

TESTIMONY

of

Commissioner James V. Scahill  
Armstrong County, PA

before the

Intergovernmental Affairs Committee (IGAC)  
House of Representatives  
Commonwealth of Pennsylvania

Concerning the

American Recovery and Reinvestment Act (ARRA)

Indiana, Pennsylvania  
November 5, 2009

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PA House of Representatives Intergovernmental Affairs Committee

Ladies and Gentlemen:

Good morning. I am James V. Scahill, County Commissioner of the County of Armstrong, representing my fellow Commissioners Patricia Kirkpatrick and Richard Fink. Armstrong County consists of 659 square miles; is comprised of 45 municipalities, including one city, sixteen boroughs and 28 townships; contains a population of 70,000 persons, and is bisected by the Allegheny River. We thank you for this opportunity to discuss with the Intergovernmental Affairs Committee (IGAC) how the federal stimulus funding has affected the various county and county-related agencies within Armstrong County. The American Recovery and Reinvestment Act (ARRA) is being welcomed across America precisely because it is perceived as an extra "avenue" of funding never before offered to cash-starved programs. We believe that the hearings being held by the IGAC concerning the ARRA are timely and necessary to provide feedback to our state and federal partners this early in the process. In fact, it might be extraordinary when compared to past programs that have been put in place with no ability to provide that vital feedback that can improve the program, the process or both.

We conducted a survey of our agencies concerning ARRA funding. For clarification, we did not request any information from any state or federal agency that operates a unit within Armstrong County, such as PennDOT or the PA Department of Health. Our survey was limited to direct departments of the county in addition to those agencies that have a direct relationship with the county acting as a pass-through for funding purposes such as the local Community Action Agency. We asked whether the agency received funds. Those who did not were also asked if any reason was given why they did not qualify, or if there was a second chance to apply. Those who had applied were asked several other questions, including:

- What they thought of the process.
- What they thought of the reporting requirements.
- Whether they believed transparency was achieved by the process.
- What measures they took to meet transparency requirements mandated by the ARRA.
- Asked to describe the positive results achieved by ARRA funding received for their project(s), including employment or retention, stimulation of the economy, etc.
- Asked to describe any negative aspects of ARRA as it relates to their project(s).
- Any suggestions for how to present and operate any future ARRA.

The following county agencies responded to the survey: Area Agency on Aging (AAA); Economic Development; Belmont Complex; Courts; Children, Youth and Families (CYF); District Attorney; Domestic Relations; 911 Dispatch Center; Health Center (nursing home); Planning & Development; Public Safety; Tourist Bureau and Veterans Affairs. The following county-related agencies responded to the survey: Community Action Agency (CAA); Conservation District; Penn State Co-Op Extension Service; Mental Health/Mental Retardation (MH/MR); and Tri-County Workforce Investment Board (WIB). Of those, 9 responded that they had applied for funding and 9 responded they had not applied. Of the 9 who applied, 7 have been notified that they have been awarded funding in various programs, while 2 are still pending action or denial.

In addition to the survey, the Armstrong County Commissioners convened a meeting of said agencies after the surveys were received and studied. It provided our agencies another opportunity to discuss the various aspects of ARRA and both its positive and negative impacts on their agency. As stated, ARRA gives our agencies another avenue of funding for programs or projects that have languished for years due to lack of funding. The general consensus of the agencies is that ARRA is indeed timely and are grateful for it. Some have plunged headlong into the application process regardless of any associated costs that might be linked to their program. Like anything "new," ARRA has also generated

caution among both those who applied and those who did not, especially as it pertains to fiscal and program reporting costs. Overall, those who have applied are happy to have done so at this point in time.

Agencies programs directly funded by the Commonwealth cited the budget impasse as an impediment that greatly affected programs, especially those that delivered human services.

### Summary of Survey Results

#### Process

Some felt the process flowed smoothly and promptly, with another stating it was primarily positive. Agencies that are used to complex filing requirements had an easier time on the process than those agencies that normally do not file extensive and exhaustive applications. Two agencies that deal with complex filings called the process "fairly easy."

However, even the experienced filers noted that time frames for approving contractors and sub-contractors after achieving ARRA funding are too short and are not realistic to complete the projects. In one cited case, delays in ARRA approval resulted in completion requirements that would be impossible due to construction seasons.

To some, the information provided to complete application was vague at best, with one calling them extremely cumbersome with too many rules, restrictions and regulations. Another agency felt that ARRA wanted the project started without providing any guidance, outline or measurements. Guidelines for acceptance were changed from time of application, resulting in problems in front-loaded financing.

#### Reporting Requirements

It was the general consensus that the agencies that participated have indicated they are prepared to provide whatever information is necessary to achieve and maintain funding of ARRA funds. Five agencies

indicated that it was too early to determine how difficult or easy it will be, with only one agency categorizing the reporting requirements as “not too bad.” Most felt the reporting requirements were extremely detailed. A concern was expressed and most agreed that requiring separate fiscal and program reporting might be costly to the agency and inefficient. Two agencies questioned why ARRA reporting is demanding this requirement although the ARRA programs are similar or identical to what is required under regular reporting.

### Transparency

Full transparency has been trumpeted as a cornerstone of ARRA since it was announced. To most of our agencies, it is too early to tell if it can be fully achieved. All agencies expressed doubt that it would occur. As an example, one agency stated that the ARRA official website did not list all of the Armstrong County projects we have discussed as a group. The transparency occurred as each agency arrived and opened the door at the meeting. It was felt that the application process appeared to be open; however, limited guidelines and vague questions generated too much confusion in the area of transparency. One agency expressed disappointment that what was being asked for was not an accurate picture of spending on job creation or retention. They further stated that internal reports provide more information and analytical tests.

The designation of ARRA funding and how much is allocated by who is a central question about “transparency.” As we all know, the federal government designated the states as the pass-through government for most if not all of the program funding. How transparent was that process? Once received by the states, who decided at what meeting how much each program was going to be offered and how it was going to be distributed? How transparent was that process? This “magical” process was a lot of things, but it was not transparent. Decisions were made about the allocation of funding without a full airing of all the partners. For the most part, this cannot be seen by our agencies at their level, but the county experienced it first-hand in the

allocation of ARRA dollars at a regional level. As we review the experiences of our agencies, some of whom are still waiting for the promised and awarded ARRA funding, it is hard to believe that in February the transportation portion of Pennsylvania's ARRA funding was already allocated at the PennDOT District level with no input from a full partner of the process, the Metropolitan Planning Organization (MPO) under the federal ISTEA (LU TEA 21) acts. The MPO of which Armstrong County is a member is the Southwest Planning Commission comprised of ten counties. In transportation, very few or no local projects got funded by ARRA.

### Measures Taken to Meet Transparency

The more local the government or agency, the less ability exists to achieve the desired and mandated transparency for ARRA funding. Most agencies will use the tools in their toolbox – news releases, report releases, meeting with partners, briefings with the limited press that exists in a rural area, and reaching out to all parties involved. All will ensure compliance with the Pennsylvania Right To Know Law and the Federal Freedom of Information Act. It is suggested that webinars by the state on the same would be useful. One agency has a Dunn's number and most have registered their agency in the ARRA reporting system. The agencies were urged to institute more internal tracking systems that can be reported at public meetings. Armstrong County invited use of their two monthly public meetings for those agencies that did not have a normal public meeting format. Generation of a report of expenditures should be created and reported each time funds are drawn from the state.

At the meeting of the agencies, discussion ensued about utilizing existing web sites, especially the county's, to link the various agencies' reporting specifically to feature ARRA funds, projects and progress.

### Positive Results

Agencies have reported an increase of employment in several sectors. One senior citizen program has resulted in an increase of seven low income individuals age 55 or older now enrolled in an existing program. Another agency plans on hiring 15 new full time employees to implement a new program once funding is achieved. The Weatherization Program-R will result in four new office personnel, another with the Homeless Prevention and Rapid Re-housing (HPRP) funding program. It will also result in the use of at least four contractors or sub-contractors to do the weatherization work. ARRA funding of one conservation project will result in completion of 19 High Priority road maintenance/improvement projects. The summer youth employment training program was expanded from a ceiling age of 21 to 24, expanding to serve an under-served population in Armstrong County. It provided temporary summer jobs to youth who completed community projects that would not have been done without ARRA. In addition, ARRA funds were used to augment training funds for traditional adult and dislocated worker programs.

Armstrong County administers the Community Development Block Grant Program (CDBG). ARRA funding will stimulate CDBG-R programs with an influx of \$ 274,690 for four entitlement municipalities and augment county projects in several other municipalities.

### Negative Aspects

ARRA training provided was of little value once the applications were received. Due to the quick implementation time frame, details and changes in requirements evolved during the initial program implementation. It resulted in confusion and frustration.

Already stated, under some programs there is a requirement that half of the money awarded must be spent in the first year. It is impossible to comply with Davis/Bacon, hire staff, obtain contractors, get

the equipment, have everyone trained, and other requirements by June 30, 2010 and spend half the awarded funding is impossible because...we have yet to receive any funds as of October 2009.

The PA Department of Community and Economic Development (DCED) wants us to use HPRP program ARRA funds to supplant other funding that an agency receives, and leverage the supplanted funds for the benefit of the hardcore homeless that the Federal money is not intended to help. Providers and landlords of permanent housing will be requested to reserve space for hardcore homeless. In turn, the leveraged funding will be used to provide social services to the clients, making them better tenants.

As mentioned previously, changing the guidelines for expenditure of funds after they have been offered has resulted in problems for lenders of the project.

More funding is needed for training at all reporting levels. Improve the state reports to reflect what is happening in the local area.

As already mentioned, there is a concern by many of the agencies that they will be forced to hire an accountant to handle the process. This is being expressed by agencies that are historically experienced in the process already established. One agency stated they have a 2-3% administrative cost in place, but the process required by ARRA far exceeds that budgeted amount.

There is a fear that once the ARRA funding is done, the programs will die. Sustainability is an extremely viable concern among all for all programs generated by the federal and state governments with only 1-3 years of funding offered.

All monies are not counted. One agency reported that the state only wants reports on what is paid vendors reported for \$ 25,000 or more. It needs corrected to account for all vendors' payments.

A concern for local businesses was expressed as it pertains to materials (pipes) and whether they meet the ARRA regulations. It is difficult to obtain all of the correct materials in a timely manner and if something needs to be added to the purchase it requires a search or bidding process that holds up construction or non reimbursements. Non-compliance equals non-reimbursement of funds. Some local companies can not sell to municipalities without violating their agreement with their supplier. Any ARRA funding should be predicated on "buying local, buying American" and the opposite is occurring.

There were concerns over the prevailing wage provision and Davis/Bacon Act. While the county deals with this issue regularly, some agencies do not. It was suggested that the agencies contact the builders' guild in Pittsburgh for guidance.

#### Improvements in Future ARRAs/Last Thoughts

There is no question that ARRA is bringing welcomed additional monies into Armstrong County. It is unclear exactly how much and hopeful the reporting system will be able to delineate that at a future point in time. We asked for last thoughts are received:

Provide clear communication of objectives and program parameters. Do not link ARRA state program funding with the state budget, if possible. Too much concern and effort have been put into the regulations to achieve transparency and accountability that the programs have been burdened and almost impossible to manage. Any future ARRA funds should be simplified as to regulations and requirements, putting "boots on the ground" first and foremost.

Now that we know what is expected of us, we will be able to meet any future ARRA requirements...unless they change them again.

We need a faster review period by HUD. For the amount of ARRA funds available nationwide, it seems that the funds received by Armstrong County for CDBG-R funds is small by comparison.

We need more transparency at the federal and state government level. If there are additional funds available next year and beyond, it is hoped that there will be more lead time to explore additional options by our agencies.

Finally, it is hoped that the recognition that areas like Armstrong County need an extra "boost" or stimulus is an excellent beginning of assistance to a part of America that feels it has been ignored on so many fronts. We applauded the effort to date.