans' homes; the Department of Education applied for \$12.5 million to train approximately 1,500 teachers and other education professionals on the effective use of broadband for learning; and DCED applied for \$7.9 million to allow a network of economic development partners to provide outreach, technical support, workforce development, and financial assistance to communities, businesses and others.

Data is still being compiled but it is estimated that at least 50 other applications have been submitted by other entities in Pennsylvania.

Health Information Technology – Phil Magistro

The HITECH section of ARRA marks \$19.2 billion for health information technology across the United States. This funding is targeted at capturing and sharing health care information, with interoperability and health information exchange being key components. Electronic health record funding will be available to providers that demonstrate “meaningful use” of a certified “qualified” electronic health record by 2011. Payments will be made directly to providers by Medicare and Medicaid with a maximum payment of \$44,000 over five years

through Medicare and a maximum payment through Medicaid based on 85 percent of net allowable costs.

Additionally, funding will be available for a Health Information Technology Extension Program: Regional Extension Centers and a State Health Information Exchange Cooperative Agreement Program. The Regional Extension Centers are to be created to offer technical assistance, guidance and information on best practices to support and accelerate health care provider's efforts to utilize electronic health records. An application for Regional Extension Center funding must be submitted by a non-profit entity, a state cannot apply directly. However, the Commonwealth is currently working with a consortium of groups to implement a collaborative effort. Applications for these funding streams must be submitted by October 16, 2009 and the awards will be announced by December 15, 2009.

ARRA Administrative Costs – Sec. Mary Soderberg (In Sec. Soderberg's absence, Sec. Creedon presented the material)

Administering and reporting ARRA funding is a significant task in that more than \$10 billion in additional federal dollars is being provided through approximately 150 different awards driven out through 12 state agencies with as many as 1,000 sub-recipients, including school districts, vendors and grantees. Based on the \$10 billion amount to be awarded, Pennsylvania would be authorized to use \$99.8 million for administrative costs. The current oversight plan in Pennsylvania calls for the expenditure of approximately \$29 million as the Commonwealth is primarily utilizing existing resources to minimize administrative costs and maximize the ARRA dollars going to programs. Of this amount, \$26.3 million will be used for agency program oversight and management, \$2.2 million for accounting and reporting infrastructure, and \$0.5 million for central ARRA oversight.

While the workload for certain individual agencies has increased due to the additional ARRA funding streams, those agencies are managing with relatively few new ARRA funded positions.

- 59 limited term positions for agency program management and oversight including the following: PA Commission on Crime and Delinquency for JAG – 9 positions; DCED for DOE Weatherization and other grants – 17 positions; L&I for Workforce Development and Unemployment – 27 positions.
- 248 limited term positions for front-line service delivery including the following: DPW Food Stamp Program – 180 positions; L&I Workforce Development and Unemployment – 68 positions.
- Additionally, the Accountability Office, which coordinates the oversight effort to monitor and report on how the ARRA funds are spent, has created 3 positions.