

**THE RECOVERY ACT
IN PENNSYLVANIA**

CITIZENS' UPDATE



www.recovery.pa.gov

January 10, 2010

CONTENTS

<u>Introduction</u>	2
<u>People at Work</u>	4
<u>Overview of Projects and Programs</u>	5
<u>Federal Reporting</u>	10
<u>Performance Measures and Outcomes</u>	11
<u>Appendix</u>	12
(Recovery Act Overview, How Recovery Funds Flow to Pennsylvania, Accountability and Transparency, January 2010 Jobs Reporting)	



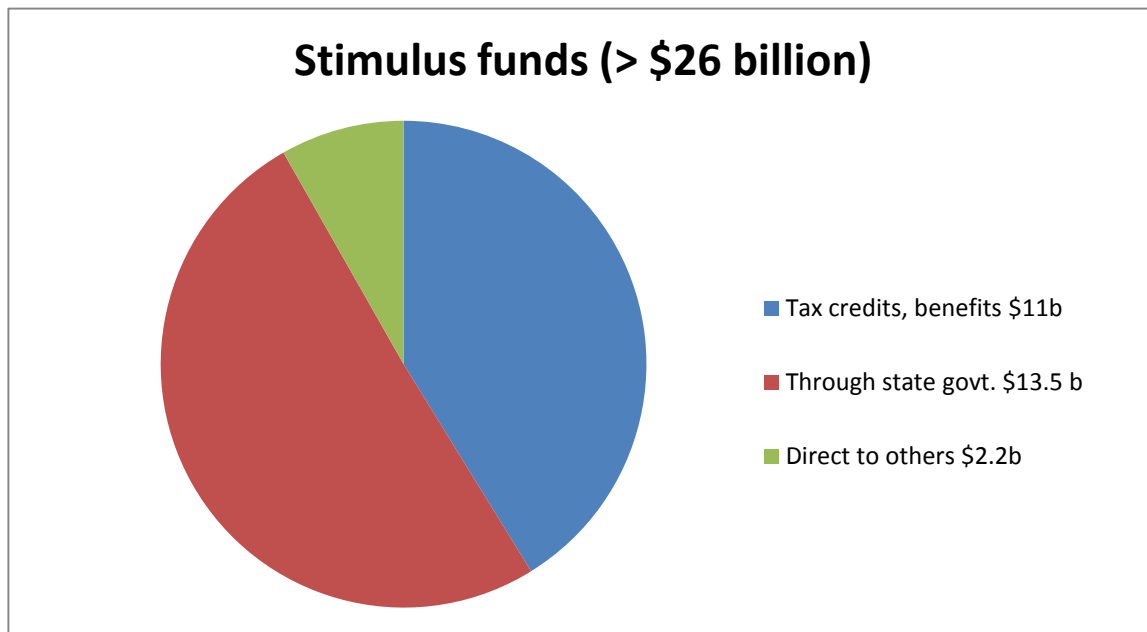
JEFFREY TABRON OF CICCICO CONSTRUCTION WORKS ON A RECOVERY ACT CURB RAMP PROJECT IN OXFORD, CHESTER COUNTY.

INTRODUCTION

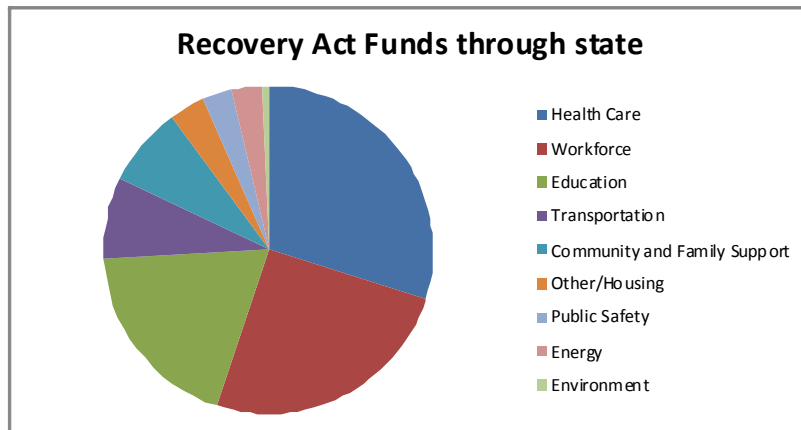
As the Commonwealth of Pennsylvania makes its second required quarterly report to the federal government, it is also providing its regular Citizens' Update on the impact and progress of the American Recovery and Reinvestment Act (ARRA). This Citizens' Update for the quarter ending Dec. 31, 2009, presents an easy summary and reference guide for citizens. It reports how the commonwealth spent Recovery Act awards in the past quarter, while simultaneously ensuring high standards of accountability and transparency.

Recovery Act funds continue to be invested to help families and businesses through difficult economic times. The state government's use of federal stimulus funds has injected more than \$4.067 billion into the Pennsylvania economy, and there is an additional \$1.7 billion committed for expenditure. This amounts to \$1,157 in Recovery Act funds invested per household in the state.

Pennsylvania expects to receive more than \$26 billion from the Recovery Act. Of that \$26 billion, individual and business federal tax credits and benefits comprise about \$11 billion. The \$13.5 billion flowing through state government agencies will build highways and bridges, help workers, improve the environment, support communities, develop alternative energy, and house residents. More than \$2 billion will be awarded directly from the federal government to entities across the state, including local governments, transit agencies, businesses, non-profit organizations and universities, for a variety of projects and programs.



The chart below is a closer categorical look at the \$13.5 billion in Recovery Act funds flowing through the state.



PEOPLE AT WORK

The creation and retention of jobs continues to be among the most important effects of the Recovery Act. For the purposes of federal reporting, the definition of jobs “created or retained” changed from the first reporting period, which ended September 30, 2009, to this reporting period, which ended December 31, 2009 (data was due to the federal government on January 10, 2010). Specifically, jobs must be funded by the Recovery Act to be counted as part of the federal reporting, which means that positions may not be counted if they are presumed to have been retained merely because of the existence of the Recovery Act. Only jobs funded in the reporting quarter will be included in the January 10 federal report, as opposed to the eight-month cumulative job total reported in the last quarter’s federal report. The advantage of this is to improve the job-counting definition, but the disadvantage is that this quarter is not comparable to the prior quarter. Going forward, it is expected that the quarter-by-quarter data will be comparable.

It is important to note that the federal report identifies jobs on a Full-Time Equivalent (FTE) basis, which is derived from the number of *hours* worked, as opposed to the number of *people* who worked. Further, the federal report includes only direct jobs, not those that may be created by suppliers indirectly benefitting from increased economic activity attributable to Recovery Act spending. In its review of the impact the act will have on jobs, the Council of Economic Advisers, for example, estimates that about 143,000 jobs will be created in Pennsylvania over the next two years as a result of the Recovery Act.

Also, the commonwealth's federal report represents only a partial view of Recovery Act funds flowing through the commonwealth -- and associated jobs -- because not all stimulus spending is subject to the federal report. Programs such as Medicaid, Unemployment Compensation and Supplemental Nutrition Assistance Program (SNAP – formerly Food Stamps) are not included in the federal report, nor does the commonwealth's federal report include jobs created as the result of direct federal awards to entities across the state, or direct tax benefits to individuals.

Pennsylvania's Jan. 10 federal report indicates that 4,201 FTE jobs were created or retained in the quarter ending Dec. 31, 2009 through Recovery Act funds administered by state agencies. But, on the basis of actual head count, for example, PennDOT reported that 5,886 direct jobs were created or retained in October alone as the result of highway and bridge projects. More than 3,800 jobs were created or retained in November, according to PennDOT. PENNVEST estimated that 5,298 jobs have been created or retained to date by various clean water projects that have begun recently.

OVERVIEW OF PROJECTS AND PROGRAMS

Pennsylvania's \$13.5 billion in spending for stimulus-related programs impacts nine areas: **Health Care, Education, Transportation** (Roads and Bridges), **Workforce, Public Safety, Communities and Families, Environment, Energy, and Other Infrastructure** (such as clean water) **and Housing**. Specific project information by county can be found at www.recovery.pa.gov under Impact.

Following is an update on funds spent to date through state government agencies receiving stimulus funds, listed by program area, and a few examples of projects and programs being funded with help from the Recovery Act.

Health Care



- About \$1.6 billion has been spent for Medicaid to help citizens in need obtain health care.
- More than \$60,000 has been spent on a childhood immunization program.

Education



Total Anticipated Investment - \$2,454,756,280

Spent – \$266,849,187

- About \$98 million in Title I grants has been spent for local education agencies.
- The State System of Higher Education (14 state colleges and universities) and the Thaddeus Stevens College of Technology have received State Fiscal Stabilization Funds. Stabilization Funds will ultimately total more than \$1.5 billion.

Transportation



Total Anticipated Investment - \$1,066,273,035

Spent - \$246,694,987

- Nearly 100 percent of the Recovery Act funds allocated for transportation projects have been committed, at a total of \$1.02 billion. Bids have been opened on 301 (out of 326) projects. 213 projects have started work; 82 projects are complete. Pennsylvania will receive \$346 million for rural transit projects, and 98.2 percent of those funds have been obligated.

Workforce



Total Anticipated Investment - \$TBD

Spent – \$1,788,926,586

- In December, an average of 232,374 people were receiving Emergency Unemployment Compensation, which is funded by the Recovery Act.

- More than 1,000 Pennsylvanians seeking to become weatherization installers, crew chiefs and auditors will receive training through an investment of \$1.1 million in federal Recovery Act funds.

Public Safety



Total Anticipated Investment - \$400,078,339

Spent - \$74,525,307

- Approximately \$3.4 million in federal American Recovery and Reinvestment Act funds will help 21 agencies across the state better respond to violence against women and help women who have been victims of violence.
- About \$45 million will support Justice Assistance Grants that will be invested in a variety of programs, including prevention and education programs, drug treatment and enforcement programs, and law enforcement.

Communities and Families



Total Anticipated Investment - TBD

Spent - \$71,091,479

- The Recovery Act has funded more than \$5.6 million in Supplemental Nutrition Assistance program (SNAP/Food Stamps). Statewide, more than 709,000 households received assistance in paying for food in November, a 30 percent increase compared with two years earlier, according to the state Department of Public Welfare.
- More than \$8 million in Community Services Block Grants have been awarded to reduce poverty and revitalize low-income communities.

Environment



Total Anticipated Investment - \$13,368,239

Spent - \$355,014

- More than \$6 million will be invested in the state's Leaking Underground Storage Tank remediation projects, and 20 of 71 projects have begun.
- A total of \$1.73 million will fund projects that will help reduce harmful air emissions from diesel powered vehicles and equipment. The Pennsylvania Turnpike Commission, the Allegheny County Health Department, Philadelphia Air Management Services, a school district and two bus companies will receive awards.

Energy



Total Anticipated Investment - \$390,755,213

Spent - \$45,210,499

- The commonwealth is investing \$5 million in federal Recovery Act money in eight innovative alternative energy projects that use biological materials such as sewage, animal and food processing waste to generate enough energy to power more than 80,000 homes.
- Several State Energy Plan Recovery Act awards are also in progress:
 - Nine combined heat and power projects across eight counties are receiving \$12.1 million.
 - Eight biogas projects have been awarded in eight counties for a final award amount of \$5 million.
 - Solar Round I (\$7 million to award) awards are expected to be announced in January.
 - Eleven wind (\$19.8 million to award) applications have been received.
- More than \$43 million has been invested in the state's weatherization program, which is working with 43 agencies across the state to weatherize tens of thousands of homes over

two years. Training sites for weatherization workers are being established around the state and most will be open by Jan. 19. So far, more than 350 homes have been weatherized, and 1,485 weatherization projects are in progress.

- The state's Home Heating Equipment Rebate program is accepting proposals from entities seeking to manage the program. Nearly \$12 million is expected to be spent on the rebate program.

Other Infrastructure (such as clean water) **and Housing**



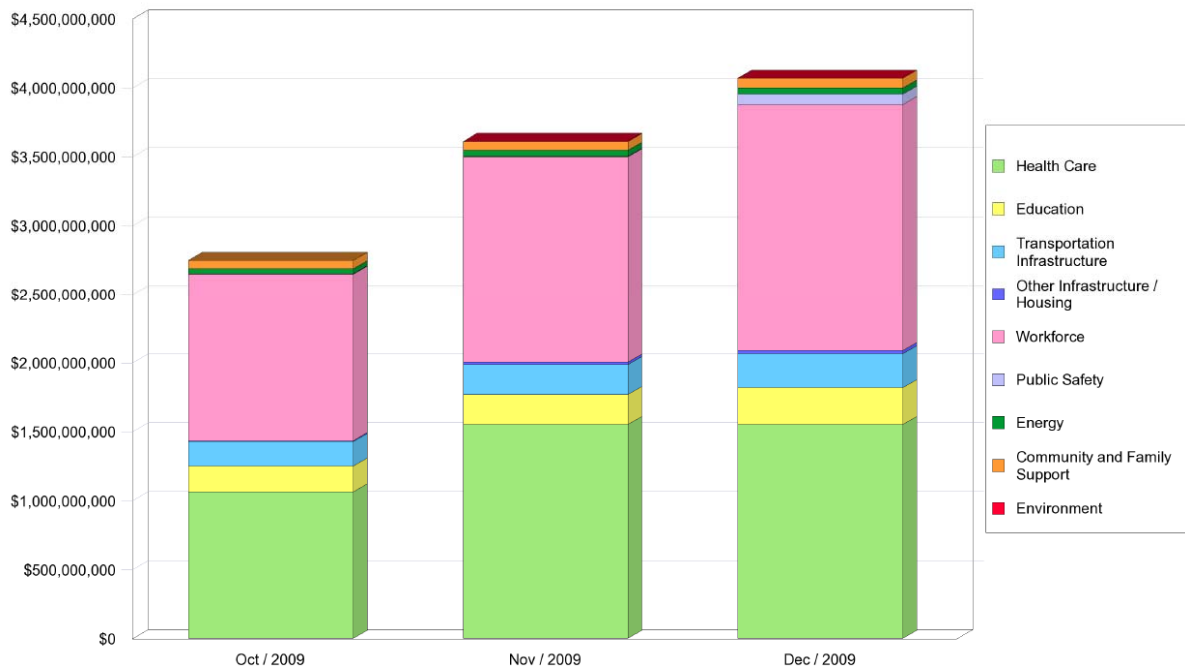
- More than \$250,000 of \$21 million has been spent for National Guard Operations Maintenance projects to maintain properties and increase energy efficiency.
- PENNVEST reports that approximately 5,298 jobs have been created on the 104 projects that have begun to provide Pennsylvania with clean water and clean drinking water.

SPENDING TRENDS

The following chart shows a breakdown of how funds flowing through the commonwealth have been spent from October through Dec. 31, 2009.



Recovery Act Cumulative Spending (by Category)
(Already Spent)



FEDERAL REPORTING

The information in this Update is drawn, in part, from Pennsylvania's official quarterly report to the federal government. This official report (mandated by Section 1512 of the Recovery Act, and due on January 10, 2010) comprises 348 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.

Two pieces of data are of particular note: \$713.4 million has been spent to date and 4,201 direct full-time equivalent jobs have been created or retained. These figures differ from those presented in this Citizens' 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 January 30, after information is further reviewed and revised if necessary. On January 30 it will be posted and searchable on the federal website: Recovery.gov. With citizens' awareness in mind, reports on funds administered by Pennsylvania's state agencies are posted right now at: www.recovery.pa.gov.

ACCOUNTABILITY AND TRANSPARENCY:

PERFORMANCE MEASURES AND OUTCOMES

Every state submits quarterly reports on certain American Reinvestment and Recovery Act (ARRA) spending to the federal government that show information such as jobs created or retained, what organizations received funding, how much they received, and for what purpose -- all with accountability and transparency in mind.

As important as these reports are, they provide only a limited view of the effect of stimulus spending, and only for a particular time frame. However, the commonwealth's Stimulus Accountability Office believes it is very important that citizens have a much more comprehensive view of the results of stimulus. Pennsylvania's Performance and Outcome Measures provide a window on the current results and long-term promise of stimulus spending. They identify the benefits of investments in long-term assets, such as rebuilt roads and bridges, energy-saving and clean-water projects, and a strengthened public education system that produces long-term gains for students. They also reveal shorter-term outcomes, such as money spent serving people who need help today, or a look at jobs from the perspective of hours worked or wages paid.

The Performance and Outcome Measures provide a simple way for Pennsylvania's citizens to not only understand what they are getting for the expenditure of ARRA funds, but also to appreciate the far-reaching impacts of this spending. Many stimulus-funded projects will contribute critical returns to citizens long after the spending has ended, and their impact goes far beyond numbers of jobs and dollars spent today.

Sample Performance and Outcome Measures (Environment/Healthy Homes Demonstration Project):

Number of people educated about Healthy Homes in either a group session or an individual forum	175
Percentage of education outreach goal met	87.5%

To read the Performance and Outcome Measures, visit the Reports section at www.recovery.pa.gov. For more information on Accountability and Transparency, see the Appendix at the end of this report.

Pennsylvania’s next Citizens’ Update will be published April 10, 2010, in conjunction with the official federal reporting slated for that date.

APPENDIX

RECOVERY ACT OVERVIEW

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) directly to individuals by way of tax credits or through entitlement programs such as unemployment compensation.

ACCOUNTABILITY AND TRANSPARENCY

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.

JANUARY 2010 JOBS REPORTING

The American Recovery and Reinvestment Act calls for extraordinary levels of transparency and accountability so that Americans will know how, when, and where their tax dollars are being spent.

Following the last reporting period, the Administration, U.S. Government Accountability Office (GAO) and states immediately began reviewing the reports and reporting processes to see what could be improved.

State ARRA Leads met together in November and concluded that the jobs calculation needed to be simpler and more consistent. GAO likewise made recommendations to standardize the period of measurement for recipient reporting and to make it more explicit how recipients should account for jobs created or saved.

Listening to those recommendations, the Office of Management and Budget issued new guidance on December 18 designed to provide a clear picture of the *job activity* created by recovery act dollars between October 1 and December 31st.

No longer are recipients estimating jobs, they are counting funded jobs.

Job activity will now be reported based on the numbers of hours worked and paid for with Recovery Act dollars.

The hours are translated into full-time job figures by dividing the number of hours worked by hours in a full-time schedule.

Hours not paid for with Recovery Act dollars do not count. Hours worked outside of the quarter do not count.

This new calculation will produce an accurate and easy to understand snapshot of the job activity generated by Recovery Act funds over the three month reporting period.

We are committed to strengthening the reporting processes and collecting the data that we need to track spending, count jobs, and deliver on the Recovery Act's promise of unprecedented transparency and accountability.

KEY IMPROVEMENTS SUMMARY

- **To calculate jobs, recipients must divide the hours worked in the reporting quarter by the hours in a full-time schedule.** Thus, a full-time job will count as one job, while a half-time job will account for one half of a job.

- **Recipients need only track one set of numbers for each quarter. Jobs numbers will not be added together across quarters.** This approach responds to recommendations from states, GAO and members of Congress to standardize and simplify the period of measurement.
- **“Jobs created or retained” are to be reported as hours worked and paid for with Recovery Act funds.** Jobs funded partially with Recovery Act funds will only be counted based on the proportion funded by the Recovery Act. Jobs funded with non-Recovery Act funds will not be counted.
- **Recipients have extra time to submit reports and make corrections.** Recognizing that these changes occurred close to the start of the January reporting period, the Recovery Board announced that FederalReporting.gov will be available for report submissions through January 15, rather than the original closing date of January 10. The Board also extended the window for making corrections to submitted data. Under the expanded process, recipients can make continuous corrections to the data through March.