

01 COMMONWEALTH OF PENNSYLVANIA

02

03

04

05 STIMULUS OVERSIGHT COMMISSION

06 On the Use of Funds from the

07 American Recovery and Reinvestment Act

08

09

10

11 MEETING TRANSCRIPT

12 Thursday, September 10, 2009

13 Conference Room 1 - 6th Floor

14 Forum Place

15 Harrisburg, Pennsylvania

16

17

18

19

20

21

22

23

24

25

26

2

01 PARTIPANTS

02

03 Mr. Ron Naples, Chief Accountability Officer

04 Mr. Charles Battaglia, for Senator Specter

05 (via telephone)

06 Secretary James Creedon, Chief Implementation Office

07 Secretary John Hanger, Department of Environmental

08 Protection

09 Secretary Naomi Wyatt, Office of Administration

10 Secretary Allen Biehler, Transportation

11 Mr. Philip Magistro, Governor's Office of Health Care

12 Reform

13 J. Terry Kostoff, for Senator Robert Casey

14 Mr. Guy Ciarrocchi, U.S. House of Republicans

15 Delegation Designee

16 Gene Garr, Chamber of Business and Industry

17 Representative Brian Ellis

18 Tony Ross, United Way

- 19 Secretary Donna Cooper, Policy and Planning
- 20 Christian Soura, Senior Advisor Accountability Office
- 21
- 22
- 23
- 24
- 25

3

01 INDEX

02

03 REMARKS

04 By Mr. Naples 4 - 15

05 PRESENTATION

06 By Secretary Creedon 15 - 32

07 PRESENTATION

08 By Secretary Biehler 32 - 43

09 PRESENTATION

10 By Secretary Hanger 43 - 64

11 PRESENTATION

12 By Secretary Wyatt 64 - 73

13 PRESENTATION

14 By Mr. Magistro 74 - 82

15 PRESENTATION

16	By Secretary Creedon	82 - 91
17	DISCUSSION AMONG PARTIES	91 - 100
18		
19		
20		
21		
22		
23		
24		
25		

01 PROCEEDINGS

02 -----

03 MR. NAPLES:

04 I would like to welcome everyone to our
05 sixth meeting of the Stimulus Oversight Commission.
06 We have a couple of Commission members who have not
07 yet arrived, but we expect them to be here. We have a
08 Commission member, Charlie Battaglia, whom I think is
09 on the phone. Charlie, are you there? I guess he's
10 not there. Tammy, do you know whether Charlie has
11 called in?

12 MS. KLINGER:

13 No, I do not.

14 SECRETARY CREEDON:

15 Don't touch anything.

16 MR. NAPLES:

17 Yeah, I think we're live. Okay. Charlie

18 will call in, I think. That's the plan. And we have

19 a couple of folks here who are representatives of some

20 Commission members. Come on in, gents, have a seat.

21 I would just remind everybody that this is a public

22 meeting and we will provide time for public comments

23 to the extent that we have time at the end. The

24 meeting this time is planned to go 'til 1:30. We've

25 added some additional time. We have a long agenda

5

01 today, and we want to make sure that we have enough

02 time to get to our business. We won't go to 1:30

03 every meeting, and we'll try to base that on the

04 substance of the plan that we have for the meeting.

05 But whereas in the past we've run into some time

06 crunches, we'd like to eliminate that, so this meeting

07 is planned 'til 1:30. I apologize for keeping you

08 over lunch, but I trust everyone will struggle through

09 that. I remind everyone please to put their cell

10 phones on mute or turn them off, whatever is your
11 fancy, but please put them in a position that they
12 don't disturb the meeting.

13 Just one administrative note, Mike
14 Richard, who has served as the secretary of the
15 Commission, has moved on to I guess he thinks greener
16 pastures, although it's hard to imagine. But Mike has
17 moved on. So right now we have a stalwart team of
18 Eileen McNulty, who works with me in the
19 Accountability Office, and Tammy Klinger, who also
20 works with me in the Accountability Office, will be
21 our interim secretaries' team until we get someone new
22 to take over that role. So just for the Commission
23 members, in particular, just be aware that you'll be
24 hearing from someone different and you did hear from
25 someone different in this meeting.

6

01 As always, I want to begin with noting a
02 few things, primarily the ultimate purpose of what
03 we're doing here, which as I'll remind everyone,
04 fundamentally is to assure that Pennsylvanians get the
05 best possible result from Pennsylvania's stimulus
06 spending. That begins with making the best choices on

07 spending, that is the best choices going in, and it
08 concludes with insisting on accountability for
09 results, that is outcomes coming out. This is a
10 heavy-duty execution job; so many dollars are coming
11 so fast. The breadth of the spending in the stimulus
12 program is really breathtaking in a lot of ways. It
13 touches almost every part of our economic activity in
14 the country. The depth is also as deep as you can go
15 in this country from federal levels to the local
16 levels, whether it be a municipality or a school
17 board. The imperative of the funds, big dollars fast,
18 is to make it effective, that is get a return, but at
19 the same time do it speedily, that is make an impact
20 now. So that's the joint challenge that's sometimes
21 in conflict with each other, but we each have to find
22 the best way to --- find the best means to accommodate
23 those two goals. It's a major job in program
24 management from decision making, to design of
25 programs, to selection criteria to figure out how

7

01 you're going to spend this money, to tracking, to mid-
02 course adjustments, all the stuff of how one manages
03 an activity including controls and including

04 reporting, whether it be official or whether it be
05 reporting to our citizens. Of course, the State is
06 organized to do this entire execution job.

07 Now, the Commission's role in this
08 universe of stimulus activity is not to do any of the
09 management stuff I've just talked about. In fact,
10 management and execution functions are not part of our
11 role, but the Commission will review the State's
12 effort to be sure it is getting done, all the
13 management stuff, and getting done well. The what of
14 our work here is straightforward: get the best
15 possible results for Pennsylvania's people. The how
16 of what we're doing here is the review of
17 comprehensive, forthcoming and timely reports of a
18 stimulus effort and the contribution of advice and
19 counsel by the Commission. And to do that they have
20 to be well informed, and that's the role that we try
21 to accomplish here is to be sure the Commission is
22 well informed. As I hope has become apparent, our
23 operating premise is to arrange this and plan this so
24 that the Commission knows what the State knows about
25 stimulus spending as soon as we can convey it to the

01 Commission. That includes the flow of the dollars,
02 the program implementation status and timely notice of
03 what's coming in the future. I hope that's been
04 evidenced by our past few meetings, focused on
05 thorough status and focused on looking ahead so that
06 the Commission has a forward-looking view, and that's
07 what we plan to maintain going forward, and that's our
08 continued commitment to get this done.

09 A few comments on today's agenda. As
10 typical, Jim Creedon will begin with an implementation
11 status report. You know that Jim's the Secretary of
12 the Department of General Services and has been
13 charged by the Governor as the Chief Implementation
14 Officer for Stimulus Spending. After that, we'll have
15 five presentations. Yes, you heard it right, five.
16 Three will be in the nature of updates, one on the
17 State energy program. Secretary Hanger is here to do
18 that. Another is on the broadband proposal. I should
19 note that Secretary Hanger has been here a couple of
20 times, as you all know, to brief on not only the
21 original briefing on the State energy program but to
22 update how it's going with the State energy program.
23 So this is just another series of updates for the

24 Commission. Secretary Naomi Wyatt of the Office of
25 Administration will brief on an update for the

9

01 broadband proposal. You got an initial briefing on
02 that at the last meeting. More has happened, and we
03 want to make sure the Commission stays informed about
04 what has happened. Secretary Al Biehler of the
05 Department of Transportation is here to give you
06 further information about TIGER grant competitive
07 grants. He briefed on that, among other things, at
08 the last meeting. But more has happened there, and we
09 want you to be informed as well as possible. There
10 will be a look-ahead presentation on health
11 information technology. Phil Magistro of the
12 Governor's Office of Healthcare Reform is here to make
13 that presentation. This is in the nature of keeping
14 you posted on something coming up so that, again, the
15 Commission is as aware as possible. There's a letter
16 of intent that's due tomorrow, as a matter of fact,
17 and then there's proposals --- there's an application
18 actually due in mid-October. And then we will give a
19 status report on administrative costs. The Secretary
20 of Revenue is here, Mary Soderberg is here to do that.

21 I don't know if Mary's actually here yet, but she will
22 be here for that. So that the Commission has a sense
23 of the status of administrative costs, the federal
24 overview of what's going to be allowed, as well as how
25 Pennsylvania is planning to respond in this regard.

10

01 Before turning to Jim for the
02 implementation report, I'd like to give you a couple
03 of --- actually, to be precise, four activity updates.
04 One is on the Government Office of Accountability. As
05 the Commission knows, because we have forwarded past
06 reports, the Government Office of Accountability has
07 been doing reviews of Pennsylvania's stimulus
08 activity. We are lucky to be among one of 16 states
09 chosen by the GAO for bi-monthly reviews of what we're
10 doing on stimulus. I guess I could say we're happy to
11 be in that position, but then it depends on what day
12 one asks. The Commission was here in early August ---
13 or the GAO was here in early August and focused on a
14 number of things. One is for ARRA programs: highways,
15 transit, weatherization and workforce investment,
16 particularly the summer work program. They also took
17 a look at education, specifically with the notion in

18 mind of understanding what the appropriation delays
19 mean for education. They also took a look at the
20 public housing capital fund to get a perspective on a
21 program that is not a State program, and they also
22 took a look at some of the activities of the
23 Accountability Office, particularly our preparations
24 to make 1512 reports and the efforts we're making to
25 put performance outcome measures in place. Where the

11

01 four ARRA programs are concerned, the GAO's interest
02 was just to understand how the spending is going, what
03 is the status of the spending, what kind of controls
04 are in place, how operations are going. There is a
05 draft report in place. We'll be reviewing the draft
06 report with the GAO, and the GAO's report is
07 scheduled, I believe, somewhere around the end of
08 September. And of course, once it is issued and
09 released, we'll send it around to the Commission
10 members. So I just want you to know that that is
11 under way and is going on.

12 The second thing I wanted to note is 1512
13 reporting. By our next meeting on October 8th our
14 first 1512 report to the federal government will be

15 just two days away. It's due on October 10, that
16 Saturday. Christian Soura briefed on the efforts
17 we've been making to get ready for this at our last
18 meeting, and there's been much more activity since
19 then. We've had a program of outreach to non-State
20 reporters so that people outside the State who have
21 reporting responsibilities at least have been given a
22 heads up and are aware of what their responsibilities
23 are and our willingness to keep them posted.
24 Instructions have been sent out to the agencies and
25 the government so that they are aware of the specific

12

01 directions now related to 1512. They've all been
02 involved up to now in getting ready for 1512, but this
03 is much more in the nature of specific instructions to
04 complete 1512. We've had further discussions with OMB
05 about questions related to 1512, and there are still
06 some. We've been doing training in our State agencies
07 about how to respond to the requirements. We've been
08 setting up our own management process for the activity
09 of getting the 1512 report in from a war to
10 designating responsible people for each award, and
11 we've also prepared and given already a leadership

12 briefing to the heads of the agencies and departments
13 in the State so they are fully aware of their
14 responsibilities vis-a-vis the 1512 report. So I
15 think we're fully prepared. It doesn't mean nothing
16 will go wrong, but I think we're fully prepared, as
17 prepared as one can be with somewhat of a moving
18 target, and I have great confidence in the work that
19 Christian and the folks from the Office of
20 Administration and the Office of the Budget have been
21 doing to get ourselves ready for this.

22 An additional point I want to raise is
23 just to inform the Commission about our effort, one of
24 our efforts to stay plugged in on the questions of
25 waste, fraud and abuse. We now have a hotline posted

13

01 on our Website. If you go to the website you'll see
02 it's prominently noted. The Website is, just as a
03 reminder, recovery.pa.gov. We have received no
04 comments from the hotline. It's been up about --- I
05 think about two weeks now, something like that. We
06 have a protocol with the Inspector General to run
07 responses --- to run the investigations, whatever they
08 are, that may be related to the hotline. We also have

09 a protocol setup with the IG so that they will keep
10 the investigations in their own purview, but they will
11 report to the administration on a regular basis about
12 what is received through the hotline. If it's
13 something of a particular urgency, of course, they'll
14 report that immediately, but we have --- I believe at
15 this stage we have planned on bi-weekly reports just
16 so we can see the status of what may be reported.
17 And, of course, I'll be reporting to the Commission
18 whenever there's something of note that the Commission
19 should be aware of. Up to now, since the start of our
20 recovery spending and the start of the website several
21 months ago, while we have not had a hotline, we have
22 had the opportunity for people going to the website to
23 hit a button to send us an e-mail message about
24 anything about which they'd like to send us an e-mail.
25 And as you might guess, we have e-mails on a whole

14

01 range of subjects, fortunately none of which really go
02 to any kind of fraud or abuse. But if you were to try
03 to characterize the comments we've gotten by the
04 question of, so what kinds of things have they said to
05 us, you might say that 12 within the last four or five

06 or six months relate to something that might have
07 something --- not fraud but maybe abuse. We've
08 tracked them all down. We've responded to all as
09 appropriate, and I can report to you that none of them
10 rise to the level of anything of particular note that
11 requires follow-up action. But I just want you to
12 know that everything that has been raised with us so
13 far through the e-mail has been responded to. And as
14 I said, going forward from here, the hotline is
15 specifically designated so that we can get specific
16 reports to make sure that you're all aware of.

17 And the last thing I'll note is the
18 spending status report that Jim will be reviewing in
19 just a moment among his other status updates. It's a
20 new report. We're trying to move in the direction of
21 having the report provide a more comprehensive
22 picture, provide more context for spending so that you
23 see the total amount versus the current spending and
24 see how that one relates to the other. We've pulled
25 them all together in a single place so that you can

15

01 see how things add up so far and see the mix of the
02 spending. It's a work in progress. There's more to

03 come, I'll just say to the Commission members,
04 including making it a more current and more timely
05 report than is now possible with our data. So you
06 will expect to see --- I know you'll expect to see and
07 you will get improvements in this report. Obviously,
08 if anybody has thoughts about how this report would be
09 more responsive to your interests, we're glad to hear
10 that. So I just wanted to set a context for the
11 different report that Jim will be reporting on at this
12 meeting. And with that, Jim, I'll turn to you.

13 SECRETARY CREEDON:

14 Thank you, Ron. I'll begin, then, with
15 --- my report is actually on the smaller side this
16 month because of the special presentations that we
17 have, but I'll begin with our expenditure status
18 report, which all of you should have received. If
19 not, it's in your packet that's at your place today.
20 We're trying to track this as close as we can to the
21 various meeting dates to give you the latest updates
22 as we can. This is as of August the 14th. Our next
23 meeting is on August the 8th (sic), and it'll
24 certainly be updated beyond that point too add new
25 programs.

01 What this reflects is any program where
02 we have spent money or we have begun the draw-down
03 process from the federal government. So for example,
04 you'll note on here PENNVEST is not on here, although
05 it's something we've all talked about relative to
06 water waste, water infrastructure. While those
07 projects have settled, they've begun construction,
08 there's been no actual drawn-downs of those funds so
09 that would not be on here.

10 It shows you the --- really four columns.
11 I'll begin on the far right, which is the Total
12 Anticipated Investment. This is the number or the
13 total amount of money that we expect to receive in
14 that particular category. So if we go to one that we
15 talked about, I think, since day one on the second
16 line, the Federal Medical Assistance Percentage, that
17 is the FMAP program, you see the \$4 billion that we've
18 always talked about. Working our way then back to the
19 left, you'll see that we've drawn-down a little over
20 \$1 billion of that amount, and we've already moved out
21 into the Medicaid system \$1 billion. There's an
22 additional column there for In Progress, meaning that

23 we have drawn-down the money but we have not paid it
24 out to a particular vendor yet. So if you went down
25 to the Transportation Infrastructure line, you'd see

17

01 the familiar \$1 billion of anticipated transportation
02 highway and bridge spending. You would then go all
03 the way over to the left to In Progress of \$483
04 million of contracts in place as of August 14th, and
05 we've paid out to contractors a little over \$51
06 million for a total of investment to date against that
07 \$1 billion of \$534 million. So each of these programs
08 will --- as additional programs come on line each
09 month, we will add to this. Keep in mind this only
10 reflects money being received by the Commonwealth, so
11 if a county's receiving the money or a city's
12 receiving the money, or housing authorities or transit
13 agencies, we won't have it on this list. This'll be
14 what we're receiving here in the Commonwealth and
15 really what we'll be reporting on ultimately through
16 the 1512 process. So are there any questions on this?

17 MR. KOSTOFF:

18 That far left column, In Progress, that
19 includes encumbrances plus money received from the

20 federal government?

21 SECRETARY CREEDON:

22 Encumbrances plus money received? If I
23 could just turn to Eileen if ---?

24 MS. MCNULTY:

25 It's spent and ---.

18

01 SECRETARY CREEDON:

02 I just want to make sure I got it right.

03 MS. MCNULTY

04 Oh, I'm sorry.

05 SECRETARY CREEDON:

06 We debated ---.

07 MS. MCNULTY:

08 In Progress is committed. Committed.

09 MR. KOSTOFF:

10 Committed. But the money hasn't been
11 sent out to the local entity, or we haven't received
12 money from the federal government?

13 MS. MCNULTY:

14 No, this does not show what we've
15 received from the federal government. It shows what
16 we had committed --- what we have in the commitment

17 process and what we have spent and then added together

18 is the total shown.

19 MR. NAPLES:

20 Is there someone on the phone, just so we

21 get a record of this?

22 MR. BATTAGLIA:

23 Charlie Battaglia just getting in.

24 MR. NAPLES:

25 Okay. Charlie, thank you. Guy?

19

01 MR. CIARROCCHI:

02 A few questions and a comment. First, I

03 want to thank the secretary. I think this spreadsheet

04 is very easy to follow. One of the things I was

05 impressed with at my first meeting is how all this

06 information is being easily categorized, and I think

07 the spreadsheet is even another step, so I appreciate

08 it. It's easy to --- as easy as can be to try and

09 track all the money.

10 The one suggestion I would have is as

11 these project come on line, if there's a way if not in

12 this, but as you've done in some of the other

13 attachments, if we can try and track the categories of

14 jobs retained or jobs created, obviously, in those
15 areas where it's applicable. I mean, it's perhaps not
16 applicable in some of the social support services.
17 The question I had was, the money that's being brought
18 into the Commonwealth that's going to cities,
19 counties, transit authorities, what have you, is
20 someone or somebody or some group of people tracking
21 those dollars to see what's coming in and where
22 they're going, one, so that we're aware of where
23 they're going and two, being able to track their
24 effectiveness but also be aware of in the context of
25 other money that the State may be applying for to know

20

01 whether we should be partnering with or somebody has
02 already received funding for something they may be
03 asking the Commonwealth for?

04 SECRETARY CREEDON:

05 Let me try to run through some of those
06 as best I can. For example, Dauphin County is
07 scheduled to receive federal energy funding directly
08 as is the City of Harrisburg, as example. We are not
09 required to report on that spending as part of the
10 Commonwealth's report to OMB this October 10th 1512

11 report. We will do our best to track when they have
12 received that. We do monitor all grant awards,
13 information coming out of the federal government. We
14 have a compilation of other funding that has come in.
15 It's pretty easy to track the municipal money.
16 Generally, there's some press around it, and we can
17 get a feel for what they're doing. But we will not be
18 responsible for reporting on its use or monitoring its
19 progress. That's the responsibility of the recipient
20 themselves. If we get down the road and we've got our
21 money kind of in good shape and we want to go out and
22 kind of get a better feel for it, we may want to put
23 that on the list of things to do in the future. But
24 right now with what we're managing to then try to go
25 out and make sure they're managing it properly is not

21

01 something we have right now on our to-do list.

02 There are additional funds, though, that
03 come in from the federal government to other entities.
04 For example, recently Lehigh Valley Economic
05 Development Corporation received money for a superfund
06 site. That goes direct to that recipient. That
07 recipient has a responsibility to do the reporting on

08 that program, and they'll be just like a city or a
09 county in that sort --- or mass transit agency. We're
10 doing our best there as well to monitor that money
11 coming in so we can give you a picture of the total
12 funds coming in above and beyond just what comes into
13 the Commonwealth. But it's the one area where we'll
14 probably never reach perfection because there will be,
15 you know, all sorts of funding that will eventually
16 come in. We're doing our best to monitor that through
17 various websites. On the jobs created side, I do try
18 to mention that in my implementation report. I will
19 continue to try to do that. I think that we want to
20 get into a better discipline of putting that on a
21 chart after we submit our 1512 because that 1512 on
22 October the 10th will be our first real finalized,
23 scrubbed, you know, high-confidence level that we've
24 drawn everything we can out from the jobs area. So
25 for now --- you know, certainly PennDOT has got some

22

01 good numbers coming out. PENNVEST has still some
02 estimates. I think Secretary Hanger will mention some
03 energy areas were there's those estimates. But once
04 we start those regular quarterly reportings, I think

05 we're going to have a much better final definition of
06 how to report it and we'll have some consistency, that
07 we're not going on an up and down based on a change in
08 definition at the federal level.

09 MR. CIARROCCHI:

10 Two quick follow-ups. One was I remember
11 at the last meeting you were expressing some
12 frustration, I think a lot of people were, that the
13 federal government had not yet established what, in
14 fact, a job was and how we could track it. And as we
15 look towards this first report where the entire nation
16 --- when all 50 states are going to report ---. For
17 better or worse a lot of people are going to look at
18 like the baseball standings. You know, how did
19 Pennsylvania do compared to Ohio and New Jersey?

20 OFF RECORD DISCUSSION

21 MR. CIARROCHI:

22 The question is, we have been given
23 guidance by the federal government into what, in fact,
24 a created job is so that we'll know, ultimately, how
25 Pennsylvania measures against other states?

23

01 SECRETARY CREEDON:

02 The answer is yes, for the 1512, although
03 they're still doing some adjustments to it. I think
04 they realize that on October the 10th, if not maybe
05 the 11th, they're going to be expected to give that
06 number as well. And Christian Soura has been working
07 to continue to monitor that with OMB, and that's why I
08 think we'll have that, at least, to be able to capture
09 a lot better in early October.

10 MR. NAPLES:

11 And guy, where jobs are concerned, OMB
12 has put out certain guidance. And it's the OMB who's
13 in charge of this 1512 report, although the report
14 will actually be looked at by the individual agencies,
15 not OMB itself. But one of the problems is that the
16 jobs as described by OMB are sometimes different from
17 jobs as described by the federal agency. Where
18 there's a conflict, we've had people go directly to
19 the ---. If there's nothing stated, use the OMB
20 guidance. If there's a conflict people will go to the
21 jobs as defined by federal agencies. So there is some
22 potential still for apples and oranges, but so far
23 that's just state of play on this.

24 MR. CIARROCCHI:

25 Thank you.

24

01 MR. NAPLES:

02 Gene.

03 SECRETARY CREEDON:

04 Moving ---. Oh, I'm sorry.

05 MR. BARR:

06 One thing the secretary didn't mention
07 that I think bears to be noted is that I think it was
08 about four weeks ago, and I can't remember the
09 organization, came out with a rating of how different
10 states are handling the stimulus money, and
11 Pennsylvania ranked very high in terms of their
12 oversight of this. And I think that bears mentioning,
13 and I think it reflects a huge amount of credit on
14 you, Jim, Ron and all the people working on this. I
15 can't remember the organization, but Pennsylvania
16 ranked very high, and so thank you for that.

17 MR. NAPLES:

18 It came out of my office.

19 MR. BARR:

20 Oh, was it? I kind of wondered how it
21 had your e-mail address on it and how it got on there.

22 The other thing I want to ask about in terms of
23 continuing that is that --- and I perhaps should know
24 the answer to this, but I don't. Is there a complete
25 listing somewhere of all the different organizations

25

01 that have received stimulus dollars in Pennsylvania?
02 And I'll state the reason I asked and I'll be up front
03 about it. As we move particularly into some of the
04 social welfare-type activities --- I think that there
05 are organizations, to be quite blunt, that I think we
06 need to be cautious about, for example, ACORN, that
07 has been subject of much in the news that we ought to
08 be a little cautious about in terms of how we
09 distribute those dollars and who gets those to make
10 sure that we continue the rankings that we've received
11 and continue the good work you've done.

12 SECRETARY CREEDON:

13 That's a good observation. We do have a
14 list of the organizations that have received. The
15 1512 report will report on all recipients, sub
16 recipients and vendors, so there will be a way for the
17 public to take a look at that. I'm not sure whether
18 that organization --- I have not seen that

19 organization on the list of --- I'm not even quite
20 sure where they would apply that you mentioned.

21 MR. BARR:

22 I could see a couple places where they
23 would. That's just my --- that's my concern.

24 SECRETARY CREEDON:

25 Okay. Got you. Moving to the

26

01 implementation reports, I'll, you know, kind of go
02 through quickly. I'll begin with highways and
03 bridges, and Secretary Biehler is here, so if you have
04 any particular questions, I'm sure he'll be happy to
05 answer them in his report. On the competitive side,
06 we have now obligated about 86 percent of our funding
07 through today, so this is an update from the
08 expenditure report you just saw. 244 of 293 projects
09 have open bids. The 293 is a new number. What we're
10 now doing is we're tracking what we're calling the
11 reallocation round. You may remember last time I
12 mentioned that we're getting projects under bid, and
13 we're reallocating those funds, so now the number of
14 projects being managed is a little bit higher. 212
15 projects have notice to proceed, 140 have started

16 work, and 8 projects actually have work complete
17 already.

18 REPRESENTATIVE ELLIS:

19 Jim, real quick. The money being
20 reallocated is regional?

21 SECRETARY CREEDON:

22 Correct.

23 REPRESENTATIVE ELLIS:

24 Where the money was ---? Okay. That's
25 what you said last time. I just wanted to make sure.

27

01 SECRETARY CREEDON:

02 Where the money was saved, the money gets
03 reallocated. The second one is just a chart where you
04 can kind of follow the progress on time, and then if
05 you look at the bottom of the chart you can see there
06 was a second round of --- or the reallocation round
07 schedule and how that's scheduled to roll out. Our
08 low bid savings continue to average around 10.2
09 percent. We continue to have a good number of bidders
10 on each project. The disadvantaged business
11 participation is tracking above average at about 5.54
12 accumulative, and based on what the Department of

13 Transportation is --- as their definitions for jobs to
14 FHWA, in July there were 3,304 jobs created or
15 sustained for that month of July. So that's our
16 latest reporting. We do our monthly updates. I guess
17 in just about a couple of weeks we'll have the August
18 data. And that is a number that you will most likely
19 see then move into the 512s as well because that's one
20 where FHWA has created that definition.

21 REPRESENTATIVE ELLIS:

22 Will it be broken out in the report as to
23 sustained and created, or is it just going to be
24 lumped together as one number?

25 SECRETARY CREEDON:

28

01 One number? One number. For the most
02 part, though, on the transportation side you're doing
03 a project.

04 REPRESENTATIVE ELLIS:

05 Right.

06 SECRETARY CREEDON:

07 So you're creating a job as opposed to
08 doing something with a company where they may have to
09 sustain a job. The next is just a graphic on the MB

10 or the DB commitments in the transportation world.

11 You can see did reach a high of about nine percent

12 that have come down to 5.27 mark.

13 An area that I mentioned earlier we're

14 not going to be reporting on, but I thought it might

15 be good to just give you an update on transit spending

16 across the State. So far there's been about \$267

17 million in construction contracts and procurements

18 awarded by the various transit agencies, and about

19 another 73 are still pending. So that --- while we're

20 doing our billion dollars worth of work, there's still

21 a lot of work --- there's an awful lot of work going

22 on in the transit areas across the State.

23 Over on the clean water and wastewater

24 area through PENNVEST, 28 of 33 projects that we

25 awarded in April have already settled, and 27 projects

29

01 have actually started, with 3 additional scheduled to

02 begin by September 30th. Based on our estimates from

03 the grantees, we expect that the work under

04 construction by September 30th will have about 1,300

05 --- a little over 1,300 jobs associated with it.

06 These numbers will also be adjusted as we actually

07 begin to get the field reports back from the various
08 job sites, just like we do from PennDOT, as to what is
09 the comparison to the estimated versus the actuals
10 once these jobs are underway.

11 Weatherization, the State Plan was
12 approved by the Federal Department of Energy on August
13 the 25th. We are currently reviewing provider
14 management plans from the 42 --- or 43 delivery
15 agencies across the Commonwealth. We have some that
16 are ready for a go. We have some that need some minor
17 adjustments, and we have some that need to have a few
18 meetings. So we are working through there. Everyone
19 has a standardized set of objectives, that the work is
20 going to be done in a standardized way, and they
21 understand the importance of this work, that they have
22 the auditing procedures in place, the management
23 procedures in place before we give them a green light.
24 There's a meeting next week where they're all coming
25 into Harrisburg to go over the federal requirements,

30

01 to go over the centralized procurement requirements,
02 to go over the training requirements, to make sure we
03 get all the providers on the same page. Secretary

04 Cornelius from DCED will be at that meeting. I'll be
05 trying to stop in at that meeting as well to talk with
06 these agencies about the importance of this program
07 and the level of accountability that we're expecting
08 from those 43 agencies.

09 The last couple of pages are the
10 continued --- we want to keep you updated on the
11 competitive application status. These are for
12 Commonwealth agencies. Most of this you've already
13 seen. As time has gone on --- a few we'll talk about
14 today: the broadband, the TIGER and the health IT to
15 either give you an update from what we told you last
16 time or what we're anticipating before we meet again.
17 The only real new award that we've received is on the
18 second page for healthcare associated infections as
19 the warm and cuddly grant award name for the day, I
20 think. And we've received about \$1 million of grant
21 awards from the federal government to help the
22 Department of Health run that program.

23 So again, we'll try to keep you updated.
24 These are what we're applying for that if we go ---
25 you know, ultimately when we have these either we know

01 we're getting them or we're not getting them, you'll
02 see these, if we receive them, start appearing on the
03 expenditure report. So this is sort of where they
04 begin in our process here, that we've applied for them
05 and make you aware of them. Ron, that's all I have.

06 MR. NAPLES:

07 Thank you, Jim. Any other questions for
08 Jim? I'm sorry. Tony.

09 MR. ROSS:

10 Yeah. Mr. Secretary, I just want to
11 thank you for including the information on the DBE
12 statistics. I think that's very helpful, and I also
13 want to thank you for your personal commitment in this
14 area and working with me and others who are interested
15 in that area. From your perspective since we tend to
16 be doing better, maybe this might be more appropriate
17 for Secretary Biehler as well, are there some best
18 practices? Is there any sense for you why we're doing
19 better in the stimulus funding as opposed to regular
20 --- the best practices, lessons learned or ---?

21 SECRETARY CREEDON:

22 Well, we're doing better than the mark
23 that's out there for PennDOT. We're not doing better

24 than the overall Commonwealth spent on that particular
25 program. Overall Commonwealth spent generally is over

32

01 ten percent. And you know, until the PENNVEST money
02 gets out there and then also the DEP energy money,
03 which Secretary Hanger will talk about, 'til that gets
04 out there, we're really kind of tied really just to
05 look at PennDOT and what measures they have set up.
06 And they're mark based on FHWA is only five percent.
07 So we're hoping that we can achieve a ten percent
08 across all stimulus funding. But we don't have enough
09 projects underway to really see how we're doing yet.

10 MR. ROSS:

11 Great.

12 MR. NAPLES:

13 Anything else? Great. Thank you, Jim.

14 First presentation will be by Secretary Al Biehler of
15 Department of Transportation, and he will talk about
16 the TIGER competitive grants. As I said --- as I
17 remind you, Secretary Biehler reported at our last
18 meeting on this subject, and this is just in the way
19 of a further update.

20 SECRETARY BIEHLER:

21 I don't think we're going to need the
22 screen. I think you folks have a paper copy of a
23 spreadsheet. I have a feeling you have one that's ---
24 unless you're really an eagle you can't read. I have
25 a really big copy.

33

01 Let me give a proper introduction here.
02 I gave you a bit of a briefing the last time, but let
03 me just kind of reiterate a couple of things. This is
04 a \$1.5 billion discretionary program, transportation
05 discretionary program. The deadline for submitting
06 applications is next Tuesday, so this is a very timely
07 discussion. The eligible applicants are not only the
08 State, the Commonwealth, but also local governments,
09 MPOs, port authorities, transit agencies. So there's
10 potentially quite an array of potential applicants.
11 The kind of projects that are eligible are highway or
12 bridge projects, public transportation, passenger or
13 freight rail, port infrastructure or access to port
14 kinds of projects, so it's a very broad category. And
15 you'll recall that as was reported by Jim Creedon, we
16 already had a special allocation of highway and bridge
17 money as well as transit, but nevertheless, those

18 kinds of projects are still eligible for this broad
19 set of dollars.
20 \$1.5 billion, you can kind of do the
21 math. Divide 50 states into a \$1.5 billion, and it's
22 \$30 million average. The actual ground rules are to
23 encourage folks to consider grants --- the
24 applications are in --- that here are no higher ---
25 legislation requires that no grant be in excess of

34

01 \$300 million, which to me would be pretty surprising
02 --- that'd be 20 percent of the whole pool, but that's
03 what the legislation says --- and generally no less
04 than \$20 million, although there is a proviso that
05 allows the US DOT to consider grants less than \$20
06 million. So that's the sort of general set up of this
07 program. Beyond that, the program identifies certain
08 criteria that Congress has asked the Federal
09 Department of Transportation to consider once they
10 receive these grant applications. And they fall in a
11 couple of categories, and what I have done on this
12 spreadsheet, we have a list of 15 projects that are
13 --- where we have received requests for consideration
14 of projects, projects that we knew of ourselves. So

15 it's from a number of sources, but we ended up with 15
16 projects that we have attempted to try to understand
17 ourselves by arraying the federal criteria as well as
18 --- and we looked at the federal criteria more in a
19 qualitative fashion using kind of a Consumer Reports
20 sort of an approach where you give pluses and minuses
21 to whether they seem to excel with the criteria or
22 don't meet the criteria particularly well as well as a
23 more quantitative criteria that we had, which was a
24 benefit-cost ratio that dealt with employment and
25 travel time, savings and using accepted Federal

35

01 Highway Administration kinds of criteria, as well as
02 Transportation Research Board just to kind of help us
03 look at these projects in a couple of different ways.
04 Regarding the federal criteria, they can
05 fall into one of two categories. The so-called
06 primary criteria that Congress set up, which includes
07 things like state of --- what state of good repair are
08 you producing. By the way, in all of these cases the
09 federal criteria's overarching target was to produce
10 projects that have national or regional significance.
11 In addition to them, the subsets, which are things

12 like state's a good repair, do they add to the ---
13 what do they add to economic competitiveness,
14 livability, sustainability, safety, job creation and
15 so on. As I say, we had attempted to use those
16 criteria, try to make our --- apply our own judgments,
17 just to help everybody to sort of sort through these
18 things.

19 Of the 15 projects, we found that three
20 really sort of stuck out among the group of 15. And
21 the first two of those were major initiatives, which
22 would be really a public private partnership between
23 --- the first one that was rated the highest in our
24 scheme was that one which was proposed by CSX, their
25 so-called national gateway project. CSX is in the

36

01 process of double stacking one of its major lines.
02 It's the line that begins in Ohio, cuts through
03 Pennsylvania down in southwestern Pennsylvania, goes
04 on to Maryland, and they want to either raise the
05 bridges that this line goes under or lower the track
06 bed to be able to carry two containers, truck
07 containers, on each flatbed railcar thus doubling
08 their capacity. That's a project where CSX is putting

09 in a significant amount of money. A number of states
10 have also been willing to provide resources, and then
11 finally they're seeking additional federal TIGER grant
12 money on top of that. In the case of CSX, the total
13 project is in excess of \$770 million, of which CSX
14 would put in \$387 million and the states would put in
15 a total of \$193 million. And they're asking the
16 federal government for a proposal for \$194 million.

17 So in our rating scheme, it obviously,
18 then, net an awful lot of the primary criteria that
19 the feds set up about safety repair and economic
20 development and then a spin off benefit because it'll
21 pull a number of trucks off the road with this higher
22 carrying capability.

23 Similarly, Norfolk Southern has a very
24 extensive corridor initiative, if you will, one that
25 is involved in their so-called crescent corridor,

37

01 which goes all the way from New York to Mississippi
02 passing through Pennsylvania. A significant piece of
03 that job is the impact on Pennsylvania. In this
04 particular case it's not only improving capacity and
05 speed of the line, but they're also making a number of

06 improvements to some of their intermodal terminals,
07 not only in Pennsylvania but other states as well.
08 But specifically in Pennsylvania, they have proposed a
09 brand new logistics terminal down in Franklin County.
10 We've been working pretty closely with Senator
11 Alloway, who's been working with some of the local
12 communities in the location. And the bottom line is
13 it would really have a very significant impact.
14 Again, in this particular case, the railroad is ---
15 this project has a total cost of \$609 million. The
16 railroad has proposed to put in \$264 and then states
17 and the federal government the remainder. And that's
18 what the second highest rated project was at least,
19 again, based on our rating scheme.

20 The third project was a reconstruction of
21 a portion of Interstate 95. I think I may have
22 mentioned to this committee that Interstate 95 through
23 Philadelphia, there's something like a total of 50
24 miles that goes within Pennsylvania from the New
25 Jersey border to Delaware, and unfortunately there's a

01 significant portion of that facility that's
02 unstructured and has a series of structurally-

03 deficient bridge sections. And what this project
04 would be would be dealing with one of those sections
05 to the tune of \$195 million total, of which we would
06 propose to seek \$95 million in federal funds, and we
07 would provide state funds or other resources for the
08 balance.

09 Those three, as I say, stuck out in our
10 rating scheme. I suppose folks --- since some of the
11 evaluation was qualitative, folks could chose to shade
12 that one way or another, but as I say, at least from
13 our review, those really seem to be the ones that have
14 the greatest prominence in terms of what we saw as
15 meeting the federal requirements.

16 Let me tell you a couple other things,
17 and that is that we're now sort of in a question of
18 how best to position Pennsylvania. If you generally
19 concur that we did a reasonable job of trying to sort
20 through these things, the question is, how should we
21 approach the application because as I say, it's
22 clearly a competitive environment between Pennsylvania
23 and the other states, and we'd love to be able to
24 attract as much federal money for these worthwhile
25 projects as possible. And here was our thinking: We

01 have been talking, in the case of the railroad
02 projects, to some of our neighbors. In the case of
03 the CSX project Ohio is willing to be the applicant on
04 behalf of a number of states, so Ohio, Pennsylvania,
05 Maryland and so on because it affects a number of
06 states because it goes down into Virginia and so on.
07 But Ohio's willing to be the primary applicant. Based
08 on that, we would recommend that Pennsylvania, then,
09 be the applicant for the next two, Norfolk Southern
10 project as well as the I-95 project. And at that
11 point we're guessing that if we --- we could
12 theoretically be the applicant for all of them. Just
13 throw them all against the wall and see what sticks,
14 but we think we then run into a situation of sending a
15 mixed signal to the federal US DOT as to what our top
16 priorities are. So we would recommend Pennsylvania
17 being an applicant for projects two and three, and
18 with our partnership in Ohio, they become the
19 applicant for the first project. And we are then
20 hopeful that we would all be successful or at least in
21 sort of priority. We would pose to indicate that the
22 Norfolk Southern project, of the two projects, would

23 be a higher priority within Pennsylvania if someone
24 had to make a choice.

25 So that's perhaps too much information,

40

01 but I wanted to let you at least --- share with you at
02 least the kind of evaluation that we understood and
03 provide that information. I'd be happy to answer
04 questions.

05 REPRESENTATIVE ELLIS:

06 Mr. Secretary, at the previous meeting
07 that you came to, you had mentioned approving the
08 corridor from Philadelphia to Harrisburg and making it
09 a high-speed rail system. I don't see that on here.
10 Is that applied for somewhere differently or ---?

11 SECRETARY BIEHLER:

12 Yes.

13 REPRESENTATIVE ELLIS:

14 Okay.

15 SECRETARY BIEHLER:

16 Yeah. Yeah, I should have clarified
17 that. Last time I talked about the high-speed
18 discretionary grant program. That's a separate
19 program from this.

20 REPRESENTATIVE ELLIS:

21 Okay.

22 SECRETARY BIEHLER:

23 \$8 billion, and we ended up submitting

24 five applications. Pittsburgh to --- I mean,

25 Philadelphia to Harrisburg corridor, there's actually

41

01 two components to that one. One that there's a series

02 of shovel-ready projects, and you get into

03 complication. They call them track ones and twos.

04 Track one is you're ready to go immediately. Track

05 two, the project needs a little more engineering,

06 development and so on, but there's at least two

07 projects for the --- frankly the very successful

08 Keystone corridor between Harrisburg and Philadelphia.

09 In addition, there's the first leg of the Scranton to

10 New York initiative that's been of interest to a lot

11 of folks. Another example is, then, to continue the

12 Keystone corridor to do a feasibility study with some

13 special money of Pittsburgh to Harrisburg, and that's

14 one where today it's not functioning well. It's, you

15 know, five hours in the corridor --- I mean, three

16 corridors or so travel time and when you can drive

17 it ---. You know, if you drive continuously you can
18 get there, I can tell you, in 3 hours and 15 minutes.
19 I do it almost every week.

20 REPRESENTATIVE ELLIS:

21 I concur with that.

22 SECRETARY BIEHLER:

23 There you go. But, you know, if there's
24 a way to upgrade that, the question is, what does it
25 take? So no. So that's a separate program, and those

42

01 are already in, so ---.

02 UNIDENTIFIED SPEAKER:

03 You said there were five?

04 SECRETARY BIEHLER:

05 The fifth project was a proposal by the
06 MAGLEV, Inc. group to potentially see if the feds
07 would be willing to finance the first leg of that
08 proposal from Pittsburgh to the Pittsburgh airport.
09 As I think I mentioned last time, I'll be surprised if
10 that one rises to the top only in that it's so
11 expensive. They're seeking \$2.3 billion of the \$8
12 billion, but I think there's another program that is
13 likely to provide some funds fairly soon for

14 continuing the engineering on that project.

15 MR. NAPLES:

16 Anything else for Secretary Biehler? I

17 think the instructive part about this is not just the

18 result that the Secretary and his folks came to but to

19 give you some sense of how generally in the

20 administration they're trying to go about making these

21 selections with specific selection criteria and

22 specific ratings that relate to as quantitative

23 measures as we can make in each particular program so

24 that we have good and credible selection criteria. I

25 think the Secretary's description of this one is an

43

01 excellent example of that. If there are no other

02 questions, thank you, sir.

03 SECRETARY BIEHLER:

04 Thank you very much.

05 MR. NAPLES:

06 I appreciate it. I'd like to introduce

07 Secretary John Hanger from the Department of

08 Environmental Protection. Again, as I had mentioned

09 earlier, John has been here in the past to make

10 presentations on the energy program because it does

11 have a number of pieces, and it is our commitment to
12 make sure the Commission stays updated on the state of
13 play and our progress, and that'll be the focus of
14 John's comments this morning.

15 SECRETARY HANGER:

16 All right. I think I can handle this
17 technology. I appreciate the invitation to provide an
18 update. I want to thank all of you for your work on
19 behalf of this important effort. I also want to thank
20 my staff at DEP who has done a considerable amount of
21 work to date.

22 This first page is just a look at what we
23 call the PA Green Energy Works, and this is where
24 --- this is the State energy plan money will be \$99
25 million in total, and this is a review from April.

44

01 You saw this in April. The \$99 million would be
02 programmed into those categories, the Sustainable
03 Business Recovery, Sustainable Heat and Power, Biogas,
04 and you can see the rest. In terms of the Sustainable
05 Business Recovery, part of the plan was approved by
06 DoE on July 7th. We had already identified some
07 pending applications for funding for energy projects

08 that had been received by the Department in 2008. We
09 combed through that list and identified a total of 17
10 projects that were provided to this Oversight
11 Commission that were excellent projects and had not
12 been funded in the past simply because there wasn't
13 money available. Those projects are in various stages
14 of completion ranging from completed --- we have three
15 of the five, for example, PEDA completed --- to
16 finishing up grant agreements.

17 BRIEF INTERRUPTION

18 SECRETARY HANGER:

19 I'll try to move forward here. The \$10
20 million recovery money was part of a \$20 million ---.

21 BRIEF INTERRUPTION

22 SECRETARY HANGER:

23 Okay. I'll talk a little more loudly
24 than normal. The \$10 million of recovery money was a
25 part of a \$20 million PEDA grant process that was

45

01 completed on August 10th. They announced 12 grants
02 totaling \$10 million that were recovery money. The
03 total of solicitation lead to 25 grants, but the other
04 13 were funded by Growing Greener, State money, not

05 recovery money.

06 Looking at just the projects that were
07 funded out of recovery money, this is some of the
08 numbers that you can see. I do need to essentially
09 retract the jobs retained number. That number
10 reflects statements from the companies themselves.
11 For example, there are a number of energy projects
12 going into manufacturers, and these energy projects
13 will help these companies to, in fact, lock in prices
14 for 10, 20 years. They're solar systems, wind systems
15 and some other systems, and the companies, when they
16 applied for the grants and when we reviewed them said
17 that these energy projects were very important to
18 securing employment at these facilities, but based
19 upon guidance from OMB that I became personally aware
20 of yesterday, the Federal government's actually using
21 a very stringent test for jobs retained, and you have
22 to establish that. But for the money, the jobs would
23 have been lost, so it's essentially equivalent of
24 saying a police officer would have been laid off but
25 for stimulus money that came to a particular

01 municipality. And using that kind of stringent test,

02 the job retention numbers will be lower than that.

03 You can see that we're also saving a
04 considerable amount of --- or we're producing a
05 considerable amount of energy, and I think one of the
06 things to emphasize here is all of these projects will
07 last well beyond this economic crisis. They will last
08 typically for 20, 25 years and provide a major benefit
09 to companies and communities and, of course, to all of
10 us who benefit from the energy supply that is going
11 into the grid for literally decades ahead.

12 Returning to what's coming, we have the
13 Combined Heating and Power program. We have \$11
14 million in the state energy plan for the combined
15 heating power program. The public comment on this
16 program closed on August 25th. The applications for
17 this program are open right now and they will close on
18 October 6. Our intention is to make grant
19 announcements about this program in early November.
20 The Clean Biogas program, this is for --- examples of
21 this would be farms, digesters, municipal sewer
22 systems, and there are some others. Again, program is
23 going to be opened on September 21st, close October
24 23rd and again, we have planned to announce awards in

25 late November. The Solar funds are going to be

47

01 programmed in two phases. In the recent PEDA round,
02 we had a very significant number of companies,
03 typically, but other institutions applying for solar
04 to stabilize their energy costs over a long period of
05 time. And we have decided to make \$7 million
06 available because there are some very attractive
07 opportunities with large, private matches that
08 potentially could be funded. Again, this program will
09 open October 5th, and we hope to be able to make
10 announcements in December as to where that money is
11 going. There also will be \$9.3 million for solar that
12 hopefully will boost manufacturing. That's part of
13 our plan to bring further job creators to Pennsylvania
14 with some of that money. We have a Green Development
15 Loan program that we are hoping to launch. We have
16 earmarked \$12 million of the \$99 million for this, and
17 we believe that we can, in fact, turn that \$12 million
18 into a \$48 million revolving loan fund. We will go
19 out with an RFP for the administrator and the lenders
20 for this loan program. We intend to have the RFP
21 available in late September. We hope to have at least

22 \$4 million of the \$12 million moving by December 31st.
23 The Wind Initiative, we have \$20 million right now
24 programmed for wind efforts, particularly looking at
25 where we can upgrade transmission as to enable further

48

01 wind energy and other energy projects. There's at
02 least one major opportunity here, and perhaps others
03 will become available as we go through this program.
04 The timeline for that is where we'll open the public
05 comment in early November. We hope to have the
06 application period open in late November to early
07 December and make grant announcements end of January.
08 We also have a geothermal program that is part of this
09 overall plan, \$14.8 million dedicated for geothermal
10 systems. Again, we will open public comment for that
11 in May 2010 and grants announced June 2010.

12 In addition to the Green Energy Works
13 program, which is the \$99 million, we received about
14 \$22 million for energy efficiency, an energy
15 efficiency block grant. This is a program that you
16 reviewed previously and called it PA Conservation
17 Works. The program has actually been opened and now
18 closed. We closed on August 14th, the applications.

19 We received over 500 applications; we had an enormous
20 response. They're requesting over \$63 million, and of
21 course, we have \$22 million available. So we're going
22 to make some people happy, but probably --- for every
23 one person or institution that is made happy here,
24 though, there'll probably be roughly two that will be
25 disappointed. But the good news out of that is that

49

01 we expect to see some excellent opportunities for this
02 investment to create major, major benefit going
03 forward. These applications are now being scored and
04 we hope to make the awards in early October.

05 Outside of the formula money that has
06 come to the State, again, that's the Green Energy
07 Works program and the Conservation Works program
08 totaling about \$122 million, we are participating with
09 anybody who would like to compete for nationally
10 available energy money. This is our competitive
11 grants process. We have a weekly meeting that I
12 normally participate in to track what Pennsylvania
13 companies and institutions are interested in, what
14 they're applying for. We do our best to also make
15 these opportunities available. We send out press

16 releases, do other targeted outreach to try to ensure
17 that as many possible applicants in Pennsylvania are
18 aware of this information. So far, we have received
19 \$76 million in direct grants through the competitive
20 process. We've also received \$101 million in cash in
21 lieu of tax credits. We have \$815 million of active
22 applications that we're aware of, outstanding, and we,
23 of course, are not fully aware of all the tax credits
24 that are getting cashed. We do our best to track
25 that, but we're probably not going to have complete

50

01 knowledge of all of that.

02 In terms of some administrative points I
03 would like to just mention here, we have been, as much
04 as possible, moving the application process for grants
05 to a web-based application package. We call it
06 e-Grants. That has been used for the Conservation
07 Works program that just closed, and we received over
08 500 applications through that. This was an
09 application package that actually the Department of
10 Conversation and Natural Resources created, originally
11 created, and has modified it to meet the requirements
12 of these programs. That's made a very big difference

13 in our ability to process what is turning out to be
14 very large numbers of applications and to do it in a
15 much more rapid way than if you had to manually enter
16 all the applications. And that alone could have taken
17 weeks to get done, so that's a very important part of
18 what we're trying to do here. Then we also have what
19 we call eDART. It's an automated grants management
20 and reporting system. We're testing that and, of
21 course, we're very focused on not simply hopefully
22 making good judgments about where the money should be
23 awarded and where it should go but helping those who
24 do receive the awards to be excellent stewards of the
25 money they receive. And we have dedicated staff to

51

01 that process, and while there's a, first, we're
02 certainly trying to help everybody do what is needed,
03 we also recognize there is an oversight function here.
04 And where necessary, we will make some tough decisions
05 and reprogram money if, in fact, a project isn't
06 moving ahead on the timelines required or encountering
07 other problems that require reprogramming of money.
08 Lastly, we are in the early stages of
09 developing the Appliance Rebate program, and I don't

10 have a specific slide for you on this. It's an \$11.9
11 million for the Appliance Rebate program. The states
12 have given a significant amount of latitude to design
13 how the appliance rebate program will, in fact, be
14 implemented. We're beginning that process now of
15 considering how best to do that. There's a whole
16 range of issues that we have to address well. One, of
17 course, is the content of the program. But the second
18 is the administration of the program, and one of the
19 requirements of this federal program is that we have
20 to match any administrative dollars used with State
21 dollars. So if we take some of that \$11.9 million as
22 administration, we then have to match it with State
23 dollars. So that, obviously, is something that we
24 have to think through carefully and well. We're
25 looking for good answers to that problem. Up to this

52

01 point, we've done, actually, a significant amount of
02 work with very little federal administrative money.
03 That's going to change going forward in terms of the
04 oversight function. We're going to have, you know, 15
05 full-time employees dedicated to overseeing some of
06 these energy projects, but we have really put an

07 emphasis on trying to get as much of the dollars into
08 direct product as opposed to administrative costs, and
09 we're looking for hopefully some smart ways to
10 continue that while at the same time remembering that
11 we've got to have enough oversight and enough
12 administrative capability to prevent things like back
13 logs and other problems that can result if we don't
14 have enough administrative capability around the
15 program. So I'll be glad to take any questions that
16 you may have. Yes.

17 MR. ROSS:

18 Good to see, Mr. Secretary. Couple quick
19 questions. With the combined heat and power slide,
20 you talked about large non-profits. Could you give me
21 an --- are you talking about hospitals? What types of
22 non-profits are you talking about?

23 SECRETARY HANGER:

24 Hospitals have been particularly
25 interested in the Combined Heat and Power program. In

01 fact, one of the first PEDDA awards was to a hospital
02 in Williamsport. It was a Combined Heat and Power, a
03 relatively small project, but Children's Hospital in

04 Philadelphia has got a large Combined Heat and Power
05 program. They've actually applied for competitive
06 money at the national level for that program. It's
07 probably too big for this program. I think they're
08 seeking something like \$80 million. The total program
09 is \$80 million. I think they're seeking, like, \$40
10 million from the federal government. But I'm aware of
11 a number of hospitals that are interested in Combining
12 Heat and Power. Combined Heat and Power is an
13 excellent technology. It's an excellent application.
14 I know Gene is familiar with it, and I'm sure others
15 of you are. And we're hopeful here, again, that we're
16 going to get a lot of really good applications and be
17 in that really good situation, though difficult
18 situation, of having to turn down some good
19 applications because they're just so many really
20 strong ones.

21 MR. ROSS:

22 Sure. Just two quick other questions.

23 Can you talk a little bit about the outreach and
24 technical assistance that'll be available to
25 applicants with respect to these different programs?

01 One of the things I hear people say that, I don't know
02 when and where the opportunities are, and I know with
03 Pennsylvania Conservation Works you get a Webinar.
04 Are you going to do those kinds of things? And then I
05 think I have an offer you won't refuse afterwards.

06 SECRETARY HANGER:

07 Outreach we take very seriously, and we
08 have done a lot. It's probably the case you can never
09 do enough to reach literally everybody, and you're
10 always probably going to run across somebody despite
11 what you do who says, I didn't know about it. But we
12 have done Webinars, we've done multiple talks, we've
13 done press releases, we've engaged the six regional
14 offices that DEP operates around the State to make
15 sure we reach into regional media markets, we've done
16 meetings with likely candidates, and we have a fairly
17 good understanding, I think, of possible applicants
18 all across the State, and we certainly go to those,
19 what I would call, likely suspects of people who would
20 be but we, you know, reach beyond the likely suspect
21 list to try to reach literally as many people as we
22 can. We'll continue to do that.

23 Now, in terms of the technical

24 assistance, we do offer that when people are putting
25 together applications. We're glad to talk with them

55

01 ahead of time about how a project could be best put
02 together to be competitive. We also will, once an
03 award has been made, work with, no longer applicants,
04 but recipients to try to maximize the performance of
05 the recipient in implementing the award. We have,
06 again, the 15 staff that's dedicated to doing exactly
07 that kind of work across the State.

08 MR. ROSS:

09 Well, my offer to you is this: the
10 United Way, we've been going around the State the last
11 couple of months and having stimulus forums, and in
12 fact, we've recently just partnered with the Small
13 Business Administration. And we go to their events,
14 and sometimes they come to ours. And certainly if you
15 would like to make staff available, we'd love to, you
16 know, have your folks come on out and be a part of our
17 events. In fact, we're doing something with Gene's
18 organization September 28th here in Harrisburg with
19 the business community. So we'll be happy to afford
20 that to you and Kelly and love to have you guys there.

21 SECRETARY HANGER:

22 Yeah. Kelly would be the point of
23 contact. We will absolutely take ---. I'd love to do
24 that with you.

25 MR. ROSS:

56

01 Great. Thank you.

02 SECRETARY HANGER:

03 Yes, sir?

04 MR. ROSS:

05 Do you have a final date on the
06 deadline for the Appliance program?

07 SECRETARY HANGER:

08 Yes, I believe it's October 15th
09 because we have to have the application to the
10 Department of Energy. I mean, that's when the
11 application has to go. It's not when the program will
12 necessarily start, but that's when we have to file
13 with the Department of Energy.

14 MR. CIARROCCHI:

15 Picking up on that topic, you're
16 still working on --- but do you envision this as
17 something where, like, the Cash for Clunkers? Is this

18 something where the consumer goes to Home Depot and
19 buys a \$1,000 refrigerator and gets X dollars back or,
20 in other words, will they pay only \$800 for the \$1,000
21 refrigerator, or are they going to get a check in the
22 mail or ---? And is it only individuals or also
23 institutions? And again, is this something where
24 Children's Hospital can go and buy a whole fleet of
25 washers and dryers to help lower the costs of

57

01 operating Children's Hospital?

02 SECRETARY HANGER:

03 I want to be very cautious in
04 answering those kind of specific questions because
05 we're literally in the early stages of thinking
06 through the program that --- by on --- more than a
07 month from now we have to file, so this is very, very,
08 very preliminary response to what you just said. I
09 would think --- at this point in our thinking, just
10 about all of the options that you mentioned there are
11 on the table at least. I'm not saying that that's
12 where we're headed or that's what will be the program
13 that we file, but at least at this point where we're
14 starting broadly and thinking about literally putting

15 all the ideas on the table and trying to figure out
16 how they make sense, remembering we've also got to
17 administer the program. And that is a constraint that
18 has to --- that's very real and may affect some of the
19 choices about exactly what the contents of the
20 program. Yes, Gene?

21 MR. BARR:

22 Thank you, Mr. Secretary. Thanks for
23 your presentation and thanks to you and your people
24 for keeping on top of these dollars as well. It looks
25 like they're flowing out. I did have a question on

58

01 one, and I believe it's probably the competitive grant
02 piece where it says \$101 million. I know that the
03 department had a press release last week talking about
04 this, but I guess there were two wind farms that got
05 it. The concern I have is this, the same day the
06 company announced that, yeah, we got them, but none of
07 the money is being spent in Pennsylvania leads to two
08 questions. One, does that somehow go against us in
09 terms of getting credit for something that, in fact,
10 really has little economic benefit for Pennsylvania to
11 go back to a question that Guy and Representative

12 Ellis have asked, how does this work in terms of the
13 job creation? Do we wind up double counting in that
14 case given that they're in five other states so they
15 get credit for it, but we get tagged for receiving the
16 money? How does that work, given that the companies
17 admitted, we're not spending any of it here?

18 SECRETARY HANGER:

19 Well, there's a couple of things. I
20 think your information is based upon a press story,
21 and we have communicated directly with the company in
22 question. And I think there's a couple of things that
23 are important to recognize. First, this is turning
24 the tax credits into a cash grant. So these are
25 credits that normally would be arrived at at the end

59

01 of a year of operation of a wind farm. In this case
02 it's a wind farm. And under the Stimulus Act, the
03 purpose of is to move that money forward so that it's
04 available immediately to be reapplied. The company in
05 question, actually, is right now developing three more
06 wind farms in Pennsylvania. It is absolutely true
07 that money like this is fungible to a corporation that
08 can --- it can finance activities around the country,

09 but in this instance this company has already
10 developed, I think its four wind farms in
11 Pennsylvania. We got three more under development
12 right now, two of which look like should come on line
13 and be finished in 2010.

14 MR. BARR:

15 Okay.

16 SECRETARY HANGER:

17 The other thing I would add is, this
18 is not part of the program that we're applying for and
19 directly administrating.

20 MR. BARR:

21 Right.

22 SECRETARY COOPER:

23 Can I?

24 MR. BARR:

25 Sure.

60

01 SECRETARY COOPER:

02 Per the question on job creation, the
03 way the feds are tracking job creation is by the grant
04 number, so the company would be reporting by their
05 grant number on job creation, we would not. So it

06 wouldn't matter in what state it occurred because it
07 comes --- it follows by a little grant number. So
08 there wouldn't --- we would not be reporting on those
09 because we can't report on any jobs that aren't on our
10 grant numbers.

11 MR. BARR:

12 And, again, because of the fact that
13 it does change from the tax credits to the upfront ---
14 I understand that becomes an issue --- but the person
15 is quoted. Again, it leads confusion among the public
16 when their spoke person says something to the effect
17 of, none of the money is being spent in Pennsylvania.
18 That creates an issue potentially for all of us when
19 the public looks at that.

20 SECRETARY HANGER:

21 I agree. And the company has, in
22 fact, been a very good corporate citizen in
23 Pennsylvania, has employed hundreds of people in
24 Pennsylvania, is developing still more wind farms in
25 Pennsylvania, is I'm sure consuming a lot of USX steel

61

01 and other vendors that are benefiting from it. And as
02 Donna pointed out, the accounting and reporting is not

03 our responsibility.

04 I can tell you the wind industry is a
05 growing industry in Pennsylvania. We've got probably
06 500 people right now at wind farms being constructed
07 in Somerset County, Tioga County, and we certainly
08 want to see that continue as we go forward.

09 MR. BARR:

10 Thank you.

11 MR. NAPLES:

12 Representative Ellis.

13 REPRESENTATIVE ELLIS:

14 Thank you, Mr. Secretary, for the
15 report. I think it was very informative for us, but
16 I'm going back to the last time you were here before
17 this Commission, you indicated ---. I had asked about
18 the fossil fuels component of the stimulus dollars.
19 You said that --- at the time, I believe you said
20 there was a separate application that was due a little
21 bit later than the initial energy plan that we had to
22 put together. Is that accurate? Are we working on a
23 fossil fuels plan or ---?

24 SECRETARY HANGER:

25 Well, we work on fossil fuels all the

01 time through the stimulus program, through the
02 competitive solicitation process. There are a number
03 of companies that have sought various kinds of support
04 for fossil fuel activity, but the Conservation Works
05 program and the Green Energy Works program by statute
06 are limited to the functions that are specified there
07 and that we're following. So the Green Energy Works
08 program is essentially for the Renewables, the Biogas,
09 one could say, maybe that's a fossil fuel, but --- and
10 the Combined Heat and Power certainly could benefit
11 fossil fuel source. So there isn't, to my knowledge,
12 unless I really missed something here, there isn't a
13 separate formula program for fossil fuels. Now ---.

14 REPRESENTATIVE ELLIS:

15 Well, then, I'm a little bit confused
16 because I recall asking you, were we going to put
17 together an energy plan that would include our desire
18 to use a portion of the federal dollars for the
19 thriving natural gas industry in Pennsylvania or the
20 coal industry. And at that time you said it wouldn't
21 be included in this plan. There was a separate pot of
22 money that the federal government was going to be

23 doling out.

24 SECRETARY HANGER:

25 There's as competitive energy pots of

63

01 money. For example, take the Marcellus Shale and the

02 issues of dealing with the water and helping that

03 industry deal with the water. The governor and I went

04 to Washington in April with a request for funding from

05 the federal government through the competitive

06 solicitation processes for assistance for that

07 industry. So as I say, we work on fossil fuels and

08 other things like transmission and Smart Grid.

09 Through the pots of money that are made available

10 within the stimulus program, they're typically ---

11 they are in every case administrated directly by DoE.

12 They require applications to DoE. We will write and

13 have written letters of support to applicants that are

14 seeking those funds.

15 REPRESENTATIVE ELLIS:

16 Okay. I guess what I'm trying to get

17 at is all the money that you're speaking of today in

18 this report, all the dollars that are coming in,

19 you're saying that with the exception of maybe waste

20 water treatment or something like that, there's no
21 actual federal dollars through the stimulus going to
22 the fossil fuels as far as ---?

23 SECRETARY HANGER:

24 In these programs, these are being
25 listed ---.

64

01 REPRESENTATIVE ELLIS:

02 By statute, they're not allowed to.

03 SECRETARY HANGER:

04 That's my understanding, absolutely.

05 Yes.

06 REPRESENTATIVE ELLIS:

07 Thank you.

08 SECRETARY HANGER:

09 But again, so we don't confuse the
10 public, we are eager to help individuals and companies
11 that have --- seeking funds for, quote, unquote,
12 fossil fuels and are doing that. And if anybody is
13 listening and wants assistance on that, please do
14 contact us. We'd be glad to assist. Any other
15 questions? Okay. Thank you.

16 MR. NAPLES:

17 Thanks very much, John. Appreciate
18 it. Okay. The next presentation was scheduled for
19 Naomi Wyatt, Secretary of Administration, to talk
20 about broadband. I remind the Commission that the
21 initial presentation on this was at our last meeting.
22 Since that meeting, there have been --- an application
23 has been made, so Naomi just is going to update us on
24 where things stand with our broadband effort.

25 SECRETARY WYATT:

65

01 Great. Thanks, Ron.

02 SECRETARY NAPLES:

03 I guess I'll get out of the way
04 again.

05 SECRETARY WYATT:

06 As Ron explained, we just updated you
07 last meeting, so not a whole lot has changed. But the
08 two things --- the biggest changes since last meeting
09 were that, one, we submitted applications and
10 applicants throughout the State submitted
11 applications, and secondly, we published the statewide
12 broadband plan. The other thing that we'll talk a
13 little bit about is the challenge facing the State

14 with review of all the applications that have been
15 submitted. That's the thing we'll be working on over
16 the next 30 to 60 days. Today, I'll quickly run
17 through the funding, how many applications were
18 received, what kind of applications PA businesses put
19 in and review a bit about the State plan and how the
20 State has to review applications.

21 If you remember from last time, there
22 are three rounds of funding related to broadband.
23 Right now, we're in the middle of round one. The
24 applications were accepted August 14th. Actually,
25 there was irony. The servers crashed and the

66

01 application deadline was actually extended a few days,
02 but we got ours in before the 14th. We expect that
03 there will be some funding announcements starting as
04 early as November and that all round-one awards will
05 be made by the end of this calendar year. You'll see
06 that round two and round three will happen following.
07 There should be a NOFA for round two this winter and a
08 NOFA for round three in the spring. I would guess, if
09 I had to hazard one, that there may be some changes
10 from the first round of NOFA just based on what the

11 NTIA learns from the applications it receives. Also
12 if you just want to keep it in mind the big picture,
13 all of the money has to be awarded by September of
14 2010, and all of your programs have to spend their
15 money by September 2012. So again, these are large
16 infrastructure projects and other projects very fast-
17 tracked to get the money out and get the money spent.
18 In terms of an overview of what happened with round
19 one application, if you'll recall, there's \$4.3
20 billion available in this round out of \$7.2 billion.
21 There was a huge amount of over subscription. If
22 you'll see, we've got the NTIA and the RUS, the two
23 agencies that are administrating this received 2,200
24 applications for \$27.6 billion. So kind of like
25 Secretary Hanger was saying, lots of people applied.

67

01 That's going to be a tight funnel; few people are
02 probably going to be happy at the end of the day. If
03 you look under, it says the program was over-
04 subscribed seven times. Especially if you look in the
05 sustainable adoption area, that's where people are
06 trying to get people to use computers, to use the
07 Internet. There were 320 applications seeking \$2.5

08 billion. There's only \$150 million available in this
09 area during the first round. So there's an awful lot
10 of interest, people are asking for an awful lot of
11 money. It'll be interesting to see how that gets
12 doled out and what happens in the next rounds.

13 In terms of the Commonwealth's
14 applications, as I told you last time, the
15 Commonwealth was going to put together an
16 infrastructure application and a mapping application,
17 and in addition some agencies also put in some
18 infrastructure and adoption and public computer center
19 applications. All told, the Commonwealth itself
20 submitted seven applications seeking \$108 million.
21 There was an infrastructure application seeking \$28.7
22 million. That's primarily to enhance infrastructure
23 capabilities in the north-central part of the State,
24 where we have the most unserved and underserved.
25 There was also an infrastructure application from the

68

01 Department of Education seeking around \$50 million to
02 connect all schools, libraries, colleges and
03 universities. There was a mapping application, and
04 this is a specific pot of money available for a State

05 entity to develop its ability to report to the public
06 what kind of broadband services are available so that
07 any citizen can type in their ZIP Code or address and
08 find out what speeds are available, what kind of
09 services are available and that that would be readily
10 available to citizens and everybody throughout the
11 state. So we did apply for \$4.5 million out of that
12 pot.

13 In terms of Public Computer Centers,
14 the Department of Education applied for \$5 million to
15 support a hundred public computer centers across the
16 State. And for Sustainable Adoption or usage programs
17 the Department of Military and Veterans Affairs, the
18 Department of Education and DCED all applied for
19 various adoption programs. You can see, for example,
20 DMVA applied to get some dollars to fund its veteran
21 centers and enhance computer capabilities there. So
22 those were some of the Sustainable Adoption
23 applications from the Commonwealth. Other
24 applications through Pennsylvania, this slide became
25 dated as of about 2:00 p.m. yesterday when the NTIA

01 decided that it would do what it said in bullet number

02 three, which is launch a searchable database of
03 applications. So as of yesterday, you can go on to
04 the NTIA Website, that's www.NTIA.doc.gov, and there's
05 a searchable database of all the 2,200 applications
06 that went in from across the country. We did a quick
07 search of that database last evening. It appears that
08 there are about 50 applications from entities within
09 Pennsylvania. That includes the seven from the
10 Commonwealth. Those 50 applications seek about \$457
11 million in funding, 23 of them are for infrastructure,
12 13 are for adoption, and 14 are for public computer
13 centers. I took a quick look over the list. It looks
14 like we've got applicants from all over the State from
15 lots of different counties, from cities, from all
16 kinds of different entities. So again, 50
17 applications from within the State is a good number,
18 and we'll have more information on that, you know, as
19 we have a chance to review what people applied for.

20 Just so you have a sense of where
21 does Pennsylvania, in terms of what it's asking for,
22 fit in with what other states have asked for, and we
23 just did this by research on the Web. It's not an
24 exact science, but if you remember, I said

25 Pennsylvania Commonwealth applied for \$108 million.

70

01 That's kind of in the middle of what you see some
02 other states applying for. New Mexico's on the high
03 end \$180 million. Florida's on the low end; it only
04 did a Sustainable Adoption application that we could
05 find for \$8 million. We had heard that California was
06 going to apply for a billion. We never were able to
07 track that down, but we're kind of in the middle of
08 what most states were asking for.

09 The role of the states, the NTIA is
10 in the process right now of reviewing all the 2,200
11 applications it received, and it's asked for subject
12 matter experts from the states and from private
13 industry to help it with that review. In addition,
14 each state is going to be given 20 days to review and
15 prioritize the applications from within the state. So
16 Pennsylvania's going to have 20 days to look over the
17 50 applications that kind of bubbled up from within
18 the State and roughly prioritize those. As with
19 everything else, with this program and the NTIA, the
20 instructions are changing daily. How long we're going
21 to have to do stuff is changing daily. What criteria

22 people are supposed to use is changing. At this point
23 the most that we know is we have 20 days to look at
24 stuff, and we're going to be asked to weigh in
25 roughly, what would we say are the State's priorities.

71

01 To be prepared for that, we are trying to make sure
02 that regional entities will have some input during
03 those 20 days and some subject matter experts may have
04 some input during those 20 days. And I'll be able to
05 report back on that maybe the next meeting if Jim
06 invites me. So that's where we're at with the State
07 review.

08 And lastly, I just wanted to point
09 out to you that since the last meeting, we've
10 published a state broadband plan. And in over ever-
11 extending cost-savings initiatives, we didn't print a
12 bunch of these, but they are available online. They
13 are on the DCED Website, which is at the bottom of
14 this page, www.newPA.com, and you search for ARRA
15 broadband. It lays out the State's big picture
16 prioritization kind of strategy for broadband adoption
17 throughout the Commonwealth. So if anybody --- if you
18 have anybody in your areas that are interested in what

19 are the State priorities, take a look at the plan.
20 It's very helpful. And with that I'll leave you with
21 two places to always find information, but if you have
22 any questions I'd be happy to answer them at this
23 point. Sure.

24 MR. ROSS:

25 Always good to see you. Two

72

01 questions. On the Department of Education
02 applications, I noticed there were very specific
03 numbers, 514 entities in one application and then 100
04 entities, public computer centers in the ---. Are
05 those entities already identified or is that in
06 process?

07 SECRETARY WYATT:

08 Sure. The 514, I think, refers to
09 the number of school districts, so that's a specific
10 defined number. In terms of the hundred, I'd have to
11 check with their application to see how they've
12 defined those. I don't know that off the top of my
13 head.

14 MR. ROSS:

15 Okay. And last question, the state

16 ---.

17 SECRETARY WYATT:

18 Luke, do you know?

19 UNIDENTIFIED SPEAKER:

20 I think the hundred public computer
21 centers was basically a hybrid of at least in each of
22 the 67 counties and then another 30 or so.

23 MR. ROSS:

24 And then just a quick question on the
25 State review process. The 50 applications, are you

73

01 just going to look at their applications, or are those
02 folks going to have an opportunity to interact with
03 you and reach out?

04 SECRETARY WYATT:

05 Excellent question. Right now what
06 we're thinking --- and because we've got 50 and we've
07 got 20 days, we're probably going to be asking
08 applicants to provide some input back to us so to
09 explain how their application meets the State plan,
10 why they should be picked.

11 MR. ROSS:

12 And I'll make the same offer to you

13 that I made to Secretary Hanger. When we're out and
14 about, if you want to send staff out, we'd love to
15 have folks out with the outreach efforts that we're
16 doing.

17 SECRETARY WYATT:

18 Great. Thank you very much. I
19 appreciate that. Any other questions? Thank you.

20 MR. NAPLES:

21 Thanks very much, Naomi. And we will
22 invite you back.

23 SECRETARY WYATT:

24 Great. Can't wait.

25 MR. NAPLES:

74

01 Well, then we can ask you to do it
02 again right now. Okay. Thank you.

03 The next presentation that we have
04 scheduled is on the health information technology
05 competitive grant. It's one that just arrived in the
06 State a short time ago, but it's got a pretty short
07 timeframe for response, so I'd like to introduce Phil
08 Magistro --- do I have the name pronounced correctly,
09 ---

10 MR. MAGISTRO:

11 Correct.

12 MR. NAPLES:

13 --- thank you --- the Governor's
14 Office of Healthcare Reform. He'll give you an update
15 on where that stands and the timetable going forward.

16 MR. MAGISTRO:

17 Good afternoon. It's a pleasure to
18 be here. I appreciate the opportunity to give an
19 overview of HITECH, the Health Information Technology
20 for Clinical and Economic Health portion of the
21 Recovering and Reinvestment Act.

22 There's a significant amount of money
23 involved in HITECH. Most of it goes directly from the
24 federal government to providers, and that's a moving
25 target on the number of dollars. There have been

75

01 revisions constantly, and we're over \$20 billion now
02 that will be spent, and that's actually a net. It's
03 closer to \$40 billion that will be spent through the
04 providers. They netted out the savings to come to
05 about the \$20 billion, and in that portion there's
06 also \$2 billion set aside for the Office of National

07 Coordinator. That goes to development of standards
08 for the exchange of information. It goes to the
09 actual health information exchange itself, and then
10 there is a grants and loans provision that we may see
11 down the road that I'll talk a little bit about in a
12 minute. The target here, though, is to improve health
13 outcomes. This is a technology component of that
14 goal. It's not the end game in itself.

15 The payments will be made to
16 providers based on their ability to become meaningful
17 users of certified, qualified electronic health
18 records. Now, there's a lot of information that has
19 to be disseminated yet from the feds. The
20 certification entities for electronic health records
21 have not been identified. The qualified systems
22 themselves, obviously, haven't been identified. There
23 are payments to providers that qualify for certain
24 criteria. If it's a provider that does 30 percent of
25 patient volume with the Medicaid population, they're

76

01 eligible to apply under the Medicaid reimbursement,
02 but the feds haven't identified what volume is, so a
03 lot of this has to be further defined. The payments

04 will happen over five years to providers, and they're
05 different for the Medicaid world and the Medicare
06 world by a few dollars. They're all targeted at
07 becoming meaningful users of the electronic health
08 record technology and the meaningful use term itself
09 has to be defined. There have been preliminary
10 definitions put out there for review and comment. By
11 the end of this year, there will be a final
12 definition, and it's staged over periods of time with
13 increasing demands between 2011 and 2015. The
14 payments to the Medicaid providers will be a direct-
15 pass through from Pennsylvania's Department of Public
16 Welfare to the providers.

17 Most recently on August 20th they
18 announced guidance for two components that fall within
19 that \$2 billion bucket, and this totals \$1.2 billion
20 for regional extension centers and for health
21 information exchange. The regional extension centers
22 are entities that will be part of a federal office
23 that are established to provide system selection
24 assistance, implementation assistance to providers,
25 primarily primary care providers, across the

01 Commonwealth, across the country. There are 70 of
02 these identified --- or up to 70 that will be
03 identified, and the application was due September 8th.
04 These entities are targeted at providing support in
05 the practices. It's actually creating a structure
06 that will provide ongoing support for these various
07 activities, and they are paid on a performance basis.
08 So they will commit to working with so many practices
09 and they will be paid based on the work they've done
10 for engaging practices, for getting them to select and
11 implement an EHR and then for becoming meaningful
12 users of the technology.

13 The State can't apply for this, so it
14 has to be a not-for-profit entity within the State or
15 a collaboration, and we let this go for awhile to see
16 what sort of filtered up. But then about a month ago
17 we got involved directly in facilitating this process
18 because there were a lot of entities that looked at it
19 but no cohesiveness. The quality insights
20 organizations in most states seem to be leading this.
21 We work with Quality Insights in Pennsylvania to bring
22 together a very strong collaboration of about 25
23 entities that include the Hospital and Health System

24 Association of Pennsylvania, the Medical Society,
25 several professional organizations, societies,

78

01 academies, a very strong collaboration that submitted
02 an application on September 8th and I believe has the
03 most excellent chance of receiving a significant
04 portion of up to the \$30 million that's allocated for
05 each of these. They applied for coverage for 6,000
06 primary care physicians, and based on the formula,
07 that should put them in the higher end of what's
08 available to them, and they'll know in, I believe,
09 about a month on the status of that.

10 The other piece that was announced on
11 August 20th revolves around health information
12 exchange. And this is just the ability to get
13 information from where it resides to where the
14 providers need it to make informed decisions on
15 treatment. This was referred to early on as a grant,
16 but it's actually a cooperative agreement, and it's
17 not competitive. Each state is eligible for a base of
18 \$4 million, and then its formula driven on the
19 remainder of the money that the state will get with
20 the total pool being about \$564 million. That slide

21 is not correct. On Monday, they changed the last
22 bullet and took away the needs-based adjustment, and
23 they just put that ten percent back into the pot. So
24 depending on the number of primary care physicians in
25 your state, the number of short term acute care

79

01 hospitals, your medically underserved and rural
02 providers and your state's population, you're eligible
03 for up to \$30 million --- \$40 million. The consulting
04 firm that does the estimates for Office of National
05 Coordinator told us that we should expect something in
06 the \$17 million range, plus or minus. That's a draw
07 down. That's available for planning and
08 implementation and we'll have much more concrete
09 information hopefully in the very near future.

10 The process that we have to go
11 through that was mentioned earlier is a very short
12 timeframe. The letter of intent is due on Friday, and
13 we have a letter of intent that was drafted and
14 circulated for comments. There's a core team that's
15 been working on this entire project for some time and
16 it involves the State agencies that are directly
17 impacted and involved in health information exchange

18 along with legal. The final draft of that document
19 will be circulated to the secretaries this afternoon.
20 We'll submit the draft, and then we'll begin work
21 immediately on the application itself.

22 The application can be submitted in
23 one of three ways; with no existing strategic plan or
24 with an existing strategic plan that is not consistent
25 with guidance or with one that is consistent with

80

01 guidance. Now, it's highly unusual that any state
02 will actually have a plan that's consistent with the
03 guidance because the guidance came out on August 20th.
04 It's in a fairly unique format with five domains, and
05 my understanding from numerous sources is that no
06 state has their strategic and operational plans in
07 that format. We will apply with no existing strategic
08 plan, and that will enable us to draw down money to
09 complete the planning process, to complete the
10 strategic and operational plans that are required.
11 And the Office of National Coordinator will review
12 those plans and develop milestones that will be paid
13 on as time goes by through the implementation process.
14 We expect to hear in December on the amount of money

15 that we'll receive and then begin work immediately on
16 getting the plans --- actually, we'll continue the
17 work to get the plans finalized and begin the
18 implementation process.

19 As we work through the letter of
20 intent and the strategic plan itself, we've engaged a
21 consulting firm to help us. We have to reach out and
22 have a lot of public input to this, so we will do ---
23 we will support the Office of Medical Assistance
24 Programs listening tours that they're planning. We
25 will also do a similar format to what the federal

81

01 government does on their notice of proposed rulemaking
02 and solicit public input through various electronic
03 means. And a core component of our work is to have
04 regional entities do their health information exchange
05 in locales because healthcare happens locally. So to
06 the extent that those exist today, we'll support them
07 where we need them and they don't exist we'll try to
08 facilitate their growth. But our overarching plan is
09 where we have no regional entity in place, we will
10 provide the function of connectivity for entities to
11 share health information. Are there any questions at

12 all? Yes.

13 MR. ROSS:

14 Just a quick question. You mentioned
15 the collaboration. Were the Visiting Nurses a part of
16 that? Their organization has reached out to me, and I
17 was wondering how they might fit in to this. Are they
18 a part of your collaboration?

19 MR. MAGISTRO:

20 I believe they were. There were over
21 25 of them, and I'm pretty sure they were.

22 MR. ROSS:

23 Okay. Thank you.

24 MR. MAGISTRO:

25 Any other questions?

82

01 MR. NAPLES:

02 Any questions for Phil?

03 MR. MAGISTRO:

04 Thank you very much.

05 MR. NAPLES:

06 Thank you, Phil. I appreciate it.

07 No doubt we'll see more about this going forward.

08 Okay. The next item on your agenda is to deal with

09 administrative costs. You were actually --- we have
10 plenty of time for our meeting this time around as
11 opposed to the past where we sometimes get squeezed,
12 and you were about to actually have a break early and
13 go get some lunch because Mary Soderberg who was
14 scheduled to make --- has prepared the presentation
15 and is scheduled to make a presentation has been
16 called into a special budget session, so she's not
17 here. And she's uniquely qualified to give this
18 presentation, but since it's prepared, we wanted to go
19 ahead with it anyway even without Mary's presence. So
20 Jim Creedon has graciously volunteered to make the
21 presentation, and all I ask is you be gentle on him
22 because this is not his presentation. But I believe
23 he's well positioned to make it, so I'll turn to Jim
24 for a discussion of the administrative costs.

25 SECRETARY CREEDON:

83

01 Thank you, Ron. I felt a little bit
02 like I was a bull pen pitcher running out to the bull
03 pen to warm up there for this, and I apologize. I was
04 jumping up so much to get this and ask a couple of
05 questions to make sure that I fully knew where Mary

06 was going with this.

07 MR. NAPLES:

08 Before you start, Jim, just to note I
09 recognize these presentations were not --- this
10 presentation was not submitted ahead of time. I
11 apologize to the Commission for that, but it was
12 really a moving target. But we do have hard copies of
13 the presentation because I don't believe it's on
14 screen. Is that right?

15 SECRETARY CREEDON:

16 No, we just have hard copies.

17 MR. NAPLES:

18 So we have hard copies of the
19 presentation, which are being distributed.

20 SECRETARY CREEDON:

21 I'll wait until at least the
22 Commission members get theirs. Let me begin on the
23 topic of administrative costs. This is one of those
24 that is extremely challenging from the perspective
25 that we want to make sure that we minimize the

01 administrative costs that are authorized by the Act
02 while also making sure that we have the right

03 resources in place to manage the programs, review the
04 programs, audit the programs and provide the necessary
05 transparency and accountability for those programs.
06 So it's a fine line that we walk, and it's a type of
07 subject that when you look at it, you kind of look at
08 numbers, and I encourage you to look at numbers and
09 keep them kind of in perspective with the amount and
10 the size of the project that we are managing. The one
11 thing else I want to note is that while you'll see in
12 here that there are plans particularly in the program
13 delivery side to hire additional staff, there are also
14 an awful lot of people who are doing this as their
15 second position or third position throughout the
16 Commonwealth, many of whom are in this room right now
17 who have --- who are not included on these lists
18 because we don't plan on including them in the overall
19 administrative costs that we would draw down from the
20 federal government. So we're not moving away from
21 finding the folks to work on this as an additional
22 part of their job, but we're also being very realistic
23 that there's certain elements within this program that
24 require management attention, and that means we need
25 some resources.

01 Just to put this in perspective,
02 we're managing approximately potentially 150 different
03 awards through 12 different State agencies, as many as
04 1,000 sub-recipients, including 501 school districts
05 vendors and grantees. As of this week, we've had 56
06 awards. Also to give you some perspective at the
07 federal level while they're looking at \$780 some
08 billion and we're only looking at our 9.5 and
09 potentially growing as we get more competitive grants,
10 the Federal Inspector General's offices were given an
11 additional \$200 million for their work, and the GAO
12 was given an additional \$25 million for their work.
13 And I think the irony in that is that they've been
14 given more money for their work so that they can come
15 in and meet with us more often with less people doing
16 less things. So it's part of just managing the GAO
17 process. I think arguably from my management
18 experience, you can probably have a full-time person
19 hired simply to manage our coordination with the GAO,
20 which we're not doing. We got three of us working on
21 that together and managing that process.

22 The other way to look at the

23 administrative funding, too, is to look at it from
24 perspectives of local support, using the money for
25 local support, using the money for delivery at the

86

01 front line, and then some agencies have elected just
02 not to use administrative funds. So on slide four
03 you'll see that some agencies are going to use these
04 dollars for local support. For example, aging, rather
05 than keeping the administrative support dollars here
06 in Harrisburg, we'll push those out to local agencies
07 to help them have the necessary support to provide
08 meals and nutrition for senior citizens. Agriculture,
09 we'll do the same thing with storage and delivery
10 systems for some of the emergency food supplies.

11 On the front line area, which is
12 really where the most numbers are going to be, are
13 primarily in Labor and Industry with increased
14 unemployment compensation, work, and then with DEP
15 with increase in food stamp applications. And these
16 are really the areas where we're getting large sums of
17 money. We're getting increased demand for services.
18 And it requires us almost on a county-by-county basis,
19 to make sure we're staffed appropriately so that we're

20 making sure people get the services as quick as
21 possible. And then some agencies such as PennDOT and
22 PENNVEST are electing to not take administrative
23 costs, to work within their existing systems and to
24 put all of those costs that might be available for
25 administrative costs, more than appropriate through

87

01 the federal funding formulas, to push that into actual
02 programs: to build more highways, to build more water
03 treatment plants, to build more wastewater plants.

04 The next chart is slide five. It
05 breaks it down maybe a little bit clearer for you. I
06 mean, we're building from this \$10 billion program.
07 We're anticipating about \$26.3 million in increased
08 agency program oversight and management costs, so this
09 is kind of the front line services on most --- you
10 know, in all cases limited-term hires. And then we
11 have \$2.2 million in accounting and reporting
12 infrastructure costs that we're going to need to
13 upgrade our IT systems, make sure we've --- not only
14 the IT system for the famous 1512 report, but also the
15 work that we're doing on the program management or the
16 project management systems that are going to allow us

17 to very quickly assess how recipients are doing on
18 spending the money and improving our overall project
19 management system throughout the Commonwealth, which
20 we hope will also be a legacy program that'll be here
21 as we manage programs in the future. And then the
22 half a million dollars for the central oversight.

23 If you look at the Act itself and the
24 guidance that we've received, we are authorized to
25 spend almost \$100 million on administration. We do

88

01 not, obviously, intend on spending \$100 million on
02 administration. We intend on spending that \$26.3
03 million or about a little more than 25 percent of what
04 we'd be authorized. And just to give you some
05 examples, DCED, we've all talked about weatherization.
06 We're going to need to bring in some additional staff
07 to make sure we manage that program appropriately.
08 The Department of Education is going to use some
09 administrative money toward reporting and
10 accountability over sub-recipients and project
11 management assistance for modernization projects, and
12 I've already addressed L&I and DPW and some of these
13 other areas in my previous remarks.

14 Boiling it down, then, even further
15 to be on the program delivery, we are eligible to get
16 almost \$50 million for central oversight. As you can
17 see, we plan on spending about \$2 million --- a little
18 under \$3 million for central oversight. The
19 Accountability Office's budget, the IT one-time cost
20 for the new IT reporting tool, and we are also
21 budgeting funds for additional auditing costs within
22 the Office of the Budget and Comptroller Operations.
23 This is going to be necessary to make sure that the
24 information is accurate that we're reporting, that we
25 have enough attention to waste, fraud and abuse

89

01 issues, that we're coordinating well with GAO, with
02 Inspector Generals from probably every major federal
03 agency, to make sure that we have the staff in place
04 that can get quick information and respond
05 accordingly.

06 SECRETARY COOPER:

07 May I make a point?

08 SECRETARY CREEDON:

09 Sure.

10 SECRETARY COOPER:

11 Money we don't spend here we don't
12 lose. It was money we could've charged to across all
13 grants, so we don't lose that \$15 million by only
14 spending \$2.75.

15 SECRETARY CREEDON:

16 We can use it for other programs.

17 SECRETARY COOPER

18 It was just charged against all
19 grants.

20 SECRETARY CREEDON:

21 It's often the question this
22 committee has asked about the number of positions, and
23 I'm just going to give you some more detail there as
24 we see it as of today. Fifty-nine (59) limited-term
25 positions for agency program management and oversight,

90

01 Pennsylvania Commission on Crime and Delinquency for
02 the oversight of their portfolio of recipients, I
03 mentioned the DCED for weatherization, and then L&I
04 also for their workforce development and unemployment
05 compensation areas. This is beyond what is kind of
06 front line type. In the front line services, DPW for
07 food stamp program and then L&I workforce investment.

08 And you'll see, you know, an estimate here of 180 for
09 DPW of front line employees limited-term. Just to put
10 that in perspective, that's probably three per county.
11 We often lose track when we see a number of like 180
12 that it's going to be here in Harrisburg, but we're
13 operating at the county level, and we've got a large
14 Commonwealth. We operate that basis, but I think it's
15 good to kind of put it in those perspectives of what
16 those numbers really mean when you look at the size of
17 what we're doing and the size of the Commonwealth.
18 And on the L&I side that's a little bit more than one
19 per county, Pennsylvania.

20 So again, to go over, you know, in
21 summary, our goal is to maximize the dollars that go
22 to the programs. We're going to continue to leverage
23 every way we can from existing resources, existing
24 staff, while recognizing that there's going to be
25 times we're going to have to bring in additional

91

01 resources and we're going to --- you know, we'll be
02 billing that out to the program so that the
03 Commonwealth budget is not impacted by that.

04 So that's Mary's review. We'll

05 continue to keep you updated as the months go on of
06 any significant changes, and I guess if there's any
07 questions, I'll be happy to try to answer them or to
08 defer to Mary and get back to you.

09 MR. NAPLES:

10 Any questions? As I said, Jim's a
11 stand in, so be gentle. Thank you, Jim. That was, I
12 think, a very comprehensive and useful review in the
13 sense that it aggregated a lot of things up so you get
14 a sense of the big picture as opposed to getting mined
15 too much in detail, which can be mind numbing on some
16 of these large issues. With that, that's the last of
17 the presentations we had planned, so I'll turn now to
18 ask the Commission if there's any new business that
19 people would like to raise. Guy?

20 MR. CIARROCCHI:

21 Thanks, Ron. I wanted to go over a
22 few things that you and I have exchanged e-mails about
23 just for the benefit of some of the other members, but
24 first I wanted to thank you and the Secretary. This
25 is an enormous undertaking. I think, as the report

01 outlines, you're doing a very good job of keeping

02 track of what's happening and keeping the Commission
03 members informed, and I don't know about other
04 members, but I know that on a very frequent basis, I
05 will ask questions about where money's going or how
06 one finds the money. And frequently within 24 hours
07 or less someone gets back to me with very detailed
08 answers and keeps me updated, so I want to commend
09 everybody because I can only imagine the Herculean
10 task this is. So I wanted to say publicly thank you
11 and I commend you for the speed at which the
12 information is getting out to us.

13 MR. NAPLES:

14 Thank you, Guy. Your comments are
15 appreciated.

16 MR. CIARROCCHI:

17 A few comments. One is on the topic
18 we mentioned earlier. The amount of money going to
19 local governments, counties, transit authorities,
20 while it's not necessarily the responsibility of the
21 Commonwealth to keep track of what SEPTA is getting
22 per say, if a Commission member or if the public wants
23 to know how much money is going down to the local
24 level, if not through the Commonwealth where do we

25 direct them to find out how much money is going down

93

01 to the local level and to keep tabs on where it's

02 going?

03 SECRETARY CREEDON:

04 I think we can give you --- you know,

05 for example SEPTA and county awards for energy and

06 kind of the larger ones --- we may not be able to give

07 you immediately the detail on what their proposed

08 spending plan would be. Most governments who are

09 receiving have established either part of their

10 Website or have established several Websites to report

11 on their local activities, and certainly when their

12 1512 reports are filed on their own, that data would

13 be available on the federal level as well. But if

14 there is a specific question that a citizen would

15 have, we certainly have some folks here who can dig

16 that out for them if we need to.

17 MR. CIARROCCHI:

18 But --- okay. So then ultimately,

19 when the first round of 1512s are filed, theoretically

20 somebody from their home can look on the computer and

21 find out, you know, did Chester County apply for

22 dollars and what did they get and what did they do
23 with it, in addition to being able to come here and
24 find out what Pennsylvania's doing. But they can find
25 out about their local community or a local entity. If

94

01 someone's getting ARRA money, that entity's filing and
02 a citizen could find out.

03 SECRETARY CREEDON:

04 It should either be on a federal
05 site, or if we are able to get some of that data on
06 ours, it will be on there.

07 MR. CIARROCCHI:

08 Terrific.

09 MR. ROSS:

10 As long as they're a recipient ---
11 and local municipalities, for instance, are recipients
12 --- they have to file a 1512 report.

13 SECRETARY CREEDON:

14 But keep in mind on the first round,
15 the likelihood is that most counties and cities are
16 not going to be reporting because they haven't
17 received their awards yet. There's a few that have.

18 MR. NAPLES:

19 We may not know what they've applied
20 for because the only thing they'll report is what
21 they've got and what they're spending, but Christian
22 might be able to provide some clarity to that.

23 MR. SOURA:

24 You don't necessarily have to wait
25 for the 1512 to arrive. So you can go to the Federal

95

01 recovery Website, you can go to recovery.gov or you
02 can go to usaspending.gov, and as federal agencies
03 make awards, you can see details there, specifically
04 for money that does not flow through the Commonwealth
05 and go directly to SEPTA or a unit of local
06 government. In the last few months, generally there's
07 been a three or four week lag between when a Federal
08 agency makes an award and when the record appears at
09 those two Websites, but that might be one of the first
10 places to find that level of detail without
11 necessarily having to wait for a quarterly report to
12 arrive.

13 MR. NAPLES:

14 It's just one of those areas, Guy,
15 where there's no system established for any kind of

16 comprehensive reporting. So even if we were to try to
17 report to you all the local awards, we can't --- could
18 never be sure that we've got it comprehensively
19 because it would be more anecdotal than anything else
20 or more press review, press release review.

21 MR. CIARROCCHI:

22 I appreciate that. One other topic
23 was, something we discussed was the issue of the tax
24 credits or tax incentives. A significant amount of
25 the dollars available to the Commonwealth are in that,

96

01 and while we've had very good and comprehensive
02 reports on broadband and transportation, it may be
03 helpful --- at least it would be helpful for me, I
04 don't know for other members --- if at some point we
05 were given the opportunity to get an overall
06 perspective of what are the \$6 billion or so tax
07 incentives how are they allocated, who is going after
08 them and how are they being used because I think,
09 particularly for the public, sometimes it's easier to
10 understand that money may go to USX to fix train lines
11 and that's very tangible, but to understand that
12 there'll be tax credits and how they're awarded and

13 how they're allocated and how they're being utilized
14 might be helpful to see how they're being used, but
15 also to see how one may seek them out. I mean again,
16 here Tony's been very good about making sure that
17 we're on the job of making sure the citizens and the
18 public know how to go after these dollars, and I think
19 in terms of the credits --- frankly the larger
20 companies, the larger corporations are going to know,
21 but the small and medium sized businesses may not
22 necessarily have the staff or the infrastructure to
23 learn how to get money to retool their company or what
24 have you. So I think understanding that would be
25 helpful.

97

01 Lastly was just a comment, again,
02 that I had shared with you. Relatively speaking
03 Pennsylvania's been excellent, but across the nation,
04 there are these signs that are popping up along
05 highways and roads. This road is being repaired with
06 stimulus dollars; this highway is being repaired ---.
07 Again, compared to other states, I think we're doing a
08 good job, but, you know, I have to voice my concern
09 that I'm disappointed, that while we're doing what

10 appears to be an excellent job in saving dollars in
11 administrating this program and making sure that
12 dollars actually reach recipients. Driving across
13 state, as I had to do for a lot of little league this
14 summer, I've seen a lot of those signs, and I just
15 think it's not a wise use of dollars to have signs
16 erected, even if out of \$10 billion we're only going
17 to spend \$3 or \$4 million. I just think it's not a
18 wise use of dollars to have signs erected to show
19 folks that money's being used on I-81 or anywhere
20 else. And I just wanted to say that. I shared it
21 with you privately. I just wanted to say that
22 publicly. Thank you.

23 MR. NAPLES:

24 Thank you, Guy. We will --- on the
25 issue of the individual dollars, the tax credit kind

98

01 of things, we're going to look at what usefully we can
02 say about that for the next meeting so we haven't
03 overlooked your comment. Just on the signs issue, I
04 did respond to Guy on this when he raised it with me.
05 I think there's a line that has to be walked here.
06 This is an opinion of one other Commission member.

07 There's a line that has to be walked here in terms of
08 what it is we hope to get out of the stimulus
09 spending? And one of the things we hope to get out of
10 stimulus spending in my view is citizens' confidence
11 that it's really doing something worthwhile for them.
12 So investing --- I mean, the research did show that I
13 think a sign called \$2,000 or something as I recall.
14 I don't remember that exactly. So investing \$2,000 in
15 the neighborhood of someone who drives by something
16 every day or a commuter who drives by it every day
17 that says, here's a tangible representation of what
18 this stimulus money is doing for you, so that's
19 brought to their attention, it seems to me a useful
20 use of that money because it goes to the question of
21 credibility and citizen awareness. And citizen
22 awareness, frankly, is one of the things that I think
23 is most important for us to do in this stimulus
24 program, to make sure people feel they're getting a
25 return on their money. It's one of the things that we

01 in the Accountability Office are really trying to get
02 focused on and find a way to deliver this to people in
03 a simple and direct way. So others can have other

04 views on that question, but I think that's a view.
05 And I would just point to you as I did in my note to
06 you how many times when we're traveling somewhere out
07 west, for instance, we see a bridge that has on it, it
08 says constructed by the conservation corps or
09 something of that sort. I don't know how any
10 individual reacts to that, but when I see it, I react,
11 that's useful to know. Here was the country in
12 trouble, here was the government making an effort to
13 create infrastructure in the country, and this is a
14 reminder of how we got through that. So I personally
15 feel, as one member of this Commission, others may
16 have other views, that reasonably cost signages is an
17 important thing. We're not carving it in stone
18 anywhere, you know, we're not creating a steel works
19 that say, done on your behalf by Pennsylvania, but
20 we're just reminding people this is a useful source of
21 money. I know you didn't want to necessarily debate
22 that issue, but I just thought another view might be
23 helpful in that for the discussion.

24 Okay. If there are no other items of
25 new business, I will invite public comment if there is

01 any. I know you are all screaming for lunch, so that
02 would mitigate the inclination to ask a question or
03 raise an issue. And so I observe there is no request
04 for any public comment, so with that I will adjourn
05 the meeting. Thanks very much for being here. See
06 you next month.

07

08 * * * * *

09

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

101

01

02

CERTIFICATE

03

04

I hereby certify that the foregoing

05

proceeding, Stimulus Oversight Committee was

06

transcribed by me on 09/22/2009 and that I attest that

07

this transcript is a true and accurate record of the

08

proceeding.

09

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25