

**THE RECOVERY ACT
IN PENNSYLVANIA**

CITIZENS' UPDATE



www.recovery.pa.gov

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Job Data Updated Oct. 30

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INTRODUCTION

In conjunction with its first official quarterly report to the federal government, the Commonwealth of Pennsylvania is pleased to present its first Citizens' Update on the impact and progress of the American Recovery and Reinvestment Act (ARRA). This Act is helping hard-working families and businesses through these difficult economic times by putting Pennsylvanians to work and boosting economic activity.

Already, the state government's use of federal stimulus funds has injected more than \$2.3 billion into the Pennsylvania economy, and there is an additional \$1.63 billion committed for expenditure. More spending will be forthcoming in the months ahead.

All told, Pennsylvania expects to receive more than \$16 billion from the Recovery Act. About \$10 billion will flow through commonwealth agencies and departments for education, projects such as infrastructure improvement and alternative energy, and support services such as Medicaid. Another \$6 billion in direct tax relief and other direct assistance will go to residents, local governments, businesses and other entities. Currently, \$1.2 billion has been awarded by the federal government directly to local governments, transit agencies, businesses, non-profit organizations and universities for a variety of projects and programs.

One of the most important effects of this economic activity is the creation and retention of jobs in Pennsylvania. Even in this still-early period of stimulus spending by state government, there are at least 7,000 people at work in jobs that would not have been available without stimulus activity. This doesn't take into consideration the indirect jobs that come with manufacturing, logistics, administration and services associated with supporting stimulus activities. In fact, the federal Council of Economic Advisers estimates that the Recovery Act added 40,900 jobs in Pennsylvania through September and that it will create an estimated 143,000 jobs in Pennsylvania over the next two years.

This Citizens' Update outlines how the commonwealth is fulfilling its responsibility to get Recovery Act funding into the economy as quickly as possible with high standards of accountability and transparency for every taxpayer dollar.

OVERVIEW AND KEY HIGHLIGHTS

The impact of Pennsylvania's stimulus-related programs can be summarized in nine areas: Health Care, Education, Transportation (Roads and Bridges), Workforce, Public Safety, Communities and Families, Environment, Energy, and other Infrastructure (such as water) and Housing. Specific project information by county can be found at www.recovery.pa.gov under [Impact](#).

Some highlights:

- People at work: Pennsylvania state government's stimulus spending has put more than 7,000 people to work on transportation and water projects alone – and that figure does not include people working to supply products or services for these projects, or people working on projects in Pennsylvania directly funded by the federal government. It is interesting to note that this summer, more than 9,000 young people across the state worked in jobs funded by the Recovery Act.
- State stimulus spending has already amounted to more than \$2.3 billion. In combination with another \$1.6 billion in the process of being spent, that translates into about \$780 in stimulus funds per household.
- Pennsylvania is investing more than \$1 billion in upgrading 438 bridges and improving 780 miles of roads through 293 projects. The commonwealth has \$760 million under contract for roads and bridges, and has started work on 256 projects, and completed 23.
- Thirty-eight of 118 clean water and wastewater projects, totaling \$121.9 million, are also moving forward.
- During the next few months, significant progress will be made in our energy, environmental and weatherization projects.
- \$2.8 billion in direct tax relief and other assistance for our residents and businesses is already at work boosting economic activity, including:
 - 4.5 million Pennsylvania households that are receiving the Making Work Pay tax credit – totaling an estimated \$821 million this year.
 - 1.4 million Pennsylvanians who have received additional food stamp benefits worth \$143 million.
 - Over 870,000 Pennsylvanians who have received more than \$892.6 million in stimulus-funded unemployment benefits.

Additional interesting [facts](#) about Pennsylvania's stimulus programs can be online at: www.recovery.pa.gov.

FEDERAL REPORTING

The information in this update is drawn, in part, from Pennsylvania's first official quarterly report to the federal government. This official report (mandated by Section 1512 of the Recovery Act and due on October 10, 2009) comprises 276 separate reports on Recovery Act funds that flow through commonwealth agencies and departments. These reports show information such as jobs, what organizations received money, how much they received, and for what purpose, all with accountability and transparency in mind.

Though the report data is extensive, it provides only a partial view of Recovery Act funds flowing through the commonwealth, because not all stimulus spending is subject to this report. For example, Medicaid and expanded unemployment dollars spent are not included in this official report. Neither is any direct tax benefit, such as tax credits.

A summary of this official report is provided at the end of this update. Two pieces of data are of particular note: \$262,592,907.68 has been spent to date and 2,907* direct full-time equivalent jobs have been created or retained. These figures differ from those presented in this update because the scope of this update is more expansive than the data required by the federal government.

The data in these reports will not be final until October 30, after information is further reviewed and revised if necessary. On October 30 it will be posted and searchable on the federal website: Recovery.gov. With citizens' awareness in mind, Pennsylvania's 276 preliminary reports are posted right now at: www.recovery.pa.gov.

JOBS REPORTING

The federal government requires that only direct jobs be reported, quantified as FTEs, or Full Time Equivalents, a formulaic approach that relies on hours worked rather than the number of individuals at work. This FTE approach yields 2,907* Pennsylvania jobs as reflected in the commonwealth's official reports, but this figure does not tell the whole story. For example, a PennDOT project to repair State Route 26 in Centre County has 158 people working, but under federal reporting guidelines, those jobs are reported as 18.25 FTEs. Pennsylvania's highway, bridge, clean water and wastewater projects alone have employed more than 7,000 people.

Further, since the official report records only direct jobs, indirect jobs that inevitably flow from support activities are not reported. In Cumberland County, for example, Pennsy Supply says it has approximately 200 seasonal workers on the job this year because of Recovery Act projects. And in Dauphin County, ArcelorMittal's steel plant in Steelton says more than 670 workers would be out of a job, without a Recovery Act-funded contract from Southeastern Pennsylvania Transit Authority (SEPTA).

*Updated to reflect report of Oct. 30.

BACKGROUND

In January 2009, Americans were facing the greatest economic crisis in a generation – job loss at a rate of 700,000 a month, negative growth, millions of foreclosures on homes, bank crises and a stock market in a steady downward spiral.

On February 13, 2009, Congress passed the Recovery Act and on February 17, 2009 President Barack Obama signed it into law. The Recovery Act was created to jumpstart the economy, and provide other short- and long-term benefits.

Specifically, the act outlines five purposes:

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

HOW RECOVERY FUNDS FLOW TO PENNSYLVANIA

Twenty-eight different federal agencies – such as the Departments of Education, Health and Human Services, Transportation, and Energy – have been allocated a portion of the \$787 billion in Recovery funds. Each agency develops specific plans for how it will spend its Recovery Act funds. The agencies then award grants and contracts to state and/or local governments or, in some cases, directly to schools, hospitals, contractors, or other organizations. The federal agencies are required to file weekly financial reports on how they are spending the money and their specific activities related to Recovery funds.

Whether funds flow through the commonwealth or directly from federal agencies, they are awarded by 1) approved allocation formulas, 2) through a competitive bid or grant process administered by the agency that is allocating the funding, 3) through discretionary grants in which funds are distributed at the discretion of a particular department or agency, and 4) through entitlement programs such as unemployment compensation.

PROJECTS AND PROGRAMS

Following is a brief update on funds spent to date through state government, listed by program area, as well as a look at just a few of the projects and programs associated with the program areas.

Transportation - \$124,618,310 Spent

Total Anticipated Investment \$1,066,273,023

Pennsylvania will invest \$1 billion in Recovery funds for 293 highway and bridge projects that were selected by local officials. Bids on 271 projects have already been awarded. Two hundred fifty-six projects are underway and 23 are completed. More than 6,000 people are working on [stimulus road and bridge projects](#).

Another \$39.5 million will go toward rural public transit systems managed by the Department of Transportation, providing long-term economic benefits to Pennsylvanians. The Elizabethtown train station in Lancaster County, for example, is being rebuilt with \$9.3 million in federal stimulus money. The platform will be raised four feet and extended from 220 to 500 feet to help make it more handicapped accessible. Two elevators will be added, and the station building will offer an automated ticket machine and seating. Parking will be improved.

Pennsylvania ranks seventh in the nation for obtaining Recovery-related bids and getting projects underway, according to Congressman James Oberstar, Chairman of the House of Representatives' Transportation and Infrastructure Committee.

Health Care - \$1,060,187,046 Spent

Total Anticipated Investment \$4,004,359,439

The bulk of the funds spent to date for health care have gone to two million Medicaid recipients, providing additional health benefits to those who most need it, but other programs are underway, too.

One example is the Healthy Homes program. The Department of Health will receive \$875,000 over three years through the Recovery Act to fund the department's Healthy Homes program. The funds will be used to obtain environmental assessments on foster homes in Philadelphia and Erie to determine whether the homes face issues with mold, mildew, lead, dust mites and other safety hazards that could impact the health of children and adults living there. Following the assessment, families will be educated about how to reduce the health and safety risks of their homes, and, in some instances, receive remediation to fix the problems.

Education - \$105,020,379 Spent
Total Anticipated Investment \$907,877,276

Over \$100 million has been spent to assist school districts in educating disabled and disadvantaged students and to alleviate the financial burden on local taxpayers.

The Recovery Act also provides funds to ensure that homeless children and youth receive public education on an equal basis with other children through additional resources. Pennsylvania will receive \$1.9 million for this program. Children will receive services like school supplies, transportation, tutoring, and after-school programs. Eventually, Pennsylvania's young people will benefit from more than \$2.6 billion for tuition assistance and improved public education.

Workforce - \$918,613,534 Spent
Total Anticipated Investment TBD

Nearly \$900 million in extended unemployment payments have been made to more than 876,000 people who have lost their jobs.

And more than 9,000 young people across the state worked in summer jobs funded by the Recovery Act, exceeding the original goal of 8,600 while providing them with work experience opportunities they would not have had without the act.

Young people who are low-income, have disabilities, need basic skills, are youth offenders, are homeless or runaways and need special assistance will benefit from \$40.6 million in funds that will provide services such as tutoring, training and work experiences.

Through another program, approximately \$42.5 million in Recovery funds will help train and provide services to laid-off workers to enhance their skills.

Public Safety - \$1,785,771 Spent
Total Anticipated Investment \$53,255,326

Nearly \$5 million will support STOP Violence Against Women to help strengthen victim services. Another \$1.5 million will help compensate crime victims for services such as hospitals, doctors, ambulances, funeral homes and more.

Community and Family - \$49,685,086 Spent
Total Anticipated Investment TBD

The Emergency Food Assistance Program assists emergency food banks, soup kitchens and food pantries with needed food items. More than \$4 million will go toward this program.

Mortgage assistance and heating assistance was provided to more than 67,000 households with \$25.6 million in emergency funding made available through the Recovery Act.

Infrastructure (other than Transportation) and Housing -

\$3,870,616 Spent

Total Anticipated Investment \$255,593,284

Infrastructure - Dozens of projects aimed at [providing clean water and managing wastewater](#) are underway using Recovery funds. Thirty-eight out of 118 projects have started, and approximately 1,300 people are working on these projects.

In some instances, Recovery Act funds are combined with other funds to launch projects. Huntingdon Borough in Huntingdon County was awarded a \$5.9 million Recovery Act grant in July. The Borough will combine this funding with a \$5 million grant from the Commonwealth Financing Authority and \$10 million of its own funds to construct a \$20.9 million upgrade of its wastewater treatment facility to reduce its own nutrient discharges, as well as those from four nearby communities, thus bringing them into compliance with the Chesapeake Bay agreement. In addition, the improvements to the treatment plant will allow local manufacturers to retain more than 400 jobs that might otherwise be lost, as well as create 11 new jobs in the area.

Housing - To help the homeless, \$22 million has been awarded to 63 counties. This program provides homelessness prevention assistance to people who, as the result of the economic crisis, would likely be homeless. It also offers assistance to quickly find homes for people who are currently homeless. In Lawrence County, for example, the Family Stability Program will provide [homeless](#) families with rental assistance.

Environment - \$0 Spent

Total Anticipated Investment \$10,748,239

Pennsylvania has received more than \$6.1 million to clean up pollution and contamination from leaking underground petroleum storage tanks at former gas stations and fuel storage facilities. The Department of Environmental Protection plans to address 76 sites in 40 counties where leaks both threaten groundwater and public health and safety. This remediation work will provide greater opportunities for economic growth through development of formerly polluted sites.

Energy - \$9,587 Spent
Total Anticipated Investment \$389,338,026

Pennsylvania will use \$99.6 million in Recovery Act funds for innovative, job-creating energy projects in every corner of the state through the State Energy Program. The funds will help generate more renewable and alternative energy while reducing energy use through conservation and efficiency. In Lancaster County, for example, \$475,000 will help install a heat and power system powered by biomass – wood and possibly chicken litter.

In November, weatherization projects funded by the Recovery Act will be underway. All 43 agency plans to provide weatherization services have been reviewed and approved and 300 weatherization worker certifications are being processed, with more certifications expected in the coming months. Low-income individuals and particularly the elderly, disabled, and families with children will receive services such as insulation, repair and replacement of heating systems, and energy conservation education.

Pennsylvania has also received \$11.9 million in Recovery funds to develop a rebate program that will encourage consumers to retire old water heaters, cooling and heating systems, and receive a rebate for new ones. This program will both save money and help protect the environment. It is expected to begin this winter.

ACCOUNTABILITY

Transparency and accountability are critical aspects of Pennsylvania’s approach to stimulus spending. Governor Rendell has named a Chief Accountability Officer from the commonwealth’s business leadership and established the Pennsylvania Stimulus Oversight Commission, chaired by the Chief Accountability Officer, to bring together both legislative and private-sector resources in reviewing stimulus spending.

The Accountability Office has adopted the mission of providing unprecedented citizens’ awareness of government spending and its outcomes. Through a number of vehicles, primarily the commonwealth’s website (www.recovery.pa.gov), the Accountability Office is working to open a window on stimulus spending through which citizens will be able to see how much Pennsylvania is spending, what it’s being spent on, and what’s being accomplished by the spending. The information will be provided in easily accessible, simple and direct ways, in terms relevant to citizens’ daily lives. Accountability also entails effective federal reporting and alertness to waste, fraud and abuse, including inviting citizens’ vigilance through a hotline. Citizens can report suspected waste, fraud or abuse through the hotline (877-888-7927) or on the Recovery Act website.

The [Pennsylvania Stimulus Oversight Commission](#) comprises bi-partisan legislative representation from the commonwealth’s Congressional delegation and its own General Assembly, as well as non-profit and private-sector representation. The role of the Commission is

to review and monitor the commonwealth's stimulus activity and to provide advice and counsel. The Commission has met about once a month since April to be updated on the commonwealth's stimulus implementation and be briefed on upcoming activities and program execution.

NEXT STEPS

Pennsylvania's Recovery efforts related to weatherization programs, energy and the environment will move forward significantly over the next several months. Further, the web site will be enhanced to provide more information and make it even more user friendly.

Pennsylvania is proud to be among the states leading the nation in its Recovery programs and looks forward to reporting progress in its next Citizens' Update.

SUMMARY OF PRELIMINARY REPORTS

Attached to this update is a summary of the commonwealth's 276 official reports (*Attachment 1*). Though the information will not be finalized and released by the federal government until October 30, Pennsylvania has made its preliminary reports available now so as to inform citizens about the state government's Recovery efforts as soon as possible.