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COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES
HOUSE INTERGOVERNMENTAL AFFAIRS COMMITTEE

K. LEROY IRVIS OFFICE BUILDING
ROOM G-50
HARRISBURG, PENNSYLVANIA

AMERICAN RECOVERY AND REINVESTMENT ACT
OF 2009 (ARRA)
IMPACT ON COMMUNITIES IN
CENTRAL PENNSYLVANIA

THURSDAY, DECEMBER 10, 2009
10:00 A.M.

BEFORE:

- HONORABLE W. CURTIS THOMAS, CHAIRMAN
- HONORABLE DARYL D. METCALFE
- HONORABLE MATT GABLER
- HONORABLE TIM KRIEGER
- HONORABLE JERRY KNOWLES
- HONORABLE CARL WALKER METZGAR
- HONORABLE DUANE MILNE
- HONORABLE DONNA OBERLANDER
- HONORABLE ROSITA C. YOUNGBLOOD

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ALSO PRESENT:

PATRICIA CUSTIS, MAJORITY EXECUTIVE DIRECTOR
GARTH SHIPMAN, MINORITY EXECUTIVE DIRECTOR
MALCOLM HAYNES
VALERIE WHITNEY

BRENDA S. HAMILTON, RPR
REPORTER - NOTARY PUBLIC

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P R O C E E D I N G S

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CHAIRMAN THOMAS: It is ten after 10:00 and let me say good morning to everyone. My name is Curtis Thomas. I'm the majority chairman of the House Intergovernmental Affairs Committee and seated to my left is a new member of the House Intergovernmental Affairs Committee, the new minority chairman, the Honorable Daryl Metcalfe, and, as we do with all new members, let's give him a committee welcome.

(Applause.)

REPRESENTATIVE METCALFE: Thank you.

CHAIRMAN THOMAS: This is our third -- fourth public hearing on the issue of the American Recovery and Reinvestment Act.

We started a couple months ago going into all parts of Pennsylvania to talk with mayors, commissioners, and everyday people about whether or not the American Recovery and Reinvestment has had any impact on the local community.

As most of you know, the Act was signed into law in February of this year. Some refer to it as the stimulus program. It provided 780-some billion dollars to states all across the country.

1 And it was ultimately designed to create
2 jobs, spur economic development, improve education,
3 and move on a number of what the president has
4 referred to as shovel-ready projects with roads and
5 bridges and a number of other infrastructure
6 projects.

7 But at the end of the day, the stimulus
8 money is supposed to create jobs, spur economic
9 development, and improve the very bad economic
10 climate facing communities all across the country.

11 And I am thankful that we have had an
12 opportunity to hear from mayors, county
13 commissioners, and have received very -- very good
14 testimony. Some testimony with specific
15 recommendations and -- on where we go from here
16 because as -- as -- as you should know, that in
17 Pennsylvania, Pennsylvania decided to -- by
18 executive order, to create a American Recovery and
19 Reinvestment Act Oversight Committee, and that
20 Oversight Committee is headed by the Secretary of
21 the Department of General Services, Mr. James
22 Creedon.

23 And between Mr. Creedon and the Oversight
24 Committee, which is made up of all segments of the
25 Commonwealth of Pennsylvania, its responsibility is

1 to drive the American Recovery and Reinvestment Act
2 into all parts of Pennsylvania.

3 A year from now, as you know, there will
4 be a new chief executive officer coming into --
5 taking over the Commonwealth of Pennsylvania. The
6 Oversight Committee is a creature of executive
7 order rather than statutory authority, and so to
8 that end the next governor will have an opportunity
9 to decide whether this model is a good model or
10 whether we should be looking at another model for
11 driving stimulus dollars throughout all parts of
12 Pennsylvania.

13 So part of our conversation also has to
14 do with your comments regarding the existing model,
15 whether we should stick to it or whether we should
16 look at doing something different.

17 Several county commissioners have
18 indicated that they thought the Oversight Committee
19 should be expanded to include more people from
20 local government, maybe a statewide municipal
21 committee of municipal authorities, maybe the
22 statewide county commissioners, maybe statewide the
23 committee of mayors, that the -- maybe it's time to
24 expand the Oversight Committee.

25 We are going to look to you for

1 recommendations and -- and for all the presenters
2 this morning, we ask you -- we thank you for your
3 testimony -- but we ask you, do not conclude your
4 testimony without providing some recommendations.

5 Last thing, before I turn it over to the
6 minority chair, we are in session today. We left
7 here at eleven o'clock last night. We have been
8 instructed that we could be here till eleven
9 o'clock tonight, eleven o'clock tomorrow, eleven
10 o'clock Saturday, eleven o'clock Sunday.

11 We have some important business that we
12 must resolve and, therefore, we are not able to
13 take any more breaks. So we're going to be coming
14 in and going out.

15 We're going to be leaving very shortly to
16 go to the floor, and I've asked Ms. Patricia
17 Custis, the executor director of the committee, and
18 I'm going to ask the minority chair if he would
19 identify someone from his caucus to -- to -- sit
20 while -- to sit in for us while we carry out the
21 responsibilities of the floor, while we go to the
22 floor. And I'm sure that whoever he designates is
23 going to do a good job.

24 But let me say to the presenters, we
25 thank you again -- thank you for your testimony.

1 Your testimony has merit. Your testimony will --
2 will be received and digested and responded to.

3 So do not believe that because myself or
4 the minority chairman is not here that we will not
5 give your testimony the full attention that it
6 deserves.

7 So to that end Mr. -- Representative
8 Metcalfe, do you have any comments?

9 REPRESENTATIVE METCALFE: Thank you.
10 Thank you, Mr. Chairman, and thank you for the
11 welcome to the committee.

12 I look forward to working with you and --
13 and with the other members of the committee and all
14 of our staff to -- to move things forward in a
15 positive direction for the citizens of
16 Pennsylvania.

17 As our focus today is the stimulus money,
18 the -- and the stimulus spending, I want to thank
19 the presenters for coming today, and the chairman
20 and myself certainly don't have control over the --
21 the calendar for the -- for the full floor, so we
22 will have to attend the session as the chairman
23 indicated, but we do appreciate you taking time to
24 be here today and give your testimony.

25 And Mr. Garth Shipman, my executive

1 director, will -- will be here with the executive
2 director from the chairman's committee staff, and
3 receive your testimony, and look forward to
4 hearing -- hearing that input.

5 And -- and we'll certainly have the
6 records that are being taken by our stenographer
7 here for future reference.

8 But I have -- I have a lot of concerns as
9 I -- as I know folks do across the state, regarding
10 stimulus spending. Just looking at a summary of
11 the past three hearings, I was just appointed
12 chairman a couple weeks back, so I wasn't at any of
13 the previous hearings, but was -- did have the
14 opportunity to read over some of the testimony
15 from -- from one of the hearings and -- and the
16 executive director, Mr. Garth Shipman, has also
17 read through some of -- some of that testimony and
18 some of the items that have been brought up as far
19 as no local input for federal transportation
20 stimulus dollars, not even local planning agencies
21 being included in -- in those decisions, but the
22 state spent the money on the highway and bridge
23 projects, which was some of the input we received.

24 Some counties have stated the DCED is
25 slow in approving contracts for additional

1 community development block grant fundings, but the
2 counties must have obligated funds by January 26,
3 2010.

4 Some townships, I believe, have remarked
5 that most grants appeared to be aimed towards
6 larger governmental entities, are going to either
7 entitlement communities or those with paid
8 community development staff. Seems to be a very
9 short window of opportunity. Usually 30 to 60 days
10 from the program announcement to the time the
11 application is needed to be received, from some of
12 the feedback we received.

13 So there's certainly been a lot of good
14 feedback from those who have given testimony on --
15 on some of the deficiencies with how things are
16 moving forward with the stimulus money.

17 I think even a greater concern for
18 citizens at large is the fact that so much money is
19 being directed toward the DPW, already spent over a
20 billion and a half dollars, being directed to -- to
21 DPW rather than roads and bridges, where most
22 people would have thought that the money would have
23 been spent to -- to approve infrastructure and
24 actually create jobs.

25 So when you look at 43 percent of the

1 money really going more toward DPW rather than --
2 you know, such a small percentage, I think about
3 six percent that's being targeted to state highways
4 and bridges, it -- it really appears that the money
5 is being spent in a way that most citizens didn't
6 expect to be -- to be appropriated and applied.

7 And I think that's probably why most
8 people would look on the economic scene and say
9 we're really not seeing jobs created here because,
10 in fact, the majority of the money is going to
11 backfill DPW commitments, Department of Welfare
12 commitments, and -- and then a good portion of the
13 money is being used for the unemployment
14 compensation, which certainly folks out there that
15 need those benefits because of the hard times that
16 they are in appreciate that, but at the same time
17 it does show that the money is not being spent for
18 true infrastructure improvements and -- and job
19 creation.

20 But I'll look forward to hearing the
21 testimony from this hearing and -- and the -- and
22 the concluding summary of all the hearings so that
23 hopefully the work of the committee can -- can move
24 us -- our state in a better direction and hopefully
25 move these expenditures in a better direction so

1 that we do see jobs created.

2 Thank you, Mr. Chairman.

3 CHAIRMAN THOMAS: Thank you. I am
4 excited that Mr. Creedon is here so that he can
5 give us a real good picture of how stimulus dollars
6 have been used.

7 But before we -- we call on Mr. Creedon,
8 let me acknowledge our colleagues that are with us
9 this -- this morning. To my right, I acknowledge
10 Representative Oberlander, Representative
11 Youngblood, and to my left, let me acknowledge
12 Representative Milne, Representative Gabler,
13 Representative Knowles, and Representative
14 Metzgar.

15 REPRESENTATIVE METCALFE: And
16 Representative Krieger.

17 CHAIRMAN THOMAS: And Representative
18 Krieger.

19 Let me thank each of you for being with
20 us this morning.

21 Let me also say that each of you should
22 have a package. In that package should be a report
23 from the legislative office for research.

24 And that report, while it is not
25 complete, as of December of 2009, it does provide a

1 county-by-county breakdown of stimulus dollars.
2 The kind of dollars that has flowed to counties
3 throughout Pennsylvania.

4 So I don't know whether you have had a
5 chance to look at it, but one of the things that
6 we'd like to get from you, and -- and that is
7 whether or not these figures are correct or whether
8 or not they're better than -- than -- than what we
9 have.

10 We'd also like to find out from you --
11 when you look at the investment, I'd like to find
12 out whether it has created jobs or whether it's
13 been used to sustain existing jobs. I'd like some
14 feedback on that question.

15 But let's start out with the young man
16 that we -- we sometimes call the czar of stimulus
17 funding in the Commonwealth of Pennsylvania. I
18 guess the Governor didn't think he had enough to do
19 as Secretary of the Department of General Services,
20 which is one of the big departments here in
21 Pennsylvania, but he added to that.

22 He gave -- he's given him the task of
23 directing stimulus funding in the Commonwealth of
24 Pennsylvania.

25 So let us hear from Mr. James Creedon,

1 Secretary James Creedon, federal stimulus czar for
2 the Commonwealth of Pennsylvania.

3 Good morning, sir.

4 SECRETARY CREEDON: Good morning,
5 Mr. Chairman. Good morning, members of the
6 committee.

7 I'm glad to be with you. I haven't heard
8 the term czar in a while. And as I reminded one of
9 my friends, when you use the term, just remember
10 what happened to the czar.

11 But I did like the phrase young man, so
12 thank you for that.

13 CHAIRMAN THOMAS: You're welcome.

14 SECRETARY CREEDON: Especially on a
15 Thursday morning.

16 I really appreciate the opportunity to
17 meet with the committee. I've been following your
18 meetings that are held -- have been held across the
19 Commonwealth, and I think it's essential that we
20 have a conversation on what the stimulus act is in
21 Pennsylvania.

22 As I heard some of the opening comments,
23 I think it would be valuable for me to just take a
24 step back and walk you through why certain
25 decisions have been made and who made those

1 decisions. That's essential to understand what
2 we're really managing.

3 I also want to talk about the oversight
4 commission a little bit and also clarify a little
5 bit what their role is through that executive
6 order.

7 Let me begin with just looking at the
8 federal act itself. Almost -- you know, the -- the
9 impression that was given is that there is a --
10 that the money given to Pennsylvania is
11 discretionary money and that the Governor, the
12 oversight commission, legislature, departments can
13 make decisions out of that total pot of funds as to
14 where the money will go.

15 That's not how the law is written.
16 It is -- it was written in a very deliberate way by
17 Congress to put the -- the funding in very specific
18 categories of spending. And we're limited by
19 that.

20 So if the amount of money we get for
21 transportation is a certain number, we can't move
22 those funds to water or wastewater. Likewise, we
23 can't move money that's designated for Medicaid
24 reimbursement over to transportation.

25 It is not permitted by the act. It is

1 not the way the act was passed by Congress or
2 signed by the President.

3 So we were given our -- our funds, if you
4 will, back in -- in February in these categories,
5 and our management task became then making sure we
6 managed them appropriately out of those various
7 funding streams and then also looking at future,
8 down the road, what will be some additional funding
9 streams we could tap into.

10 The act was designed to do three things.
11 It was designed to provide funding to stimulate the
12 economy, it was designed to provide funds to
13 stabilize certain elements of the economy, and it
14 was designed to provide funds to create investments
15 in the future of the country that will allow us to
16 be in a stronger position when we come out of the
17 recession than perhaps we were when the recession
18 started.

19 Let me talk a little bit about the
20 Pennsylvania story. And the best way to think
21 about the Pennsylvania story is to think of it in
22 really four areas. And all this is -- all this
23 information, by the way, is on our website and is
24 available for the public.

25 We have a set of funds that are coming to

1 state government. This is, as mentioned earlier,
2 money for Medicaid, which we call FMAP. This is
3 funding for education, funding for transportation,
4 water and wastewater, energy, food stamps,
5 unemployment compensation, numerous areas of -- of
6 basically cutting almost every department in the
7 Commonwealth.

8 We also have another area of what are
9 called tax benefits to Pennsylvanians, which we
10 estimate total about \$11 billion. Every single one
11 of us in this room would have a different story to
12 tell about those tax benefits. They impact every
13 Pennsylvanian differently.

14 Again, those tax benefits were determined
15 by Congress when they passed the act, not by --
16 excuse me -- the state of Pennsylvania or the
17 stimulus commission or the Governor or any official
18 here in Pennsylvania.

19 There's also a fund of money, about a
20 billion dollars, going directly to local
21 government. These are funds for energy. These are
22 funds for CDBG.

23 These funds do not stop here in
24 Harrisburg. They go out directly to -- primarily
25 to large counties and large municipalities. Again,

1 a decision not made by the state government but
2 made by those who authored the act and voted on the
3 act.

4 There's also another pot of money that we
5 monitor which are called direct awards. The act
6 provided for the federal agencies to be able to
7 provide direct awards, for example, on Superfund
8 cleanups or to Penn State University for solar
9 research, to the University of Pittsburgh for
10 research, for various hospitals to do programming.

11 And we estimate right now about \$1.1
12 billion has been awarded to entities, businesses,
13 nonprofits, governments, park services, Army Corps
14 of Engineers here in Pennsylvania.

15 Again, not money that we allocate; not
16 money that, quite frankly, we manage, but we do
17 keep track of because it's part of the Pennsylvania
18 story.

19 What we do as far as the stimulus
20 management program is really concern -- our primary
21 focus is on the funds that are coming into state
22 government. And let me talk a little bit about
23 what those are and how they -- how they flow to
24 us.

25 Our most current estimate is about \$13

1 billion of funding that will come into the state
2 government. The largest number in there is \$4
3 billion for increased Medicaid reimbursement.

4 We -- as I stated earlier, this was not a
5 pot of money that we could designate anywhere
6 else. It comes in for Medicaid reimbursement. And
7 a lot where -- a lot of the -- probably 50 or 60 or
8 70 different entities that I've spoken to across
9 the Commonwealth, since the Governor asked me to do
10 this last February, often ask the question, well,
11 why the large -- almost the largest sum for that --
12 for that purpose.

13 Earlier I mentioned that part of the act
14 was to stabilize the economy. What Congress
15 realized when they were putting the act together
16 was every state in the country was suffering from
17 some type of fiscal distress, and you better than
18 probably anyone know what we went through between
19 last May or -- and into October until we finally
20 had a budget here in Pennsylvania.

21 And Congress was looking for a way to get
22 dollars to the states to help them stabilize their
23 budgets, so that they -- the pressure on them to
24 reduce services when the citizens need them the
25 most, to perhaps lay off employees at a time when

1 that's not going to help the economy, or even to be
2 able to cut back on essential things like senior
3 citizen care, education, all the many areas that
4 you in the General Assembly and the Governor's
5 Office debated as part of the development of that
6 budget.

7 What they realized was the easiest and
8 quickest way was not just to write a check to each
9 state and say you decide where this funding is
10 going to go to.

11 What they said was we will increase the
12 level of reimbursement that we currently provide
13 you for Medicaid costs. Prior to the act, I
14 believe the numbers were around 52 percent of the
15 Pennsylvania's Medicaid costs, which we referred to
16 as DPW's spend earlier, were reimbursed by the
17 federal government.

18 As a result of this additional \$4
19 billion, our percentage now goes up to 56, 57
20 percent.

21 Now, what did that mean to Pennsylvania?
22 It's \$4 billion, \$2 billion per year of the act.
23 If we did not have that \$2 billion, that \$1.7
24 billion gap, that \$3 billion gap that was the
25 discussion of the -- or the subject of so much

1 discussion over last summer would have been \$2
2 billion more.

3 So I think it's more important for people
4 to understand the impact that that funding had on
5 our ability to close the serious budget gap that we
6 had last fiscal year and that all of you were a
7 part of that debate.

8 So, again, it was not something that we
9 could have moved somewhere else. It was not -- it
10 was -- it was designed by Congress to allow us to
11 get some fiscal stabilization and help each of the
12 states with their budget deficits.

13 So out of that pot of money coming to the
14 state, we need to peel off \$4 billion.

15 The other big pot of money coming to us
16 is education, about \$2 billion. For the most part,
17 that funding flows directly out to all 500 local
18 school districts using existing formulas.

19 Part of it we were able to move out early
20 on through the supplemental -- the interim budget
21 was that adopted in August, and the rest of the
22 money can now move as a result of the adoption of
23 the budget in October by the Assembly and signature
24 by the -- by the Governor.

25 So those funds will now start flowing out

1 by formula to school districts to help them with
2 the various needs that they have for curriculum
3 development, for renovation of schools, for
4 stabilizing their own budget and being able to
5 avoid property tax increases.

6 Each local school district under the act
7 makes their own decisions as to how they're going
8 to spend those funds.

9 The Department of Education has been
10 doing everything we can to encourage them to invest
11 in things that create a legacy.

12 They're not short-term stopgap measures
13 that have to be resolved in another two years if
14 these funding -- if these funds are no longer
15 available, and that they -- they invest in things
16 that can last 10, 15 years and people can look back
17 and say we used some stimulus to renovate a school,
18 to make a difference in technology, to invest in
19 computers in the classroom.

20 So that effort is now going on, and we
21 expect that the money will start flowing out to the
22 school districts very early in 2010.

23 The other major area which gets a lot of
24 attention is the area of transportation. About a
25 billion dollars in additional funding was provided

1 to the Commonwealth for highway and bridge
2 projects. That's not including transit money.

3 The billion dollars was allocated across
4 the Commonwealth in keeping with federal
5 requirements by a metropolitan planning
6 organization. The decisions on which projects were
7 to be funded were selected at each local
8 metropolitan planning organization's meeting.

9 It was not determined by PennDOT. It was
10 decided at the local municipal level. I believe
11 there's 26 MPOs across the state, and my
12 conversation with Secretary Biehler told me there
13 were eight negative votes across the entire
14 Commonwealth against the initial list of projects.

15 There was certainly frustration that the
16 projects that were selected by these metropolitan
17 planning organizations may not have been the ones
18 that you would -- would normally expect to see.
19 There were no large, big ticket interchanges or
20 bridges because, quite frankly, one -- one billion
21 dollars really isn't going to drive those kind of
22 projects.

23 You need significantly more money here in
24 Pennsylvania to drive those large significant
25 projects. So we each -- asked each of the MPOs to

1 find projects that were ready to go, that we could
2 get started on in keeping with the federal
3 requirements, that we could get them to bid in the
4 spring time or early summer. We weren't looking
5 for projects that needed right-of-way acquisition,
6 environmental clearance, or were in the very early
7 stages of design.

8 These -- you all heard the term
9 shovel-ready a lot last -- last winter. These had
10 been ready to go.

11 We certainly -- I've -- I've been stopped
12 by many a mayor who felt that more should have gone
13 into urban areas, that they had a project that was
14 almost ready to go, that if we had just waited
15 another six to eight months that it would have been
16 ready to go.

17 But I think they also realized that the
18 act did not give us that level of flexibility. We
19 had to move these fund -- had to move the funding
20 out.

21 By moving these funds out, however, keep
22 in mind we now move a significant number of
23 projects off local lists, which makes up space now
24 for our -- what I call our regular PennDOT
25 spending, which is about -- a little under \$2

1 billion in a typical year, to be able to fund some
2 of those local projects.

3 The other thing that Secretary Biehler
4 did, and the Governor fully supported, was we
5 certainly -- we found very earlier on that the
6 funding we were putting into transportation, we
7 were coming in under bid and we were achieving
8 enormous amounts of savings that would be available
9 for a second round, and actually now we have a
10 third round of transportation projects.

11 The decision was made that if the savings
12 were achieved in a certain region, the funding
13 stayed in that region, did not move to another
14 region, and we went back to those planning
15 organizations. We asked them for input in a
16 second, and now a third round, of projects that
17 have been able to be funded.

18 And my understanding is that as a result
19 of that, some of the urban projects that a lot of
20 our mayors were anxious to get going and had now
21 had a lot more work completed over the six to eight
22 months. They were now in the queue and are now
23 getting started.

24 We have met all the requirements for the
25 distressed economy zone the federal government has

1 put on us, and we are confident that we have, you
2 know, used -- utilized a strong list of projects
3 which are making a difference.

4 As far as job creation goes, let me just
5 give you an example on PennDOT projects alone.

6 As our latest data which we have --

7 CHAIRMAN THOMAS: Excuse me.

8 SECRETARY CREEDON: Yes, sir.

9 CHAIRMAN THOMAS: Excuse me,
10 Mr. Secretary. You had started out by saying
11 there's 13 billion, and I think we're about 7
12 billion right now.

13 SECRETARY CREEDON: I'm not going to go
14 through everything. I'll short cut if you don't
15 mind.

16 CHAIRMAN THOMAS: Okay.

17 SECRETARY CREEDON: I'll recognize your
18 time constraint. I want to give a broad overview
19 of some of the major areas and then leave myself
20 time for questions, Mr. Chairman.

21 PennDOT has reported about 5,800 jobs
22 already created as a result of these projects. The
23 jobs -- the only ones that we are able to report
24 are direct jobs on a job site.

25 This does not include jobs that may be

1 created by a concrete supplier or steel
2 manufacturer who provides supplies to the site.
3 These are jobs that we count on a daily basis at
4 each of those job sites.

5 The other major areas of our -- of our --
6 of our pot that I'll mention are energy and
7 environmental spending. We received about \$220
8 million for water and wastewater infrastructure
9 spending.

10 That funding was designated to go to
11 PENNVEST, which most people are familiar with the
12 PENNVEST process.

13 By July we had allocated all of those
14 projects or awarded all of those projects through
15 the PENNVEST process; and as of today -- as of just
16 last week about 88 of 118 projects have been
17 awarded, have settled for a total spending of \$167
18 million or job creation of just about -- excuse
19 me -- 4,400 jobs.

20 So water and wastewater spending, much
21 like the transportation spending, is well on its
22 way out to many, many communities across the
23 Commonwealth.

24 In the area of energy, the way the act
25 divided the funds was really in -- there's --

1 there's probably six or seven different pots. I'll
2 talk about the two big ones.

3 The first one is what's called the State
4 Energy Block Grant Program. It's about a hundred
5 million dollars which DEP, after review by the
6 Oversight Commission several times, elected to
7 divide between biogas projects, solar projects,
8 wind projects, combined heat and power projects, as
9 well as a revolving fund for green buildings.

10 We're in the process now of accepting
11 applications for each of those projects. I can
12 tell you for Solar One, as we call it, which is the
13 first round of solar and for the biogas we're
14 completely oversubscribed. The amount of money we
15 have is probably one-half of the amount of the
16 applications that we have received.

17 But, again, we were awarded this through
18 ARRA by formula from the Department of Energy and
19 these are the funds -- the funds that we have to
20 spend.

21 We also have small community programs,
22 which is about -- a little over \$20 million that
23 was designed to move out to those communities who
24 did not receive direct funding from the act and
25 also to nonprofits, such as hospitals and

1 universities who did not receive direct funding.

2 We have been able -- we have awarded
3 those grants and 99 -- excuse me -- separate
4 projects through and across the Commonwealth for
5 energy efficiency projects throughout -- excuse
6 me -- many municipal buildings.

7 We have some where people who are going
8 to put -- be putting in new street lighting with
9 LED lighting to improve the -- cut down on costs
10 and improve the energy use. And we also have
11 funding that we have to nonprofits, such as
12 hospitals and universities, through that funding.

13 The last area I'll mention is
14 weatherization, with \$258 million to weatherize
15 homes throughout the Commonwealth.

16 We have established a new group within
17 the Department of Community and Economic
18 Development to manage that process for us. We
19 currently have 41 of 43 agencies under contract.

20 The weatherization has already begun. We
21 have 552 homes in the Commonwealth right now that
22 have begun their weatherization process and we
23 expect that to uptick over the next several
24 months.

25 We had to hold back a little bit until we

1 had federal approval of our program and also until
2 we had the budget in place to really get this --
3 this program in gear.

4 Let me conclude -- and I want to be able
5 to certainly answer your questions -- the oversight
6 commission.

7 The oversight commission by executive
8 order is not designed to make the decisions on how
9 this funding is spent. The act tells us how the
10 funding is spent and how the -- the various funds
11 will flow to various different programs.

12 The oversight commission's role, which
13 they've done a really good job, is to help us make
14 sure that we are being accountable and transparent
15 on how the funding is spent and that we are using
16 performance measures and a -- fair evaluation
17 standards in situations where we have competitive
18 grant proposals.

19 They -- Representative Jennifer Mann, who
20 is representing the House, as well as
21 Representative Brian Ellis, they have both been
22 very active members of that commission in providing
23 us input and guidance and -- but, again, keep in
24 mind, the commission's role is not to make the
25 decision on how funding is -- occurs. The

1 commission's role is to make sure that we have the
2 processes in place for fair and open process.

3 On accountability and transparency, we
4 filed our first report with the federal government
5 back in the early part of October. It's called a
6 1512 report.

7 It's designed to account for the spending
8 that the Commonwealth has done up until September
9 30th, as well as to give the first snapshot of jobs
10 that were created as a result of that spending.

11 What the federal government has said is
12 that, while I may talk about 5,800 people working
13 on a PennDOT job, they have said that we really
14 need to look at jobs in three ways.

15 One is what I call the direct count,
16 which is who's out there working every day on the
17 job.

18 The second is what they call FTEs. So,
19 for example, if the job started in June and we're
20 making a report through December, an employee
21 worked there for those six months, that's not one
22 job. That's one-half of a job. So we report in
23 term of FTEs.

24 The other area that -- that has had
25 some -- some discussion and conversation is on the

1 overall impact. And the Council of Economic
2 Advisors has estimated the actual economic impact
3 in terms of jobs created and sustained in
4 Pennsylvania exceeds 40,000, and they base that on,
5 not only looking on what we have spent and where we
6 have spent it, but also look at the spin-off impact
7 of those jobs.

8 So, for example, if we're building a new
9 wastewater plant, we're buying concrete. We're
10 buying supplies. We're buying equipment. That's
11 keeping people that work in those companies as
12 well.

13 So the jobs issue is one that's been
14 debated and discussed in the media, and I'm happy
15 to answer your questions on that as well.

16 So I'll stop there, Mr. Chairman. I know
17 you have a busy agenda. There's a lot for me to
18 pack in.

19 I would like to offer, however -- I'm not
20 able to stay for the full testimony -- if there are
21 additional questions and the Committee would ever
22 like me to come back, all you have to do is look at
23 the schedule in my office and I'll be happy to come
24 and continue the conversation.

25 CHAIRMAN THOMAS: Thank you for your

1 testimony. And I just have one question before I
2 go to the minority chairman and other members.

3 Penn State Center of Agricultural Studies
4 just issued a report which said in terms of -- of
5 job growth and economic development that five
6 counties in Pennsylvania that kind of stand out
7 from every place else, who have high unemployment,
8 lack of investment, and facing very tough times.
9 In fact, a couple of those counties might be -- one
10 county I know is third in the country in its
11 poverty, the number of people in poverty, Lycoming,
12 Potter, Allegheny, Philadelphia, Delaware.

13 So my first question is, is there a
14 relationship between the 5,800 jobs that you say
15 have been created through PennDOT and through these
16 other efforts and the systemic unemployment,
17 underemployment, and economic crisis facing those
18 five counties?

19 SECRETARY CREEDON: The level of
20 investment, both through the water and wastewater
21 funds and through the transportation funds, due to
22 the formulas and obviously the size of the projects
23 clearly do impact Philadelphia and Allegheny County
24 pretty heavily. It's just the nature of our state
25 that a lot of infrastructure and highway work and

1 the size of the water and wastewater plant in those
2 counties, whether it's ALCOSAN in Allegheny County
3 or the city of Philadelphia in Philadelphia, drive
4 that.

5 Those counties have received significant
6 funds through the transportation projects and also
7 through the water and wastewater projects.

8 We do not have, you know, the job count
9 by -- right with me today, the job count by
10 county. We have it by project. We have it by
11 funding stream.

12 But by nature of where the investment is
13 going, it would lead me to believe that there's --
14 there's higher job creation in those areas.

15 It has been extremely challenging to
16 tackle some of the more rural counties. Snyder
17 County, Tioga County, Potter County, Sullivan
18 County, for examples. The level of transportation
19 infrastructure in those communities -- excuse me --
20 is -- is smaller than other areas of the state.
21 It's difficult to get a big impact from a -- from a
22 highway project in those areas.

23 In a lot of cases they are not going to
24 have a water or wastewater system that's going to
25 meet the need for the size of investments that some

1 of those other communities. So it is a challenge
2 when you're using simply an infrastructure bill to
3 do that.

4 However, what we have learned is that
5 you'll often find that people who do live in those
6 counties, who do our work or would work for
7 companies who would do business in those areas, do
8 tend to migrate across county lines and into a
9 more -- I don't want to say urban -- perhaps a more
10 suburban as opposed to rural county.

11 So that someone who works in -- if there
12 isn't a project in Tioga County, you know, the flow
13 of commerce is into another county where a project
14 may be occurring.

15 But it's difficult again if -- and I've
16 tried to describe it as best I could in a limited
17 period of time -- with the way the funding has been
18 designed to guarantee that every county is going to
19 get the same equal basis or have equal job creation
20 based on what their particular project needs are.

21 We -- you know, we're -- we're looking --
22 when we look at the energy side, that's one of the
23 things that DEP is trying to do, is to make sure
24 we're moving money into every single county that we
25 can. That's going to create some energy

1 initiatives and also some job creation in those
2 areas.

3 But it's -- it's not something I can -- I
4 can sit here and guarantee is occurring.

5 CHAIRMAN THOMAS: Okay. I think it's
6 important that at whatever point we could draw a
7 direct correlation between the -- the challenges
8 that we face and the investment.

9 Because to a locality of people who are
10 suffering, they will tell you that the stimulus
11 ARRA has not stimulated them, nor stabilized them.
12 That their situation might even be worse today than
13 it was before stimulus.

14 My -- my second concern runs to, if I'm
15 not mistaken, Pennsylvania has requested about 300
16 million in broadband technology dollars. And
17 Pennsylvania has made a decision to invest a large
18 portion of broadband dollars into rural
19 Pennsylvania, before urban or suburban
20 Pennsylvania.

21 And -- and I imagine that -- that rural
22 Pennsylvania probably has a greater need for
23 infrastructure and for getting on the -- having
24 access to the Internet.

25 And so to that end, it -- maybe sometime

1 before you leave, or maybe you can provide the
2 committee, with what role, if any, will the
3 Oversight Committee and/or you as the stimulus
4 director, rather than czar, how do you plan to
5 interface with the receipt and distribution of
6 what -- at least according to the budget, what is
7 eventually going to end up looking like about 700
8 million in broadband technology funding?

9 SECRETARY CREEDON: I'll be happy to
10 provide the committee with the presentation that
11 was given to the oversight commission. I believe
12 either -- at one of their October -- two meetings
13 in October, one of the meetings in October, of the
14 broadband initiative.

15 The -- the initiative would really allow
16 multiple agencies across the state, not just the
17 state government, to apply -- excuse me -- to the
18 federal government for broadband funding.

19 And we were asked to review and comment
20 on that. We involved a lot of local officials in
21 that -- in that commenting.

22 Our general feel is that we ought to be
23 focusing those dollars, if we should be successful
24 in receiving those -- it's a competitive program --
25 on underutilized -- underserved areas of the

1 Commonwealth that did not have broadband access or
2 areas where it's underutilized.

3 So you're correct that the focus is on
4 areas that are currently underserved as opposed to
5 the urban areas.

6 But I'll be happy to provide the
7 committee with the presentation that was given on
8 that subject.

9 CHAIRMAN THOMAS: Okay. Ms. Jennifer
10 Mann, Representative Jennifer Mann and
11 Representative Lentz [sic] are two very good
12 members of the Pennsylvania House of
13 Representatives.

14 But at some point I'd like for us to
15 maybe take a look at how the larger body can
16 interact with the oversight commission and/or
17 interact with you.

18 I know if you go online you can make
19 comments and you see a lot of data.

20 But for those parts of Pennsylvania where
21 people are locked out of the Internet, either in
22 training, infrastructure, or equipment, they don't
23 really have a voice other than through their
24 members.

25 This Committee is one committee that does

1 interface with local municipalities, local
2 communities, as part of our -- our -- our statutory
3 responsibility.

4 And so to that end, at some point I'd
5 like you to take a look at how can we broaden the
6 conversation around transparency and accountability
7 as it relates to the expenditure of ARRA dollars.

8 SECRETARY CREEDON: Sure. We -- the --
9 the commission, just for those who may not be
10 familiar with it, is made up of myself and Ron
11 Naples, who is the chief accountability officer --
12 excuse me -- as well as we asked each of the
13 caucuses to appoint a representative. The Governor
14 did not make those selections.

15 We also have representatives of the
16 United Way of Pennsylvania, the Pennsylvania
17 AFL/CIO, the Pennsylvania Chamber of Commerce also
18 sitting on the commission.

19 I think that -- you know, the topic has
20 also come up, what about local government, what
21 about other areas? The majority of the money for
22 local government is coming directly to local
23 government, and they're going to have their own
24 reporting and accountability issue. Not through us
25 but on their own.

1 And, you know, certainly we're open to
2 their input. Our meetings are public. We are
3 talking about taking the commission out throughout
4 the Commonwealth. Logistically that's been
5 difficult to do, particularly with all the budget
6 discussions that were going on the last couple of
7 months and getting the -- physically moving so we
8 have a meeting in Pittsburgh, have a meeting in
9 Scranton, have a meeting in the Lehigh Valley, so
10 that the people there can come in and provide some
11 input.

12 Or what we'd like to do is we'd like to
13 hear about what they're doing as well. And we talk
14 basically at the commission meetings about what the
15 Commonwealth is doing with its -- with its pot of
16 money.

17 But I think it would be valuable for the
18 commission to also hear what local government is
19 doing with their pots of money, the direct CDBG
20 funding, the direct energy money, the transit
21 agencies who receive money directly, airports that
22 receive funding directly, housing authorities that
23 receive their funding directly, that really don't
24 touch our reporting requirements or our
25 accountability requirements.

1 So -- so we're trying to do that once we
2 kind of get through the winter here a little bit
3 and get out there and get the commission out into
4 other areas of the Commonwealth.

5 CHAIRMAN THOMAS: Okay. Because I think
6 if you look through the testimony of -- of -- of
7 presenters, we have had an overwhelming number of
8 people who said that they have never talked to
9 you.

10 I'm talking about heads of county,
11 commissioner organizations, statewide school board
12 organizations. We even had a couple mayors who
13 said that ARRA is working but I don't know nothing
14 about an oversight commission and I don't know
15 nothing about Secretary Creedon. I've never talked
16 to him.

17 And -- and I think when you -- when
18 you -- when you are looking at this kind of
19 investment, people need to have some way of -- of
20 communicating other than through the Internet, and
21 I think the best way to do it is either expand
22 the -- the -- the people that make up the oversight
23 commission or do the quarterly meetings or take
24 your meetings on the road where people have a
25 chance to have input.

1 But I think, when all is said and done,
2 the feedback would be much more positive. People
3 feel good when they have an opportunity to have
4 some input and believe that their input has merit.

5 We're going to stop at this point and ask
6 the minority chair if he has any questions.

7 REPRESENTATIVE METCALFE: Thank you,
8 Mr. Chairman. I have several members that -- that
9 have questions, and I have some questions to
10 follow, if you don't mind, that I would defer to
11 my -- to my members to ask their questions and then
12 I would follow up after they've concluded their
13 remarks and their questions.

14 Duane Milne, I think, would probably
15 start if you wouldn't mind, sir.

16 CHAIRMAN THOMAS: Well, we're going to
17 start with Representative Youngblood. She had
18 indicated -- been trying to get a question in.

19 And after Representative Youngblood,
20 Representative Milne.

21 REPRESENTATIVE METCALFE: Thank you.
22 I'll follow after.

23 REPRESENTATIVE YOUNGBLOOD: Thank you,
24 Representative.

25 I need -- I need some clarity. You

1 mentioned about the budget deficit. Are we using
2 stimulus dollars to plug the gap with the budget
3 deficit?

4 SECRETARY CREEDON: We spent \$2 billion
5 in increased Medicaid reimbursement that was
6 certainly a significant advantage to Pennsylvania
7 in -- in lowering the size of the deficit we would
8 have been looking at last year.

9 REPRESENTATIVE YOUNGBLOOD: So, in other
10 words, we are using stimulus dollars to make up for
11 the funding for Pennsylvania. The reason why I am
12 asking is the Keystone Exams, and I was on the
13 Internet and I was searching for -- for different
14 information in reference to education and what was
15 going on.

16 And what I found striking, there was an
17 article, and the article was the end of October,
18 that the U.S. Inspector General were looking at --
19 was looking at four states that had received
20 stimulus dollars because the act stated stimulus
21 dollars are not supposed to be used to plug any
22 holes in a budget.

23 And when I saw that Pennsylvania was
24 listed, Connecticut and Massachusetts. I don't
25 remember the other state. I have the article.

1 SECRETARY CREEDON: Okay.

2 REPRESENTATIVE YOUNGBLOOD: Because then
3 I started going to look -- read some other
4 articles.

5 And I -- and I said, okay, this is a
6 problem because then Pennsylvania is -- is sticking
7 out with three other states and not abiding by the
8 law that the Inspector General, the U.S. Inspector
9 General is looking at the way we're spending the
10 stimulus dollars.

11 So my thought pattern was, well, where is
12 he getting this information that would even cause
13 the inspect -- U.S. Inspector General to look at
14 how we're spending our stimulus dollars?

15 And I found that alarming.

16 SECRETARY CREEDON: Well, let me -- I'm
17 not aware the U.S. Inspector General is looking at
18 how we're spending our stimulus dollars.

19 I can tell you that the General
20 Accounting Office, which is the auditing arm of
21 Congress, has identified Pennsylvania as one of 16
22 states that they -- this was back in March -- that
23 they were going to monitor on a quarterly basis.

24 And we have had quarterly reports filed
25 with the U.S. Congress which has given no

1 indication that we're spending any stimulus funds
2 inappropriately. So I --

3 REPRESENTATIVE YOUNGBLOOD: Well, I have
4 the article.

5 SECRETARY CREEDON: If you can get that
6 article, I'd definitely like to see it.

7 REPRESENTATIVE YOUNGBLOOD: I can do
8 that, Secretary Creedon, because I found that very
9 alarming and it needs --

10 SECRETARY CREEDON: Well, I think we need
11 to make sure that the article is correct before we
12 get too alarmed.

13 REPRESENTATIVE YOUNGBLOOD: Well, his
14 name is in there and he stated why he was looking
15 at Pennsylvania.

16 SECRETARY CREEDON: Okay. If you
17 would -- if you can get that to me, I'd like to see
18 it.

19 REPRESENTATIVE YOUNGBLOOD: I will. I
20 will.

21 CHAIRMAN THOMAS: Thank you,
22 representative.

23 Representative Milne.

24 REPRESENTATIVE MILNE: Thank you,
25 Mr. Chairman. I'd just like to perhaps offer a

1 comment and maybe there's a question embedded in it
2 in terms of the role of the local governments, and
3 you tapped on it a little bit, about perhaps the
4 frustration that they feel about the way that this
5 has been implemented in Pennsylvania.

6 I'm talking specifically about townships,
7 boroughs and certain classes of counties,
8 particularly the ones that are less resourced than
9 Class 1, 2, and so forth.

10 What I've heard from the testimony
11 throughout the state is that many of these
12 townships, boroughs and certain categories of
13 counties simply do not have the personnel to be
14 able to be positioned to go after stimulus
15 opportunities; be it grants, be it other projects,
16 and so forth.

17 So they are aware that these
18 opportunities are there. But when you have a -- a
19 township where it may only be one full-time
20 employee essentially running the entire
21 administration, they don't have advance officers
22 like perhaps some of the big counties do --

23 SECRETARY CREEDON: Right.

24 REPRESENTATIVE MILNE: -- and suburban
25 Philadelphia where I -- where I happen to be from.

1 And I know you have to work with the constraints
2 of -- of what has been handed down, certainly, from
3 Washington.

4 But I guess it's a comment, it's an
5 observation, maybe embedded in there a question
6 about whether we can be a little more flexible
7 somehow within the guidelines from Washington about
8 trying to recognize the reality of what these kind
9 of entities have to deal with, where they simply
10 don't have the personnel, the resources, to be able
11 to perhaps best capitalize on what is available out
12 there.

13 SECRETARY CREEDON: Well, first of all, I
14 think it's important to note that the -- you know,
15 the frustrations of locals of how it was
16 implemented in Pennsylvania, it was implemented the
17 same way in all 50 states because we were all given
18 the same guidance.

19 The funding came in very specific
20 formulas. You need to spend in those formulas. I
21 think we briefed the legislature back in -- you
22 know, the full -- invited both -- the full General
23 Assembly and then the residents for a briefing.
24 That's one of the first things we tried to make
25 very clear, that this wasn't 10 billion, \$11

1 billion that we could decide how to spend.

2 It was very clearly driven through
3 specific programs, for the most part, that were
4 already in place.

5 So I think -- you know, as I've talked to
6 as many local officials as I've been able to,
7 whether or not going to their annual meetings or
8 going to their legislative sessions, or just going
9 to regional meetings, I -- I get -- I understand
10 their frustration, that they're kind of waiting to
11 see when that hits.

12 As far as the small communities go, we --
13 the -- the best impact that they could have had is
14 really through PENNVEST, through water and
15 wastewater.

16 And for the most part they're -- a lot of
17 small communities in Pennsylvania are -- really
18 have that -- that process down pretty pat. Their
19 engineers know how to make that application. In a
20 lot of cases they already had their application in
21 place.

22 We tried our very best with what's called
23 the small community, conservation works program,
24 which is designed for small communities, to make it
25 as straightforward and simple as possible for

1 someone to apply for a grant.

2 About \$250,000 was the maximum we --
3 given the amount of demand we were going to have,
4 that we -- we could put in there.

5 DEP has done everything they can to
6 provide regional managers to help with grant
7 applications.

8 At the same time, though, it's never
9 going to solve all the frustration. Because I can
10 imagine -- I review a lot of the draft applications
11 we're putting out and I know I sit at my desk
12 sometimes and say, Good Lord, how do you answer all
13 these questions? So I can understand, when you're
14 a one or two-man operation, that frustration has to
15 be there.

16 And we'll continue to do our very best
17 when those opportunities are out there to outreach
18 and provide guidance, provide help as best that we
19 can.

20 But we're not in a position where we can
21 simply allocate without some type of competitive
22 process, or having it match one of the funding
23 areas, which would be the easiest way to do it.

24 REPRESENTATIVE MILNE: Sure. And I can
25 certainly appreciate that. And I would just add

1 quickly on, trying to move through the questions as
2 expeditiously as possible, that even for the
3 optional grants, competitive grant process, many of
4 these municipalities don't feel that they really
5 even are in a position to even get the AP --
6 literally the grant application together.

7 So to the extent the state, in your
8 position, is aware of any way that we can be more
9 supportive of trying to partner with those kinds
10 municipalities, I'd certainly think --

11 SECRETARY CREEDON: Sure.

12 REPRESENTATIVE MILNE: -- it would be
13 well worth our -- our efforts to do.

14 Thank you, Mr. Chairman.

15 SECRETARY CREEDON: We'll keep -- keep to
16 -- do our best to keep focused on that.

17 CHAIRMAN THOMAS: Thank you,
18 representative.

19 Representative Knowles.

20 REPRESENTATIVE KNOWLES: Thank you very
21 much, Mr. Chairman.

22 And, Mr. Secretary, thank you for taking
23 time out of your busy schedule to be here today.

24 SECRETARY CREEDON: Glad to be here.

25 REPRESENTATIVE KNOWLES: Mr. Secretary,

1 in -- in terms of the CDBG dollars, stimulus
2 dollars, would you be able to tell me what percent
3 of the additional CDBG dollars were used by DCED
4 for administrative purposes?

5 SECRETARY CREEDON: I don't want to give
6 you a wrong number. I don't have that readily
7 available. I do know I have that information.

8 Keep in mind, we only receive a direct
9 allocation of CDBG funds in the amount of a little
10 over \$20 million. Actually -- no, I'm sorry. \$12
11 million I believe the number was, which were
12 additional CDBG above what we get for small
13 communities.

14 The other direct CDBG communities receive
15 those funds directly. So the only thing we manage
16 is a rather small piece.

17 Let me go back and get you the
18 administrative costs. I can tell you, based on my
19 meeting with DCED last week, it's very minimal, if
20 anything additional. Because it was really not a
21 big pot of money.

22 We're trying -- one of the things we've
23 tried to do is minimize as much as possible taking
24 administrative dollars as opposed to putting them
25 into projects.

1 For example, PennDOT, Secretary Biehler
2 made the decision -- they had the ability to keep
3 administrative funds. He said, no, everything goes
4 into -- into the funds.

5 I believe CDBG was in the same category.

6 Weatherization we are keeping some,
7 because we had to build up our staff in that area.

8 But I'll -- I'll confirm that for you.

9 REPRESENTATIVE KNOWLES: Thank you.

10 In terms of staff, that was, you know,
11 another question I had. Were you -- were there
12 additional staff hired?

13 SECRETARY CREEDON: There were additional
14 staff hired in primarily the unemployment
15 compensation area to -- to handle increased
16 demand. Again, the act provided for that level of
17 hiring.

18 And then also in the Department of Public
19 Welfare, for their increased demand for Medicaid
20 and other services.

21 As far as what we would normally look at
22 and say -- I like -- I like to use the
23 nonprogram-type costs, where you're out there --
24 just to give you an example. On the DPW side,
25 while it may seem like -- I think it was 120 or 130

1 additional hires. That's two per county. So we
2 weren't -- you know, for a county assistance
3 office. So we're not talking huge numbers to come
4 in. It was to handle the additional case load.

5 Same thing with unemployment
6 compensation.

7 As far as administrative staff, we are --
8 our staffing went up in the weatherization area,
9 that's primarily the area we're looking at. And by
10 the time we're done, that will probably be up and
11 around maybe ten staff.

12 And we hired one additional person -- two
13 additional people to support the accountability
14 officer with reporting. For the most part we have
15 people doing two jobs. Myself included. And
16 people on my staff who are doing their normal jobs
17 and also working on the stimulus. We've tried to
18 minimize that spending as much as possible.

19 But the primary area where we're going to
20 see it is on weatherization where we needed to
21 staff-up given the level of the program and the
22 risk involved in that program.

23 REPRESENTATIVE KNOWLES: Thank you very
24 much. And if you could provide that --

25 SECRETARY CREEDON: Yes.

1 REPRESENTATIVE KNOWLES: -- information.

2 SECRETARY CREEDON: I'll get that over to
3 you. I just want to make sure I've got that data
4 right.

5 REPRESENTATIVE KNOWLES: Thank you,
6 Mr. Secretary.

7 Thank you, Mr. Chairman.

8 CHAIRMAN THOMAS: Thank you,
9 representative.

10 Representative Oberlander.

11 REPRESENTATIVE OBERLANDER: Thank you,
12 Mr. Chairman.

13 Thank you, Secretary Creedon, for your
14 testimony.

15 I do have a couple of questions. The
16 first is on the broadband funding. I have two
17 counties who have both applied for that funding.
18 We are rural and we do have a great need in order
19 to equalize our opportunity for economic
20 development.

21 They have both been through the process
22 and have received a letter that they weren't first
23 on the list or top of the -- top of the list. I'm
24 not sure what the terms were. But it sounded like
25 good news sort of.

1 I'm wondering if you can tell me when
2 they might have an answer on their actual funding?

3 SECRETARY CREEDON: The decision is not
4 being made by the state. They're being made by the
5 federal government.

6 And I -- as -- as of this morning I don't
7 have an update on when the federal government plans
8 on awarding or making decisions on that broadband
9 initiative.

10 We're trying to monitor that as best we
11 can. Some -- sometimes you monitor and you really
12 know, and other times it's through asking a lot of
13 questions something is coming.

14 But there's a number of competitive
15 grants that we've applied for, broadband included,
16 along with highways and rail and other areas that
17 we're anxiously awaiting some decisions on it.

18 CHAIRMAN THOMAS: Mr. Sec --
19 Mr. Secretary, if I can, in response to her
20 question, it's my understanding that applications
21 went into the National Telecommunication Center.
22 They were all bundled and sent back to
23 Pennsylvania --

24 SECRETARY CREEDON: Uh-huh.

25 CHAIRMAN THOMAS: -- for Pennsylvania to

1 prioritize.

2 SECRETARY CREEDON: That's correct.

3 CHAIRMAN THOMAS: Has Pennsylvania at
4 least notified potential applicants of whether
5 they're in category one, category two, or category
6 three?

7 And the second part of it is, because
8 while this round of funding is over, there is
9 another RFP either out or coming out of about 30
10 million, and so my question is, is -- will
11 Pennsylvania, if -- if Representative Oberlander's
12 county came up in category three, which is less
13 priority than category one, will her county have an
14 opportunity to move to one in support from the
15 Commonwealth as it relates to these other pots of
16 broadband dollars?

17 SECRETARY CREEDON: I will -- I will
18 confirm that we notified those that we reviewed and
19 what -- I know each of them participated in that
20 review. I will talk to the O -- broadband office
21 today and make sure that we did that notification.

22 That would also be then the priority --
23 where people were prioritized would be part of that
24 presentation I'll send over to you.

25 CHAIRMAN THOMAS: Okay.

1 SECRETARY CREEDON: Okay.

2 REPRESENTATIVE OBERLANDER: My second
3 question is related to some of the infrastructure
4 dollars, and most of our counties and our townships
5 are very strapped for cash. But they are now
6 required to pay for the advertising, the prevailing
7 wage, and it seems that -- and weatherization is in
8 there definitely -- where we're getting less for
9 our dollar because of the price we have to pay to
10 get that done.

11 And I -- basically that's really more of
12 a comment than a question. Because I'm pretty sure
13 I know the answer.

14 It is the way that it is, and that you
15 didn't make that up. But it's very difficult for
16 most of our townships, counties, and community
17 action groups to get what they did last year for
18 the same dollar.

19 SECRETARY CREEDON: Well, in the area of
20 weatherization, the agency is receiving
21 significantly -- significantly more dollars to
22 weatherize a lot more homes. We're estimating, you
23 know, tens of thousands of homes are going to be
24 able to weatherize in Pennsylvania.

25 The federal government requires not

1 prevailing wage but the application of Davis-Bacon
2 which is a federal -- basically the federal version
3 of prevailing wage.

4 I -- I'd be hard pressed to -- given that
5 only applies to the labor portion of a project, as
6 opposed to materials and installations and
7 supplies, to feel that we are weatherizing a
8 tremendously -- a lot smaller group of homes
9 because we're using Davis-Bacon or prevailing wage
10 than we would be in -- in -- by not using it.

11 So I think there's concern more -- as
12 I've talked to agencies -- I attended one of the
13 meetings they had with the agencies where we were
14 all there, and I actually kind of quietly slipped
15 into the back of the prevailing wage break-out
16 session.

17 The concern was not on -- that it's going
18 to cost a little more but that the bookkeeping is
19 going to be a little bit more intense than it was
20 in the past.

21 But I have to tell you, anything in
22 dealing with ARRA right now, your bookkeeping is
23 pretty intense because you need to keep track of
24 everything.

25 So I -- I think we'll work our way

1 through it. I think it's a new -- a new version of
2 something for them. You know, the upside of it is,
3 is that we're now going to have people -- probably
4 getting a little more wages while they're
5 weatherizing their home and they're going to have a
6 little more to take home and pay the bills.

7 So we may not weatherize quite as many
8 homes, but those who work on it are going to have a
9 little bit more money to -- to --to take care of
10 the bills at home.

11 REPRESENTATIVE OBERLANDER: Thank you.

12 CHAIRMAN THOMAS: Thank you.

13 Representative Gabler.

14 REPRESENTATIVE GABLER: Thank you very
15 much, Mr. Chairman.

16 And, Mr. Secretary, it's certainly been
17 informative and I appreciate the opportunity to --

18 SECRETARY CREEDON: Glad to be here.

19 REPRESENTATIVE GABLER: -- ask you
20 questions.

21 I wanted to make first sure I understand
22 with regard to some of our discussion about
23 formulas and how dollars get allocated.

24 First, I -- I understand that the
25 federal -- federal government, the way they set up

1 stimulus, their formulas drive how you have to
2 allocate dollars from one program to the next as
3 far as Medicaid, Medical Assistance and UC,
4 transportation, etc. Right?

5 SECRETARY CREEDON: Correct

6 REPRESENTATIVE GABLER: Within those
7 programs though did that -- does the state have
8 latitude within those programs to determine what
9 individual local things, for example,
10 transportation or water/wastewater project
11 themselves get those dollars?

12 SECRETARY CREEDON: Again, I'd have to
13 walk you through category by category. I'll give
14 you some examples.

15 In the case of transportation, the answer
16 really would be no. I mean the Federal Highway
17 Administration said, go out and use your existing
18 MPO process, look through your prioritized projects
19 that are ready to go and get those out to bid.

20 And that's the process that Secretary
21 Biehler and the Department of Transportation did
22 and quite successfully. They -- they -- they I
23 think were ranked number four in the country right
24 now as far as utilization of transportation dollars
25 by a House committee, the oversight committee.

1 In the areas where we had -- I guess I'll
2 call it some -- I'll lightly use the term loosely,
3 flexibility, was in the area of energy. Because we
4 were given a -- the hundred million dollars for the
5 state energy block grant program with the need to
6 get approval from the Department of Energy but not
7 an awful lot of requirement.

8 And that was an area where early on -- I
9 think it was even as early as April -- Secretary
10 Hanger made a presentation to the oversight
11 commission on his -- his view of how we ought to
12 utilize that.

13 And his -- his view was that we need to
14 make strategic or allow for strategic investments
15 across a broad range of energy areas. That's where
16 I mentioned biogas, solar, wind, geothermal,
17 combined heat, and the Green Building Initiative.

18 So there certainly was -- we -- we're
19 probably different than other -- other states in
20 perhaps how we laid out that spending.

21 The area that -- the other emphasis that
22 we placed then, even once we made those decisions,
23 was on what would be the criteria we'd use to
24 decide whether an application was -- was good in
25 those areas.

1 And our view was we were looking for job
2 creation certainly, but we were also looking for
3 potential energy reduction and cost reduction to
4 the recipient, and particularly energy reduction.

5 So that I guess to answer your question,
6 that was the area where there was some -- probably
7 more flexibility than any other area.

8 Arguably you can say in the area of water
9 and wastewater perhaps there was a little more
10 flexibility. The money went to PENNVEST. The
11 PENNVEST board of directors, which is made up of
12 members of the House and the Senate, out --
13 citizens, myself, as well as several other cabinet
14 secretaries, we had several board meetings where we
15 discussed, well, how are we going to evaluate what
16 are called -- we call our ARRA projects? Should
17 they be evaluated differently than -- than regular
18 PENNVEST projects?

19 And the decision was that they should be,
20 and we went to look for shovel-ready, to
21 make sure they're in the ground. We have to have
22 all our money committed by February 10 of 2010.

23 We also wanted to look at job creation.
24 We also wanted to look at the unemployment rate in
25 the county where the project was occurring.

1 So we gave ARRA projects a different
2 weighting in the scoring that's used as opposed to
3 a traditional PENNVEST project.

4 But we couldn't go outside of water and
5 wastewater with that money. But, again, we had
6 some flexibility on how we prioritized.

7 Outside of that, there was really little
8 decision -- I may be missing one or two of the
9 programs in there -- but there probably really was
10 very little decision-making you had to do outside
11 of let's get these projects out there, get them
12 moving, make them competitive, make them
13 transparent and let's get started and make sure we
14 get the spending going.

15 REPRESENTATIVE GABLER: Thank you.

16 I would -- with -- and with regard to
17 specifically water/wastewater. That was where I
18 was hoping to -- to get to. I -- I have heard some
19 concerns that -- as far as how -- how the formula
20 was -- was put together.

21 My understanding is that there were
22 certain projects that would have been funded
23 regardless of whether stimulus was here through
24 normal state programs.

25 SECRETARY CREEDON: Uh-huh.

1 REPRESENTATIVE GABLER: And then when
2 stimulus was put on top of that, a number of the
3 same programs just got a little bit more funding.
4 Is that correct?

5 SECRETARY CREEDON: I'm not -- could --
6 could you just repeat that? I'm not really sure I
7 get --

8 REPRESENTATIVE GABLER: Sure.

9 SECRETARY CREEDON: I want to make sure I
10 get the question right.

11 REPRESENTATIVE GABLER: If -- had
12 stimulus not occurred --

13 SECRETARY CREEDON: Uh-huh.

14 REPRESENTATIVE GABLER: -- there would
15 have been some water/wastewater projects
16 undertaken --

17 SECRETARY CREEDON: Absolutely.

18 REPRESENTATIVE GABLER: -- by the state.

19 SECRETARY CREEDON: Yes. Yes.

20 REPRESENTATIVE GABLER: Regardless.

21 SECRETARY CREEDON: Yes.

22 REPRESENTATIVE GABLER: So then add
23 stimulus dollars to the mix, some concerns that
24 have been raised to me by constituents who have --
25 who have been involved in this process is that --

1 it has been pointed out it appears as though
2 stimulus dollars have gone to some of those same
3 projects and rather than enabling additional
4 projects to be undertaken -- rather -- rather than
5 allowing additional projects to be enabled --

6 SECRETARY CREEDON: Uh-huh.

7 REPRESENTATIVE GABLER: It's really just
8 kind of --

9 SECRETARY CREEDON: Got you.

10 REPRESENTATIVE GABLER: -- expanding an
11 existing project, which kind of questions, how does
12 that tie into job creation with stimulus if we're
13 just kind of expanding an existing project, not
14 enabling new ones which was kind of --

15 SECRETARY CREEDON: Sure.

16 REPRESENTATIVE GABLER: -- the hope?

17 SECRETARY CREEDON: I think -- I can
18 understand that concern, but keep in mind that by
19 moving project -- by having more money to utilize,
20 you're then able to fund more projects.

21 So I think we were able to go down much
22 deeper on our project list than ever before as a
23 result of the -- of the stimulus money being
24 there.

25 So I think that -- a lot of communities,

1 I think, sometimes are frustrated because probably
2 even without stimulus or no stimulus or state
3 program, they probably weren't going to get ranked
4 anyway based on the project.

5 I mean a lot of communities -- a lot of
6 communities have -- you know, one of the things
7 you're judged on is your ability to pay, that they
8 have the local capacity through rates. And I know
9 no one wants to talk about rate increases. I've
10 worked in a private water utility. I know the
11 sensitivity on those issues.

12 But, you know, PENNVEST does look at
13 that. If you've got one community that clearly
14 hasn't raised rates in 15 years and they've got,
15 you know, another nickel or another dime on the
16 rate, is going to be able to fund a project and
17 you've got another community that's suffering and,
18 you know hasn't been able to raise -- has raised
19 rates, they're at the extent of their -- of their
20 customer base, they don't have the ability to do
21 that, the income levels in those communities are
22 lower, they do jump ahead of them on the -- on the
23 list.

24 And that's a topic the board debates, and
25 probably Paul Marchetti from PENNVEST is a little

1 more ingrained in that than I am. But it's
2 something that we probably have to take a look at
3 that in the future.

4 REPRESENTATIVE GABLER: Thank you very
5 much. Thank you, Mr. Secretary. Appreciate
6 your -- your comments.

7 And thank you, Mr. Chairman.

8 CHAIRMAN THOMAS: Thank you.
9 Representative Metcalfe.

10 REPRESENTATIVE METCALFE: Thank you,
11 Mr. Chairman.

12 Thank you, Mr. Secretary, for your
13 testimony today.

14 One of my concerns is along the same
15 lines of Representative Youngblood's concern, and
16 that's in reference to the July 2009 GAO audit that
17 was entitled 'Recovery Act States' and Localities'
18 Current and Planned Uses of Funds While Facing
19 Fiscal Stresses.

20 And I understand the Bureau of Audits
21 completed its risk assessment, about 90 programs,
22 and Pennsylvania receiving Recovery Act funds and
23 designated each program as high, medium, or low
24 risk.

25 SECRETARY CREEDON: Uh-huh.

1 REPRESENTATIVE METCALFE: But according
2 to the Bureau of Audit Officials, the common single
3 audit report findings in Pennsylvania for the
4 Recovery Act program is inadequate sub -- recipient
5 reporting inadequate supporting documentation for
6 expenditures and inadequate support for -- for
7 required federal reports.

8 In the July report the bureau plans --
9 they had -- they 15 programs that were designated
10 as high risk --

11 SECRETARY CREEDON: Uh-huh.

12 REPRESENTATIVE METCALFE: -- out of
13 that --

14 SECRETARY CREEDON: Right.

15 REPRESENTATIVE METCALFE -- common
16 evaluation.

17 Can you tell us what those 15
18 Pennsylvania programs were?

19 SECRETARY CREEDON: I was afraid you were
20 going to ask me to give you a list of 15. No, I
21 can't, as I sit here. But let me --

22 REPRESENTATIVE METCALFE: Do you have a
23 list of those?

24 SECRETARY CREEDON: Absolutely. Let --
25 let me --

1 REPRESENTATIVE METCALFE: Can you get
2 them to the chairman's office --

3 SECRETARY CREEDON: Sure.

4 REPRESENTATIVE METCALFE: -- or my
5 office?

6 SECRETARY CREEDON: Let me describe a
7 little bit.

8 REPRESENTATIVE CREEDON: I appreciate
9 that.

10 SECRETARY CREEDON: GAO didn't list them
11 as high risk. What they were referring to in that
12 report was we conducted our own internal evaluation
13 to say where did we need to make sure that we were
14 placing our management resources and our audit --
15 internal audit processes.

16 And it's one of those -- I've learned in
17 my seven years here -- it's one of those tricky
18 areas to talk about in public, because immediately
19 the perception is, well, if you've it listed as
20 high risk, something has to be wrong.

21 This is no different than in a company
22 where you indicate that -- you know, an area of
23 that company needs a little bit more attention, you
24 want to make sure your auditors are taking a look
25 at, and you've got some risk identified. That's

1 really what that process was designed to be.

2 REPRESENTATIVE METCALFE: Can you follow
3 up on the 15 to let us know what those were?

4 SECRETARY CREEDON: Sure.

5 REPRESENTATIVE METCALFE: Because -- as
6 far as the testimony related to the MPO's
7 involvement in -- in the PennDOT process --

8 SECRETARY CREEDON: Uh-huh.

9 REPRESENTATIVE METCALFE: -- we've --
10 we've had, as you know, testimony given in three
11 former hearings. I just quickly wanted to -- there
12 was testimony given by Joseph Gibbons, Luzerne
13 County engineer, at the October 29th hearing in
14 Scranton, and this is an excerpt of his testimony.

15 He said that the point is that local
16 governments were almost completely left -- left out
17 of the decision on where to allocate the ARRA pot.
18 When the MPOs brought this complaint to PennDOT's
19 attention, PennDOT responded by developing a list
20 of local projects that could be funded by leftover
21 ARRA funds through bid savings and -- or another
22 round of ARRA funding.

23 This has not come to fruition to date. I
24 believe PennDOT used the money to offset state
25 allocations to balance the Commonwealth's budget.

1 That was from one testifier. Another
2 testifier --

3 SECRETARY CREEDON: That information is
4 incorrect.

5 REPRESENTATIVE METCALFE: Well, it's --
6 there's --

7 SECRETARY CREEDON: Okay?

8 REPRESENTATIVE METCALFE: If it's
9 incorrect, there's --

10 CHAIRMAN THOMAS: Mr. Chairman --

11 REPRESENTATIVE METCALFE: Yes.

12 CHAIRMAN THOMAS: -- if I can.

13 REPRESENTATIVE METCALFE: Yes, sir.

14 CHAIRMAN THOMAS: If we're going to go
15 through the testimony that has been submitted, then
16 we're going to be doing that at one of our
17 committee meetings.

18 REPRESENTATIVE METCALFE: Oh, I'm not
19 doing it for that reason. It was just to give --

20 SECRETARY CREEDON: Sure.

21 REPRESENTATIVE METCALFE: -- the
22 Secretary a chance to -- to hear the concerns in
23 case he wasn't aware. Because we also received
24 testimony at the November 5th, 2009 hearing from
25 Commissioner James Scahill from Armstrong County

1 where he -- and this is just a quick couple of
2 sentences he wrote -- or he said, as we review the
3 experiences of our agencies, some of whom are still
4 waiting for the promised award of ARRA funding,
5 it's hard to believe that in February the
6 transportation portion of Pennsylvania's ARRA
7 funding was already allocated at PennDOT district
8 level with no input from a full partner of the
9 process, the metropolitan planning organization
10 under the federal ISTEA Acts.

11 And, of course, he goes on, and
12 Mr. Scahill is certainly familiar with the MPO.
13 He's been serving there for a long time in
14 Armstrong County and with the -- with the SPA [sic]
15 in southwestern Pennsylvania.

16 So just the testimony we received from
17 prior testifiers who -- who have a perception from
18 what's going on at the MPO level is certainly
19 different than your perception at the -- at the
20 state --

21 SECRETARY CREEDON: Right.

22 REPRESENTATIVE METCALFE: -- commission
23 level. And wherever the perception or wherever the
24 disconnect has occurred, they certainly should have
25 been made aware --

1 SECRETARY CREEDON: I think here is where
2 the disconnect occurred. The -- the -- the
3 perception by local officials in January of last
4 year, or maybe even in December of last year, was
5 that this funding was going to come directly to
6 local governments.

7 They were asked by their local --
8 national organizations to provide wish lists of
9 projects that were shovel-ready.

10 There's a website you can go to called
11 where's the pork.com [sic]. And you can click on
12 your state and home town and you can see the list
13 that allegedly is being funded under stimulus.

14 Most of those lists are those lists that
15 were sent in by mayors and township officials and
16 county executives throughout the country of what
17 they would do if there was a stimulus program.

18 And I think the perception was that as
19 long as I submitted that list in January or
20 February, that when the Act was passed, that
21 somehow that money was going to come to my
22 community.

23 Where the disconnect occurred was that
24 that's not how the Act was written by Congress.
25 That's not what was signed by the President.

1 That's not what was handed to Pennsylvania to
2 implement.

3 REPRESENTATIVE METCALFE: And I
4 understand that.

5 SECRETARY CREEDON: I can't change that.

6 REPRESENTATIVE METCALFE: And I
7 understand. I understand that.

8 SECRETARY CREEDON: You know, that's --
9 that's a --

10 REPRESENTATIVE METCALFE: We understand
11 that the Feds wrote the law. The Feds are -- the
12 Feds are the ones who passed and signed -- signed
13 the law.

14 But at the same time, you -- you -- your
15 testimony seemed to indicate to me, as I was
16 listening to it --

17 SECRETARY CREEDON: Uh-huh.

18 REPRESENTATIVE METCALFE: -- that the
19 MPOs were a full partner in making those
20 decisions.

21 The testimony coming from the individuals
22 who are serving and -- and working with those MPOs
23 didn't perceive their -- their partnership as being
24 a -- a equal partner in the process.

25 SECRETARY CREEDON: Uh-huh.

1 closing thought, Mr. Chairman, if I may.

2 The -- I think the problem with some of
3 the stimulus is -- is the faulty premise that it
4 was advanced that it actually could stimulate,
5 through government spending, our economy, when I
6 think it's just creating more of a debt on our
7 current taxpayers and future taxpayers without
8 actually creating any other jobs at all at the --
9 at the end of the day.

10 And I think some of that is justified
11 with some of what we've heard from Representative
12 Youngblood's concerns and some of the other
13 concerns about reports of phantom spending because
14 the accountability hasn't been real good.

15 But I look forward to -- to continuing to
16 hear testimony.

17 Thank you, Mr. Chairman.

18 SECRETARY CREEDON: Mr. Chair, if I just
19 quick could do -- this would be very brief. I
20 encourage you to continue to have these meetings
21 and have a chance for us to present the -- the --
22 the facts on accountability and transparency and
23 phantom reporting.

24 And I think it's important, if we're
25 going to talk about that, that none of that was

1 alleged here in Pennsylvania as part of our
2 reports.

3 And the stories are going on nationally,
4 we have not been in any -- had any indication with
5 the federal government that there was any concerns
6 about what Pennsylvania filed on our 1512 report.
7 I think that's important to recognize.

8 And even if in some cases where there
9 was, I think, a couple of local governments or
10 private recipients of funding here in Pennsylvania
11 where there was a mis -- mistake in a congressional
12 district, which I think is kind of famous, by
13 watching on C-Span the other night.

14 REPRESENTATIVE METCALFE: Reported in the
15 Post Gazette.

16 SECRETARY CREEDON: Going off --

17 REPRESENTATIVE METCALFE: They had
18 districts with --

19 SECRETARY CREEDON: Yeah. But keep in
20 mind, two boxes later was the name, the address,
21 and the phone number of the recipient. So it's
22 important to understand what was reported.

23 CHAIRMAN THOMAS: Mr. Secretary, let me
24 say this. I think we have one more hearing
25 scheduled. We're going to pull it all together and

1 make an outline of the concerns and we would like
2 to invite you back to --

3 SECRETARY CREEDON: Happy to do it.

4 CHAIRMAN THOMAS: -- a committee
5 meeting --

6 SECRETARY CREEDON: Sure.

7 CHAIRMAN THOMAS: -- where all 35 members
8 of the committee can link up with you and do what
9 we need to do to make this work or make it work
10 better and, you know, so that all Pennsylvanians
11 can benefit from it.

12 So I want to thank you for your
13 testimony.

14 SECRETARY CREEDON: Sure.

15 CHAIRMAN THOMAS: I have to ask this
16 before you leave, though. January of 2011 you're
17 going to be with us. Right?

18 SECRETARY CREEDON: Excuse me. January
19 of 2011?

20 CHAIRMAN THOMAS: Correct.

21 SECRETARY CREEDON: I have a certificate
22 on my wall that says January 17th, I think, my term
23 as Secretary expires.

24 CHAIRMAN THOMAS: Okay.

25 SECRETARY CREEDON: I forget the exact

1 date.

2 CHAIRMAN THOMAS: You're not planning to
3 go to HUD or go some place else. You're going to
4 stay right here. Right?

5 SECRETARY CREEDON: I -- I am committed
6 to get a job done, but I also have a kid in
7 college. So I'll leave it at that. How is that,
8 sir?

9 CHAIRMAN THOMAS: I'll -- I'll accept
10 that.

11 SECRETARY CREEDON: And another one on
12 his way.

13 CHAIRMAN THOMAS: Thank you,
14 Mr. Secretary.

15 SECRETARY CREEDON: Okay. Thank you.

16 CHAIRMAN THOMAS: Now, let me -- somewhat
17 in the interests of time, let me call the names of
18 our upcoming presenters just to make sure that
19 everybody is here.

20 Is Dauphin County here?

21 MR. CLARK: Yes. Yes, sir.

22 CHAIRMAN THOMAS: Clearfield County? Is
23 Clearfield County here?

24 MAYOR SUPILIZIO: Yes.

25 CHAIRMAN THOMAS: Snyder County?

1 MR. KANTZ: Yes.

2 CHAIRMAN THOMAS: Okay. Borough of
3 Huntingdon?

4 MR. MYERS: Yes.

5 CHAIRMAN THOMAS: Blair County?

6 (No Response.)

7 CHAIRMAN THOMAS: Anybody here from
8 Altoona or Blair County? We have written testimony
9 from Blair County, but I wanted to see if there was
10 anybody here from Blair County.

11 Okay. Let us start with Mr. Stover K.
12 Clark, Dauphin County, city of Harrisburg, grants
13 manager for the city of Harrisburg.

14 MR. CLARK: Good morning.

15 CHAIRMAN THOMAS: Welcome, sir.

16 MR. CLARK: Thank you. Thank you. As
17 you said, my name is Stover Clark and I am the
18 grants manager for the city of Harrisburg.

19 On behalf of the mayor, Stephen Reed,
20 members of the city council, and the city I want to
21 thank you for giving us the opportunity to present
22 this testimony.

23 I'm going to make it real brief. I want
24 to concentrate on three areas. One is the federal
25 stimulus money that comes directly from the Feds to

1 municipalities. In this case Harrisburg.

2 The second area is the monies that went
3 from -- the stimulus funds that went from the Feds
4 to the state and then on to local municipal
5 government.

6 And the last area is the impact it's had
7 on the city of Harrisburg's budget or not had on
8 the city's budget.

9 Number one. Federal stimulus money
10 available to local units of government through
11 competitive processes. We -- we've submitted 13
12 grants to the federal government for a total amount
13 of about \$219 million.

14 Now, I want to couch that with the \$200
15 million of that is one grant application for the
16 Southern Gateway Project. So really if we take
17 that off the table, we've looked at \$19 million
18 worth of projects.

19 We've been approved for five totaling
20 about \$4.8 million. We've been denied five for
21 \$9.5 million. And there's some still pending that
22 we hope to hear from very soon.

23 The highlights for the city of Harrisburg
24 is we received 1.7 million for the hiring of eight
25 additional police officers. 1.4 million for

1 housing and homeless prevention. And I have a
2 spread sheet that I'll -- I'll leave that really
3 talks about how we've monitored this.

4 From our perspective, it's really
5 important to note that these are for new projects
6 and new hires. Not for the underwriting of the
7 day-to-day operational costs of the city of
8 Harrisburg.

9 Back in March when the stimulus funds
10 were bubbling up, our mayor established a review
11 committee comprised of all the department heads,
12 and one of the charges of that committee was that
13 at one point, probably around eight years ago, the
14 city of Harrisburg had 900 employees. Presently we
15 have about 540. There's a capacity issue. I think
16 that was some of the representatives -- the
17 capacity of the city of Harrisburg to not only
18 apply for the funds but absorb the projects in
19 terms do we have the capacity to manage it? Does
20 it fit into the scheme of what we want to do as a
21 city?

22 Those were kind of the overriding -- and
23 I -- I know for a fact because I was there, that
24 sometimes we didn't apply for an application
25 because it just -- we didn't have the capacity to

1 absorb it, which is unfortunate, but that's just
2 the way it is.

3 It just underscores -- and I'm really --
4 I'm not reading from this. I'm just -- but it
5 underscores that -- that we have to be real careful
6 on what we say we want to do. There was a lot
7 money out there, but it's -- it just underscores
8 that issue.

9 The second issue is -- the area of
10 discussion is the state monies, the stimulus monies
11 that went to the state that were available to the
12 units of local government, whether they be cities,
13 counties, municipalities, townships.

14 That brought a whole different set of
15 challenges. Capacity issue is one of them. The
16 capacity -- and I'm not -- I don't want anyone to
17 take this wrong. I'm not blasting the state
18 government.

19 But the capacity for them to comply with
20 the requirements of the stimulus act, getting
21 the -- the policies and procedures in place, how
22 they were going to absorb this, and then turn this
23 around and make it available to the -- to the
24 counties and cities in a very short period of time
25 was problematic.

1 In many cases there was a -- a 30-day
2 turnaround time to submit an application.

3 And it was discussed earlier this
4 morning, smaller municipalities, smaller cities
5 just don't have the capacity to do -- to do that in
6 a timely fashion. We submitted, I think, five
7 applications for about \$4 million in requests. We
8 were approved for two grants with a -- with a --
9 I'll come back to that -- for the two million and a
10 loan for 1. -- \$2.2 million.

11 What -- what we discovered through the
12 process was the state agencies, for lack of a
13 better way to say this, changed the rules
14 midstream.

15 Like PENNVEST, for example, would say
16 for -- for sewer and wastewater improvements that
17 these funds were available, but they couldn't tell
18 us if they were going to be a grant or a loan,
19 which really, for the city of Harrisburg that's
20 just -- as everyone knows, has got some serious
21 debt problems, to -- to -- to apply for an
22 application not knowing if it's going to be a grant
23 or a loan is problematic.

24 We did receive one -- we applied it --
25 the city council approved us applying for that as a

1 grant. It was approved as a loan for sewer and it
2 just caused a lot of problems. We did accept it.
3 It's a low interest loan. But our debt capacity is
4 pretty severe -- pretty limited right now.

5 The other issue is that some of the state
6 agencies would require federal -- or a local match,
7 10 percent, 20 percent. None of the federal
8 stimulus monies that were available directly to
9 municipalities required that.

10 And I'm not going to defend the state
11 agencies, but that's their -- that's their mindset,
12 that we want the local governments to share some
13 pain, if you will.

14 Well, again, that put the cities like
15 Harrisburg in serious problems. We don't have the
16 moneys to match those, and I think that counters
17 the whole philosophy of the stimulus funds, which
18 was to get them out as easy as possible.

19 The 2. -- \$2.1 million of that -- this is
20 a follow-up to the Secretary on transportation --
21 was for -- it wasn't a grant application. It was
22 \$2.1 million for resurfacing the city's streets.
23 As part of the transportation money, we were
24 fighting that we had no input in how that -- those
25 transportation funds were being spent.

1 The projects were awarded. And thank
2 goodness the projects that were came in at -- under
3 bid. So it freed up the money that allowed us to
4 go after the 2.1 to -- to surface the streets.

5 If those bids would not have come in
6 under, the city of Harrisburg -- and I imagine a
7 lot of other cities -- would have had no access to
8 those stimulus transportation funds. So we're
9 thankful it happened.

10 But I want to underscore the process that
11 we talked -- that you talked about earlier was in
12 place and Harrisburg can -- can confirm that they,
13 too, were frustrated in not having the input in how
14 those dollars were being spent.

15 But, again, we're thankful we got some
16 money. It -- we would like the process to be
17 looked at.

18 The third area is how it's affected our
19 budget. And, again, I go back to my earlier
20 statement that these are new -- new hires or new
21 programs. They are -- the funds are not to be used
22 for the day-the-day operations of city government.

23 The \$1.7 million that we received for the
24 hiring of nine -- eight additional police officers,
25 it pays for the salaries and the benefits for three

1 years. The expectation is after three years the
2 city of Harrisburg picks up those salaries, which
3 would be about a million dollars a year.

4 But there are hidden costs. There's the
5 operational costs. There's the uniforms. There's
6 the communications equipment. The -- the other
7 things that police officers require. All those
8 funds are really borne on the city of Harrisburg,
9 not for grant funds.

10 I would -- and I know there was a
11 little -- not agreement on how the stimulus monies
12 were used by the -- the state in terms of plugging
13 holes, but from our perspective that's exactly what
14 they did. The state government used a lot of the
15 federal funds to plug holes in the budget.

16 We can't do that on a local level. One
17 of the recommendations that our mayor and our city
18 council asks, that as we move forward with these
19 dollars, that we're allowed to do that, in
20 legitimate, transparent ways that we can plug holes
21 instead of the -- the continuing adding new
22 programs when our capacity is -- is limited to take
23 on new programs.

24 And on our -- on our budget, my
25 experience -- and I'll -- I'll use one, Commission

1 on Crime Delinquency, the State Weed and Seed
2 program was cut. I think it was a million or two
3 million dollars. The stimulus money was moved in
4 to fill that gap. So it was neutral.

5 We want to be able to do that in other
6 areas. And I'll give one example -- I'll give two
7 for Harrisburg. One is that the city of Harrisburg
8 provides the Capitol complex with fire protection
9 services. If there's a fire here, heaven forbid,
10 the city of Harrisburg's fire engines come out,
11 rescue, put the fire out.

12 Historically, we've received about 1.2 --
13 one-and-a-quarter million dollars a year for those
14 services. This year that funding was cut by
15 \$250,000.

16 Now, that might not sound like a lot but
17 for the city of Harrisburg that's a lot of money.
18 We're not going to decrease our response time or
19 ability to respond to the Capitol complex, but we
20 have to make that \$250,000 up somewhere else. We
21 have to take it from another operating area.

22 Another area that affects not just
23 Harrisburg, but municipalities and townships, is
24 the Municipal Police Officers Training
25 Reimbursement Program, which would reimburse police

1 officers going through basic training, would
2 reimburse them at 65 percent of their salary rate.

3 That money has been cut completely. So
4 that's going to have a significant impact on,
5 again, any township, any municipality, any city,
6 hiring new police officers that go through the
7 Municipal Police Officers Training Academy.

8 Not all county -- not all police go
9 through, but mainly smaller counties and cities go
10 through that.

11 We'd urge you to look at some of that
12 money to plug that gap because those costs are
13 real. Again, we've got -- on one side we're
14 increasing the budget for new programs and the
15 other side we're decreasing the budget, we don't
16 know how to -- we can't raise taxes anymore.

17 The issue -- and I'll -- I'll -- really
18 deferring -- the one issue with Penn -- or
19 PENNVEST we talked about. The city felt that
20 the -- that the loan grant decision based on the
21 state agency declaring what is a reasonable sewer
22 rate for the residents of that community doesn't
23 sit well.

24 I mean we're -- even though on paper
25 that, yes, the city of Harrisburg may have the

1 ability under law to raise their rates, we can't do
2 that. The citizens of -- there's no money to come
3 in.

4 So that influenced the decision by
5 PENNVEST to say, no, this is not a grant. It's a
6 loan. And we don't think that's fair.

7 So I'd be more than happy to answer
8 questions or move so somebody else can testify.

9 CHAIRMAN THOMAS: Thank you, sir.

10 Mr. -- Representative Metcalfe.

11 REPRESENTATIVE METCALFE: I don't have
12 any questions, Mr. Chairman.

13 I'd just like to thank the gentleman for
14 his testimony. Thank you, sir.

15 MR. CLARK: Thank you for the opportunity
16 and we look forward to making -- assisting in any
17 way we can in terms of making recommendations and
18 working with the state agencies on how we can
19 better use these stimulus funds together.

20 CHAIRMAN THOMAS: Thank you.

21 Any other questions? Thank you.

22 MR. CLARK: Thank you.

23 CHAIRMAN THOMAS: Our next presenter will
24 be the Honorable Herm Supilizio.

25 MAYOR SUPILIZIO: Pretty good. Right on.

1 CHAIRMAN THOMAS: DuBois city, Clearfield
2 County.

3 Before you get started, let me extend my
4 humble apologies. I understand that you and
5 someone else tried to make our last hearing and we
6 was not aware of the fact that -- that you were
7 coming and ended our -- our hearing kind of early.

8 So let me -- let me apologize and let me
9 thank you for being here --

10 MAYOR SUPILIZIO: Sure.

11 CHAIRMAN THOMAS: -- today.

12 MAYOR SUPILIZIO: Thank you, Chairman.
13 Thank you to the rest of the staff here.

14 I do really appreciate the opportunity to
15 come in here and at least speaking and giving our
16 views of -- of what we think happened with the
17 stimulus package or did not happen.

18 Also -- I'm also representing the
19 northwest region of the mayors' association. We
20 have a northwest region -- region on that. So once
21 again, thank you very much.

22 But I guess one of the things I wanted to
23 talk on was -- and I know Representative Gabler
24 talked on it a little bit and also the gentleman
25 from Harrisburg, the money for PENNVEST, DEP,

1 water, waste, we've met with PENNVEST numerous
2 times and actually after it was over with, we
3 actually met with them to try to figure out the
4 formula that was being used.

5 And the formula being used, contrary to,
6 I think, what Secretary Creedon was saying, was
7 this. The -- the money came in, but they had to
8 use the same exact formula. They plugged in job
9 creation as one of the criteria, but it was a low
10 criteria. So what that did for places like DuBois,
11 Ridgeway, Clearfield, Brockway -- I mean I could
12 list a hundred if you want me to go through them.

13 What that does is that says, okay, all we
14 kept hearing on our level was job creation, job
15 ready, you know -- you know, the project had to be
16 shovel-ready, shovel-ready, shovel-ready.

17 What that did was that made communities
18 like ourselves go out, try to figure out -- or go
19 out and spend engineering costs to have all this --
20 these things done to be ready to go so it would be
21 shovel-ready.

22 So it cost DuBois probably in the
23 neighborhood of, oh, probably about five, six
24 million dollars to get ready, shovel-ready for X
25 number of projects.

1 All that did was, when it went in to
2 PENNVEST, PENNVEST reviewed all the applications,
3 PENNVEST came back and said, well, your criteria is
4 not strong enough. Your project is not strong
5 enough. Granted you could raise your rates even
6 more than they are.

7 What that does to us is basically gets
8 your rates up. And people that can't pay what they
9 already are now are paying more.

10 But what it also did was -- in the
11 formula, was taking a municipal X out there, and
12 what happened was in that municipality they were to
13 receive \$8 million in grant money from PENNVEST
14 normally.

15 Well, instead of them receiving that
16 eight million and coming up with the rest on their
17 own, what happened is the PENNVEST formula figured
18 it out and boosted them up to 12 million. And they
19 did that across the board, giving them the money to
20 pay for the whole project and not getting the money
21 into the other communities that might have needed a
22 million here, four million here to divide it up
23 equally.

24 So in saying that, it created no more
25 jobs. And -- and, again, I'm not an economist --

1 economist here. So I just want to just make that
2 clear.

3 But I think when everybody looks at it
4 is -- is it's very simple. If you got a project
5 out there that's going to be, let's say, \$20
6 million and you're going to give -- PENNVEST is
7 already going to give them 5th million -- 15
8 million, then all of a sudden the stimulus money
9 comes across and they give them an additional five
10 to fund that whole project where they could take
11 that money and maybe divide it up to the other
12 communities and that money becomes a lot more job
13 creation.

14 And so I think that's the main thing that
15 I wanted to touch on today.

16 And also, I guess, the thing on
17 municipalities -- and I'm -- in talking for all
18 these municipalities, when they all had to go out
19 and be shovel-ready, they had to go out and be
20 engineered -- get engineer costs.

21 So that municipality had to pay for that
22 cost, had to pay for the engineer to go out, get
23 these jobs ready to go in the sense of millions and
24 millions of dollars, then to come back and find out
25 they're not even close to be funded or would be

1 funded.

2 So that was -- that was a main priority,
3 because on the stimulus money, for our community,
4 it actually cost us money. We didn't get
5 anything. And it actually come back and cost us
6 money.

7 So I think that's -- that's probably the
8 biggest point we wanted to make and stretch out for
9 the whole northwest region.

10 And also I guess nobody really knew,
11 never had the right people, didn't have the right
12 staff, had enough staff, to basically figure out
13 how the stimulus money was to be used, and that's
14 where it comes out to the lack of communication.

15 Nobody knew the communication process,
16 how to basically go about this. It seemed like it
17 was changing daily from what we could find out.
18 And -- and basically it hurt communities like
19 DuBois and the surrounding areas.

20 And -- and I guess if we had to say one
21 thing that we would like to see come back is -- and
22 this was the whole region that felt this way -- was
23 somehow get more out of the local officials.

24 They knew where the money needed to go,
25 it would better help their municipality, and we'd

1 figured if we could somehow get that money to
2 trickle down to the local municipalities and the
3 supervisors and the council people in that -- in
4 that municipality it would be better used that
5 way.

6 But it's really all. Stated one more
7 time, just for the record, just so to make sure I
8 get it straight though, is that, you know,
9 communities like DuBois and the surrounding areas,
10 this stimulus package actually cost our
11 municipalities money.

12 Thank you for the opportunity.

13 CHAIRMAN THOMAS: Thank you.

14 Quick question. Do you think an MPO
15 should be on the oversight commission,
16 representative of MPO?

17 MAYOR SUPILIZIO: Yes. Yep.

18 CHAIRMAN THOMAS: Thank you.

19 Representative Metcalfe.

20 Representative Gabler.

21 REPRESENTATIVE GABLER: Thank you,
22 Mr. Chairman.

23 And thank you, mayor, for coming down and
24 making the trip to -- to Harrisburg and we have had
25 you all over the state, for sure. But I think that

1 your message is very -- very well taken.

2 I think a concern is if -- and I think,
3 you know, maybe this is more of a comment than a
4 question, but I think that a theme that we're
5 getting out of today's hearing is that the stimulus
6 money has created problems or the stimulus program
7 in the way it's been administered has created
8 problems.

9 And that's not even necessarily something
10 that might be at the state level. I think that
11 it -- it goes all the way up to how the Feds have
12 organized it. But I think in -- in my line of
13 question -- questioning with Secretary Creedon, you
14 know, what I was hoping to -- to find was that
15 certainly the federal government has laid out
16 certain things that have caused us concerns but
17 also there was certain latitude that was given
18 state government that could have been exercised
19 better.

20 And so I just think it's well taken in
21 your comments that -- that if we could have had
22 some decisions made at the state level that would
23 have allowed for more of a focus to be on the job
24 creation and more of a focus to be on -- on helping
25 get more municipalities assisted in -- in achieving

1 their goals on behalf of their citizens, we could
2 have certainly done a much better job on behalf of
3 the citizens in the state.

4 MAYOR SUPILIZIO: That's exactly right.
5 I think in -- I think in our conversation with
6 PENNVEST and the head of PENNVEST, what they said
7 was, this money has come in so quick, we have to
8 get it out so quick, that we didn't have a chance
9 to use a different formula. They used the exact
10 same formula giving -- giving some of those
11 municipalities more money.

12 Which, you know, obviously you're not
13 against if you're one of those municipalities that
14 didn't -- that got that, that received that money.
15 But when you're sitting back and there's so many
16 other municipalities out there that would have
17 better been helped with job creation, and in
18 PENNVEST job creation -- and you can speak to the
19 head of PENNVEST on this -- was a low priority, not
20 a high priority.

21 REPRESENTATIVE GABLER: And I think just
22 to follow up, I think that's a theme we've seen
23 throughout media reports, throughout the whole
24 manifestation of this stimulus process.

25 I can remember the news report breaking

1 early in the spring when the first round of
2 stimulus money went out and you had counties in --
3 in the middle of Kansas that had four percent
4 unemployment that were getting huge stimulus
5 payments for different projects.

6 And I happen to represent Elk County
7 which at the time was at 15.4 percent, the highest
8 of 67 counties and in that first round of funding
9 didn't get a dime.

10 Now, since then there have been other --
11 other disbursements. But I think, like you said,
12 the low priority placed on job creation has -- has
13 been noticed in certain areas certainly, and I
14 think this is just something that we certainly
15 learned a lesson from moving on.

16 So thank you, Mr. Chairman.

17 Thank you, mayor, for your indulgence,
18 and I appreciate your testimony.

19 MAYOR SUPILIZIO: And in that I think
20 St. Mary's is in that county, along with Ridgeway
21 and a couple of other ones, is in Elk County, and,
22 you know, they -- they received no stimulus
23 dollars.

24 And -- and I guess what we're saying is,
25 talking to the borough, the mayor in St. Mary's and

1 also the manager in St. Mary's, they had to go out
2 and spend all the engineering costs to get ready
3 for this shovel-ready projects to receive nothing.

4 Now, will they do those projects sometime
5 in the future? Maybe. Maybe not. It all depends
6 how it works out.

7 CHAIRMAN THOMAS: Thank you,
8 representative.

9 Have you had any conversations with the
10 Pennsylvania congressional delegation?

11 MAYOR SUPILIZIO: No.

12 CHAIRMAN THOMAS: Have you received
13 anything from the Pennsylvania delegation regarding
14 ARRA and some of these benchmarks?

15 MAYOR SUPILIZIO: No.

16 CHAIRMAN THOMAS: Okay.

17 REPRESENTATIVE METCALFE: Thank you,
18 Mr. Chairman.

19 Thank you, mayor, for taking time to come
20 down and give testimony. We're glad that -- that
21 we weren't called to the floor. It would have kept
22 us from meeting with you once again today.

23 But I appreciate the points that
24 you've -- that you've made and -- and I think as
25 people come to understand the problem that you've

1 cited, that that will shine some light on the
2 importance of -- as you said when we were talking
3 in the office, hopefully changing things in the
4 future so that the tax dollars aren't wasted and --
5 and consumer dollars aren't wasted in those areas
6 of specifically sewer and water services, but a
7 process whereby people knew what to expect, without
8 spending money up-front, would have been a process
9 that would have flowed much more smoothly and much
10 more efficiently.

11 Thank you for helping us shed light on
12 that problem today.

13 MAYOR SUPILIZIO: Thank you.

14 REPRESENTATIVE METCALFE: I appreciate
15 it.

16 MAYOR SUPILIZIO: Okay.

17 CHAIRMAN THOMAS: Thank you, Mr. Mayor.

18 I think the record will show that we
19 spent maybe about a third of stimulus dollars.
20 There's still a good way to go. It's the window is
21 not wide open, but there's still an open window.

22 And hopefully from these hearings and
23 additional conversation, we'll be able to improve
24 both receipt and distribution of -- of ARRA
25 dollars.

1 MAYOR SUPILIZIO: Okay.

2 CHAIRMAN THOMAS: So thank you,
3 Mr. Supilizio.

4 MAYOR SUPILIZIO: Thank you.

5 CHAIRMAN THOMAS: Mr. Joseph Kantz and
6 Mr. Malcolm Derk, III, chairman and commissioner
7 from Snyder County.

8 Is that -- did I get that right?

9 COMMISSIONER DERK: That's correct.

10 CHAIRMAN THOMAS: Good morning.

11 COMMISSIONER KANTZ: Thank you,
12 Mr. Chairman.

13 I would, first of all, like to thank
14 the -- just thank the committee for asking the
15 commissioners to come down and weigh in on the
16 subject, share our thoughts on the Recovery and
17 Reinvestment Act, and how it's affected our
18 county.

19 In preparing my comments for today's
20 hearing I was reflecting on the previous year's
21 economic climate in our county. It's probably as
22 bad here -- in our county as anywhere else.

23 Snyder County, just to give you a little
24 background, sits in the beautiful Susquehanna River
25 Valley on Routes 11 and 15. It's our -- that is

1 our main economic life blood for our area.

2 So far in 2009 Snyder County has had 445
3 new participants in our local CareerLink system
4 which is funded by the state, and currently we have
5 almost 2,500 people actively enrolled in that same
6 system that are seeking employment. We've seen
7 people hired through that system. We've seen
8 almost 700 people hired through that system in the
9 first six months of the year.

10 Just to give you a little background on
11 the economic climate, and -- and that sort of thing
12 in the county.

13 ARRA funds that have come into our county
14 recently have included approximately \$660,000 to
15 our Union-Snyder Community Action Agency. These
16 funds are being used to fund existing entitlement
17 programs for low income families. People that meet
18 certain criteria would receive those funds in
19 various ways.

20 One example of this -- one -- one example
21 of those entitlement programs would be the Home
22 Heating Assistance Program for people that can't
23 afford their heating bills. These funds, to my
24 knowledge, have not created any necessary jobs in
25 our county.

1 Some other ARRA funds that have been
2 given to our -- to our Regional Central
3 Pennsylvania Workforce Development Corporation,
4 these funds were made available through the federal
5 government to expand adult dislocated worker and
6 youth programs that are geared towards stimulating
7 the economy and preparing the workforce for current
8 and future work opportunities.

9 While this may prepare dislocated workers
10 for the future workforce, it has not created any
11 substantial new jobs in our area.

12 The Central Pennsylvania Workforce
13 Development Corporation has received special funds,
14 however, through ARRA to train our unemployed,
15 under-employed, and dislocated workers in 24
16 specialized fields that have and are expected to
17 have a high demand now and in the near future.

18 Because of the cuts in this year's state
19 funding streams for workforce development boards,
20 the ARRA funds have merely helped to offset that
21 decrease in normal funding streams and this would
22 make it nearly impossible for the recovery funds to
23 provide for a net increase of job creation.

24 The one constant need in our area, in the
25 Central Susquehanna River Valley, is the vital need

1 for the Central Susquehanna Valley Thruway. This
2 major improvement to our highway system was
3 estimated about ten years ago to cost \$300 million,
4 and today that estimate is well over \$500 million.

5 It only takes common sense to realize
6 that substantial job growth will only come when
7 government gives the private sector the opportunity
8 to succeed instead of setting them up for failure.
9 The hardworking citizens of Snyder, Union,
10 Northumberland, Montour and -- as the chairman
11 mentioned earlier -- Lycoming County deserve the
12 opportunity to succeed by having the state provide
13 the infrastructure they need to create hundreds,
14 and probably even thousands, of jobs, new jobs.

15 The amount of ARRA money the state has
16 put into place in the counties that I just
17 mentioned would have gone a very long way toward
18 moving ground and making Central Pennsylvania
19 Susquehanna Valley Thruway a reality.

20 This highway project has been needed and
21 has held our economic growth back in my entire
22 lifetime. And I only hope that my children and
23 grandchildren can one day benefit from the
24 opportunities that this project will afford our
25 entire central portion of the state of

1 Pennsylvania.

2 If job creation is the number one goal of
3 the American Recovery and Reinvestment Act, there
4 would be no greater creation, job creation, success
5 story than the funding and subsequent building of
6 the Central Susquehanna Valley Thruway.

7 This one project would not only create
8 hundreds of construction jobs immediately during
9 the construction phase, but would almost definitely
10 lay the foundation for the creation of thousands of
11 new long-term jobs throughout the entire
12 Susquehanna Valley from Tioga County all the way
13 down to York and Lancaster Counties.

14 An example of the jobs that this would
15 create in our -- is in our nearby Union County,
16 just north of Snyder County, the Target
17 Corporation, as an example, began building a
18 massive distribution warehouse that is expected to
19 create over 800 new jobs in Union County. That's
20 huge for that county.

21 Of course, this project has been
22 currently put on hold due to the state's decision
23 to toll Route 80. One could argue that ARRA money
24 would have been better spent in offsetting the
25 funds expected to come from the tolling of Route 80

1 so that all those hundreds of businesses across the
2 Route 80 corridor would not be -- will receive a
3 negative impact because of the tolls that are going
4 to come from those -- from the state and businesses
5 in -- in that -- in that situation.

6 Just yesterday I was talking to a local
7 businessman, small business owner just opened a
8 brand new store last year, and he's concerned about
9 the future of his business.

10 He wants to hire more staff; but because
11 of the things that are going on in our federal
12 government and -- and with -- with the possibility
13 of a national health care system, which is really
14 just more -- nothing more than a new tax to him and
15 the -- and the possibility of a cap and trade
16 legislation, which is going to devastate his
17 business, he's holding off on hiring new people.

18 So just to give -- I want to make sure
19 that everybody understands, we're out there talking
20 to local business people every day as county
21 commissioners and we're hearing their stories. And
22 they want to hire people. They're prepared to hire
23 people and their businesses are growing and doing
24 better. Because of the tight -- tough economic
25 climes -- climates, they're having to trim their

1 budgets. They're not spending the money that they
2 don't unnecessarily need to spend. So they're
3 prepared, but they're scared and they're concerned
4 about what's happening.

5 Just to wrap up, I want to say that it
6 seems that the vast majority of jobs that were
7 created in the ARRA funds, by the ARRA funds, were
8 really nothing more than the jobs of -- of
9 bureaucrats needed to carry out the project.

10 There's a lot of red tape. We've heard
11 about that here today.

12 I'd like to yield to my colleague,
13 Commissioner Malcolm Derk. He's got some other
14 comments about some of the examples of ARRA in our
15 county.

16 COMMISSIONER DERK: Thank you,
17 Mr. Chairman, for the opportunity, and members of
18 the committee.

19 CHAIRMAN THOMAS: Thank you.

20 COMMISSIONER DERK: I do think it's
21 important. I was listening earlier, with some of
22 the other testimony that was given, and I think
23 it's important to highlight one thing that Snyder
24 County was pleased with in going forward here.

25 Unlike some of the other testimony,

1 Sandra Tosca, our regional director of PennDOT, did
2 work closely with us, talking about what projects
3 would be funded going forward; and although there
4 wasn't necessarily a -- a direct give and take of
5 what projects would be funded, we were given
6 advance leads on what would be actually in the
7 picture and they used our PO lists that were
8 developed prior to this to come up with the
9 funding -- the projects that would actually be
10 funded.

11 I would also say that the Community
12 Development Block Grant funding has always been
13 something that counties have held to higher
14 regard. It's something that we in Snyder County
15 feel should always go for projects that's the
16 greatest good for the greatest number of people.
17 And that's why we try to fund water and sewer
18 infrastructure with that -- that funding stream.

19 And with the stimulus package we were
20 able to find 80,000 towards a McClure water project
21 in one of our boroughs.

22 Now, going into something that I don't
23 feel has worked so well that we haven't heard in
24 other testimony, I'll get into now regarding
25 energy, which the Secretary did mention, which I

1 feel unfortunately rural Pennsylvania has really
2 suffered in the distribution of energy stimulus
3 funds.

4 Smaller Pennsylvania communities, those
5 not eligible to receive the direct entitlement
6 funding from the federal EEBCG funds, were badly
7 shortchanged on many levels by PADEP's Conservation
8 Works! grant program. See, the federal EEBCG
9 program's intent was to offer a menu of
10 opportunities for municipalities and nonprofits to
11 invest in energy conservation.

12 The federal guidelines placed particular
13 emphasis on the important predevelopment activities
14 of energy audits and development of comprehensive
15 energy conservation plans. The communities that
16 received direct federal EEBCG allocations were able
17 to use their funds for those -- those important
18 activities. But those that had to compete with
19 competitive programs were not.

20 So your urban areas were allowed to use
21 fundings specifically for energy audits and for
22 planning, but all the rural communities that are
23 not direct entitlement communities couldn't use
24 that.

25 Unfortunately, many of your rural

1 communities didn't necessarily have the -- the
2 time, the resources, and the -- and the funding to
3 do those preplanning activities that would put them
4 in a good place to be competitive.

5 However, energy audits and conservation
6 strategy planning were ineligible activities for
7 funding under PADEP Conservation Works! grants
8 program. Yet many of these activities are
9 absolutely vital. Unlike schools or businesses,
10 municipalities use energy in myriads of ways. They
11 have streetlights, traffic -- traffic signals,
12 office buildings, water treatment, sewer treatment
13 facilities that all need energy conservation.

14 It's not unusual for even a small
15 municipality, a borough in Snyder County to have 40
16 utility bills because of all the different
17 activities that they have to pay for.

18 A utility bill analysis and energy audit
19 provides the information needed to take the
20 politics out of decision making when we're trying
21 to decide what energy conservation technology we
22 should invest in.

23 Rather than restrict the Conservation
24 Works! grant program to local government and
25 nonprofits as PADEP's draft guidelines had

1 proposed, the grant program funded by only 22
2 million, for which 99 percent of all PA
3 municipalities were qualified, was expanded to
4 allow universities and hospitals to compete.

5 While universities and hospitals may need
6 energy conservation and renewable energy, just as
7 much as any other municipality, hospitals and
8 universities have far more resources to provide
9 polished, competitive grant applications.

10 Small municipalities like Snyder County,
11 like our boroughs of Selinsgrove, Middleburg,
12 McClure don't have full-time grant writing staff,
13 and many other municipalities across the state do
14 not. Universities, hospitals have that full-time
15 staff that they can implement at a moment's notice
16 to compete for these projects.

17 We are very much looking forward to
18 reviewing the list of 500 Conservation Works!
19 grants that were actually submitted and -- and look
20 at the project descriptions to assess just how
21 competitive the small municipality applications
22 were compared to the more polished applications of
23 hospitals and universities.

24 The PA Conservation Works! application
25 could only be filed online, which, as was mentioned

1 earlier today, puts some municipalities at a great
2 disadvantage. Five hundred conservation works
3 grants were filed online.

4 However, I would argue that for the
5 simple reasons of technology limitations, of not
6 having broadband in many of these rural
7 municipalities, the small boroughs and townships,
8 that filling out an application online isn't always
9 that efficient.

10 When you have one person working as a
11 secretary of a borough and you are using a dial-up
12 Internet connection, it's no surprise that you're
13 not going to see a whole lot of those townships or
14 boroughs apply for these funding streams. And yet
15 these funds were to be allocated to smaller
16 communities. That was the goal. It was for the
17 nonentitlement communities.

18 Most of these communities are located in
19 rural Pennsylvania. This online filing requirement
20 alone made the playing field very uneven, requiring
21 every applicant, not only to have -- grant awardees
22 but every applicant to complete an online portfolio
23 manager relative to the proposed project.

24 Snyder County, we did actually -- we have
25 broadband. We had a professional engineer that was

1 hired to complete our -- our application on time,
2 and we saw great amounts of savings in our energy
3 use. Something that all the taxpayers in our
4 county would benefit from.

5 There would have been job creation as
6 well. We were looking at replacing old windows,
7 replacing lighting fixtures that would have
8 employed the factory making those -- those windows
9 and also the electricians that would be coming into
10 our building to complete the task. Unfortunately,
11 and for whatever reason, despite having a utility
12 bill analysis done months before this was even
13 open, we did not get a grant. For whatever
14 reason.

15 I would argue that when you're comparing
16 and -- and competing with universities and medical
17 institutions that have these full-time grant
18 writers, possibly even lobbyists, it becomes very
19 hard to compete for rural municipalities.

20 I did also want to say that Snyder County
21 is fortunate to have all of our traffic lights for
22 every borough LED compliant.

23 Currently no grant or loan program exists
24 solely for PA municipalities in the stimulus
25 funding. For more than ten years energy-related

1 grants and loans have been available to hospitals
2 and universities. These restricted financial
3 programs were created for a purpose, to enable
4 smaller organizations to obtain needed financing.

5 But I would say that we cannot forget all
6 of the many municipalities in the Commonwealth that
7 need this help as well.

8 See, we here in Snyder County, we don't
9 have the funds to provide for a full-time grant
10 writer. And many of our boroughs and -- and
11 supervisors do not have the funds either. We're
12 asking that truly the Commonwealth make sure that
13 these grants are competitive and it's an even
14 playing field for everyone that's applying.

15 The PA Conservation Works! grants have
16 been awarded. There is no correcting the flaws of
17 the program that was so important to our
18 community. However, we respectfully request that
19 the Commonwealth establish a grant program solely
20 for municipalities that include the ability to
21 finance the utility bill analysis, energy audits,
22 and energy conservation measures that are sizeable
23 and -- and scalable for our municipalities.

24 I -- I know that in the interest of time,
25 I -- I had some more remarks prepared, but I do

1 feel that the vast majority of my concerns have
2 been addressed. And I would encourage this group
3 in -- to continue to press forward and ask the
4 questions that need to be asked of our officials.

5 And my motto has always been the greatest
6 good for the greatest number in looking at these
7 grant applications and -- and applying the stimulus
8 fund and whenever such large scale investment of
9 public funds is invested we need to make sure it's
10 going where it can be best used.

11 Thank you.

12 REPRESENTATIVE METCALFE: Thank you.
13 Thank you. Our chairman -- the chairman of the
14 Committee had to step out there so -- so we'll move
15 ahead with the panel and when he gets back, we'll
16 sort of wait to conclude, if he has any questions.

17 Representative Gabler, do you have any
18 questions?

19 REPRESENTATIVE GABLER: Not really a
20 question. Just a comment to thank you for your
21 input. And as a fellow I-80 corridor resident, I
22 wanted to thank you specifically for those.

23 That has been one of the highest
24 priorities of my one-year tenure in the legislature
25 thus far, has been that, you know, in the interest

1 of -- of -- of job creation, as that's what this
2 conversation ought to be about, job creation,
3 getting our economy going again.

4 And I know that in our local area we're
5 facing huge challenges. And -- and on one side
6 you've got the government that is -- that is in the
7 name of jobs making billions of dollars worth of
8 spending and investments in -- in this and that,
9 but then on the other side you've got activities
10 that are being contemplated that may end up
11 undermining our -- our entire job market in the
12 whole region of the state. It really is a big
13 concern.

14 But I just want to applaud you for you --
15 for going to bat for your constituents, especially
16 in the rural areas, for us to be able to have our
17 input into the stimulus as well. I think it's
18 certainly a thing that we need to hear in
19 Harrisburg.

20 So thank you for the opportunity to speak
21 and thank you both, commissioners.

22 COMMISSIONER KANTZ: Thank you.

23 REPRESENTATIVE METCALFE: Thank you,
24 both, and Representative Fairchild asked me to
25 welcome you both to Harrisburg on his behalf.

1 He's not a member of the committee, but
2 he had mentioned you were both coming, that you
3 were coming in today, and he wanted me to welcome
4 you on his behalf.

5 I want to thank you both for your
6 testimony. And it's good -- good to hear some
7 additional ideas and I think fresh ideas from
8 what's been heard in the past and adds to helping
9 us to hopefully improve things.

10 But I think ultimately the remarks that
11 you made about empowering those individuals in the
12 private sector to create jobs is the direction the
13 government needs to move and unfortunately because
14 of the stimulus and some of the percentages that I
15 actually mentioned earlier, a large percent of the
16 money is going to the Department of Public Welfare
17 and it's not what the average citizen thinks about
18 when you talk of job creation and shovel-ready
19 jobs. So stimulus is really empowering job
20 creators to create jobs. It's not the government
21 pulling out more of the taxpayers' money,
22 especially if there's not jobs. It's going to be
23 paid for by you and I and our children and our
24 children's children.

25 So we need to turn things around and make

1 things more efficient. And I appreciate your
2 efforts to do that and appreciate your input on how
3 to do that better.

4 Thank you both.

5 COMMISSIONER KANTZ: Thank you.

6 CHAIRMAN THOMAS: Thank you.

7 Mr. Haynes.

8 MR. HAYNES: Thank you, Mr. Chairman.

9 I'm the research analyst for the committee.
10 Commissioner Kantz, I spoke to you numerous times
11 leading up to the hearing.

12 I just wanted to ask a quick question
13 though regarding the COG that I'm guessing that
14 Snyder County is a part of.

15 To what extent does Snyder County, I
16 guess, utilize a COG as sort of, I guess, a more
17 regional approach toward, you know, I guess
18 building your capacity for, you know, bolstering
19 your competitiveness for, you know, energy dollars,
20 for instance?

21 Could you possibly speak towards that?

22 COMMISSIONER KANTZ: Actually I think
23 Commissioner Derk would be better suited to answer
24 that question as he sits on the COG board.

25 COMMISSIONER DERK: Sure. We are a

1 member of a regional board called SEDA-COG, and we
2 have the pleasure of working with a great deal of
3 very competent people there.

4 We actually use SEDA-COG to administer
5 our Community Development Block Grant funding.
6 They do the reporting. And many other counties
7 and -- and municipalities in our region use them
8 for that purpose.

9 And that goes about the cooperative
10 method of having a professional on staff that one
11 county could not do on its own, could not have paid
12 or afford someone that could -- could qualify and
13 meet all the guidelines at the federal level.

14 As far as the energy side of the house,
15 there is a -- an energy office within SEDA-COG that
16 actually does perform energy audits and does
17 perform utility bill analysis. And we have
18 utilized them, and actually our county did use them
19 in performing county energy audits for our
20 courthouse building, and the utility bill analysis
21 at our county prison as well.

22 And that is something that can be very
23 useful and I think can be a model to look at in
24 other regions of rural Pennsylvania to find
25 solutions. Because oftentimes we don't have the

1 resources alone; but when we go in together, we can
2 accomplish some bigger things.

3 MR. HAYNES: I guess what I'm trying to
4 get at is, I guess to what degree has that COG -- I
5 mean it sounds like a wonderful concept,
6 you know -- and so to what -- to what degree has
7 that been utilized as -- I guess as a unit of
8 government to -- or is that, I guess, permitted to
9 be, I guess, considered a unit of government, you
10 know, in trying to draw down stimulus dollars?

11 COMMISSIONER DERK: I know that probably
12 the best area to actually see is how effective
13 SEDA-COG has been is with the weatherization
14 service. The weatherization component of the
15 stimulus package has almost tripled their resources
16 at SEDA-COG. So much so that they have had to hire
17 new staff to accomplish their goals.

18 That area I would say, they're going to
19 be able to weatherize homes about three times what
20 they can do on a -- on a normal basis. So that is,
21 I guess, the -- the best example of how they used
22 it to draw down stimulus funds and they do that for
23 quite a few counties in our region.

24 COMMISSIONER KANTZ: And I think, in
25 fairness, the downside to that program and -- and

1 having to hire those people is it's a very strict
2 training process that those weatherization people
3 need to go through and because of the time frames
4 of the stimulus money, it almost is -- it really
5 puts a crunch on them to get those people trained
6 in a -- in a quick enough manner so that they're
7 professionally trained and ready to go to provide
8 those resources to the constituents that they don't
9 have time then to fulfill the goals that they have
10 in the initial onset of the program.

11 COMMISSIONER DERK: It is difficult for
12 the capacity of many of these organizations. They
13 were not geared up for this kind of infusion of
14 cash, and I think you can see that across the
15 Commonwealth, that it is really difficult to
16 accomplish the goals of spending the money as
17 quickly as is expected and still be efficient and
18 meeting goals that are actually meeting the needs
19 of the people.

20 CHAIRMAN THOMAS: Thank you.

21 For the record, would you explain what
22 SEDA-COG is and how many boroughs or municipalities
23 is involved in SEDA-COG?

24 COMMISSIONER DERK: Sure. We could
25 actually give you some more information by going to

1 their website. That would be what I would
2 recommend for -- for more detailed analysis.

3 Although it is made up of a region where
4 each county commissioner from -- from the counties,
5 there's 14 counties involved I believe. Garth, am
6 I --

7 MR. SHIPMAN: I think it's 11.

8 COMMISSIONER DERK: Eleven. That's
9 right. I'm sorry. I'm getting my numbers mixed up
10 here.

11 Eleven counties are involved in SEDA-COG,
12 and each county has one county commissioner that
13 sits on the board of directors and one private
14 sector member, and that's what governs this body.

15 The participation is largely voluntary.
16 Not all counties participate in the same number of
17 activities that SEDA-COG provides. For example,
18 with weatherization, Snyder County is a member of
19 SEDA-COG, as is Northumberland County, but
20 Northumberland County has their own weatherization
21 service.

22 So it's a voluntary, cooperative group of
23 counties, and -- and I guess that's the best way I
24 can explain it. That it's voluntary. There's a
25 great deal of services. There's a transportation

1 coordinator there that sits on the RPO and is
2 really vital to Snyder County's transportation
3 initiatives.

4 We have -- we use them for CDBG
5 administration, weatherization. Senior housing as
6 well is a vital part of their -- their activities.

7 And, like I said, I'd go into more
8 detail, but I think it's best that you review the
9 website and they're very -- they're very helpful.
10 They provide technology services, broadband
11 initiatives across the region as well.

12 CHAIRMAN THOMAS: Thank you. Have you
13 ever received a invitation for SEDA-COG to be a
14 part of the oversight commission or has SEDA-COG
15 ever requested an opportunity to meet with the
16 oversight commission?

17 COMMISSIONER DERK: No. And I can tell
18 you as a commissioner I was not aware of the
19 oversight commission.

20 COMMISSIONER KANTZ: Until today.

21 COMMISSIONER DERK: Until today.

22 CHAIRMAN THOMAS: Very interesting.

23 COMMISSIONER KANTZ: And your comments,
24 Mr. Chairman, about your question to the Secretary
25 and whether or not he's reached out or his office

1 has reached out to the counties individually,
2 we've, to my knowledge, not received any
3 invitations or opportunities to have discussions
4 about the stimulus funds with the Secretary's
5 office.

6 And -- and I do think that was a great
7 suggestion. That, you know, we're on the
8 forefronts. We're -- we're on the front lines
9 every day, and, you know, we've heard it from the
10 mayor and other -- other members here today
11 testifying.

12 You know, we -- we know what the projects
13 are in the county that -- that should be funded,
14 that are going to create jobs, if that's truly the
15 goal of this money. And I can understand why the
16 general public is saying are we really trying to
17 create jobs or are we trying to create more
18 government? And -- and that's a concern that
19 everybody has.

20 CHAIRMAN THOMAS: Okay. Thank you.

21 COMMISSIONER KANTZ: Thank you.

22 COMMISSIONER DERK: Thank you.

23 CHAIRMAN THOMAS: Thank you to both of
24 you.

25 Mr. Raymond H. Myers, borough of

1 Huntingdon.

2 MR. MYERS: Yes.

3 CHAIRMAN THOMAS: Good afternoon, sir.

4 MR. MYERS: Good afternoon. And thank
5 you for inviting me.

6 CHAIRMAN THOMAS: Welcome.

7 MR. MYERS: Yes, I'm the borough engineer
8 for the borough of Huntingdon and maybe can discuss
9 some things that are a little bit different.

10 Huntingdon has received stimulus funding
11 and they have a project that's being implemented
12 and I can share some of the things that have
13 happened during the phase of implementation.

14 Probably what you might be interested in
15 knowing is that the guidance that's coming from
16 state to local governments on how to implement the
17 funding is not -- that guidance isn't keeping pace
18 with the projects that are being constructed.

19 I think what you're finding -- what we're
20 finding is that state agencies are not familiar
21 with construction methods and construction
22 processes and as projects move forward all of a
23 sudden you have to catch up with various matters.

24 The intent -- the intentions are very
25 good; but the programs are moving so rapidly to try

1 to create jobs and so forth, it's being a bit of a
2 challenge.

3 Huntingdon, I think, was successful in
4 receiving funds because they were shovel-ready, and
5 they actually did things before there was even a
6 stimulus funding program to position themselves for
7 their project, because they're one of these
8 Chesapeake Bay wastewater treatment plant
9 facilities that have to improve the Chesapeake
10 Bay.

11 In getting shovel-ready and ready to go,
12 they started construction in October, but here's
13 something that might interest you. And that is
14 that we're finding that the nation's supply of
15 certain critical items that are used in sewage
16 treatment plants have really dwindled.

17 An example, last week we had a project
18 meeting. The contractor said, you know, we need
19 six large-diameter ductile iron pipe elbows on this
20 job. There's only five in the entire nation
21 according to what we're being told.

22 Now, foundries, you can't call a foundry
23 up and say, please, make me one elbow. Oh, we'd be
24 happy to help you once we have three dozen orders.

25 And so this job is moving, ready to go,

1 shovel-ready in every definition, but there are
2 some things that are not available.

3 Valves. To call -- to get valves on a
4 project of this nature, 18 weeks from the time an
5 order is placed.

6 So I think if Huntingdon is an example of
7 what is to come, there may be some issues with the
8 nationwide supplies on certain inventories. Many
9 common items are very available, but wastewater
10 treatment and water treatment plants are very
11 complicated. They have specialty items and they're
12 not all readily available.

13 I think another item to keep in mind
14 these projects are costing more money than they may
15 necessarily have to with some of the traditional
16 funding things. And I have an example of that.

17 Huntingdon prepurchased some pumps,
18 before there was a stimulus funding program. Like
19 two weeks before it was announced. A Swedish
20 company was successful in getting that order.

21 Of course, every local municipality in
22 Pennsylvania has to use -- comply with the
23 Pennsylvania Steel Act. That company was from
24 Sweden that was awarded the pumps. They had to
25 have steel shipped from the United States to

1 Sweden. Okay. Fair enough.

2 In Sweden, they're using that steel to
3 incorporate into the pumps. Of course, with
4 stimulus funding those pumps had to be assembled in
5 America. They could not be assembled in Sweden.
6 Huntingdon had to pay an extra \$25,000. It's not a
7 lot of money when you're talking millions, but that
8 was the difference in wage rates between having
9 them assembled in the United States and having them
10 assembled in Sweden.

11 So there are things like that that are
12 going on out there.

13 I think another example that was
14 mentioned earlier, complying with all the red tape
15 that's going to go along with ARRA funding and so
16 forth, basically Huntingdon has had to assign about
17 \$50,000 of additional funds just to keep track of
18 all these different matters and so forth.

19 So these are some things in the
20 implementation stage that I think are going to be
21 challenges for people. Huntingdon is very
22 fortunate to receive the money. There's no
23 question about it. There's -- the contractor is
24 going to use about 15 full-time employees to build
25 this project. And that's very helpful.

1 But during the implementation phase I
2 think you can expect some frustrations as people
3 work through the whole process and the process gets
4 its own legs. Okay?

5 So I'd be happy -- the -- you know, the
6 written testimony I gave, I think, can stand on its
7 own. But I wanted to give you those perspectives
8 of some things that are happening as projects are
9 being implemented.

10 CHAIRMAN THOMAS: Thank you. Quick
11 question.

12 MR. MYERS: Yes, sir.

13 CHAIRMAN THOMAS: The projects that you
14 mentioned, does it -- how does it pan out with this
15 stimulus funding distribution chart?

16 MR. MYERS: Well, Huntingdon County --
17 oh, I didn't bring that with me. Did I see that
18 they had \$11 million?

19 CHAIRMAN THOMAS: Direct funds 5.1
20 million. Estimate, statewide nontraceable funding
21 10.2 million.

22 MR. MYERS: Well --

23 CHAIRMAN THOMAS: But the 5.1 million.

24 MR. MYERS: Huntingdon Borough received a
25 little under \$6 million of stimulus funds.

1 5,975,000. They have an \$18 million project. So
2 about one-third of the project was funded with
3 stimulus funding. Very, very helpful.

4 CHAIRMAN THOMAS: Okay. Out of the
5 challenges that you've witnessed and given your
6 background, because your background is very impress
7 -- impressive, what would you say is the one thing
8 that we can do about the existing process to
9 improve the outcomes of ARRA investment?

10 MR. MYERS: Slow down. The -- from the
11 time PENNVEST was advised that they were going to
12 have funds available, in my 37 years I have never
13 witnessed so much rushing to try to meet certain
14 deadlines within six weeks or something like that.

15 And that is create -- I -- I think
16 mistakes have been made that will eventually
17 surface. Completely unintentional, but unavoidable
18 in this massive rush to get projects to be
19 shovel-ready.

20 You know, municipal projects, our water
21 system or sewer system, the thought here is this is
22 something that needs to stand. Once you put it in,
23 it needs to be there and available for, what, 20
24 years, 40 years? It takes time for planning, to
25 think it through so you can provide the most

1 cost-effective approach.

2 There was too much of a massive rush,
3 let's get it in there to get people employed, and,
4 you know, one of the ironic things, if you consider
5 a project like Huntingdon's very complicated
6 wastewater project, \$18 million, probably only \$3
7 million of that effort is going to go toward
8 employees and payroll.

9 A tremendous amount of money is spent on
10 equipment to be purchased and installed or concrete
11 or steel. Now, these things employ people as well,
12 but I'm talking if the -- if the idea is direct
13 construction jobs, 15 direct construction jobs.

14 If additional stimulus funding is
15 available, people need to really take a -- take
16 stock of what occurred in the last six or eight
17 months and try to think through how can we improve
18 on what we've done here.

19 And I think, you know, the agencies
20 involved did the very best that they possibly
21 could. But, again, time was a crushing element
22 here.

23 CHAIRMAN THOMAS: On the -- on the
24 question of transparency and accountability,
25 Secretary Creedon mentioned that the Oversight

1 Commission was created by executive order to
2 provide -- provide for accountability and
3 transparency.

4 Based on your experiences -- and some
5 states have decided that the legislature really
6 should -- should -- should define or provide the
7 arena for transparency and accountability, and not
8 executive order.

9 If -- if you had to decide on which way
10 we should go in Pennsylvania, which would be it?

11 MR. MYERS: Well, that's -- if I can
12 confine my answer to water and wastewater projects,
13 I think the state has a very excellent organization
14 in PENNVEST. A very good staff. But they're
15 overworked.

16 They have -- they're putting in place
17 pretty quickly the concepts that we have to follow
18 in the field to be able to implement things. But I
19 think they would agree in the last six to eight
20 months the amount of additional work, applications
21 that they received, federal mandates that were --
22 some of them actually being done on the fly, it was
23 almost overwhelming.

24 And, again, I think slowing down would
25 benefit them as well for good decision making. But

1 PENNVEST is excellent.

2 CHAIRMAN THOMAS: Okay. Thank you.

3 Chairman Metcalfe.

4 REPRESENTATIVE METCALFE: Thank you,
5 Mr. Chairman. And thank you for the cough drop.

6 Thank you, sir, for your --

7 MR. MYERS: You're welcome.

8 REPRESENTATIVE METCALFE: -- testimony
9 today and -- and -- and you've -- you've also added
10 a new dynamic to consider, too, to the problems
11 that I think most of the people, citizens don't
12 look at government as moving too fast and very
13 much, and -- but it's clear from your remarks and
14 well-placed examples that the government has tried
15 to push the process and the market can only respond
16 so quickly.

17 I think, once again, it's another --
18 another example that kind of amplifies some of my
19 earlier comments regarding what real stimulus is.
20 Government tries to artificially stimulate the
21 marketplace. I think you can see these types of
22 problems you explained rather than allowing the
23 marketplace to generate the economic activity and
24 activity of job creation as it should be.

25 Thank you for your testimony, and I'm

1 sure that your suggestions will add to the good,
2 overall summary of some of the issues that have
3 been raised and hopefully move things in a more
4 positive direction for at least these funds.

5 Thank you, sir.

6 MR. MYERS: You're welcome.

7 CHAIRMAN THOMAS: Thank you.

8 Any other questions?

9 If not, we want to thank you, sir.

10 MR. MYERS: You're certainly welcome.

11 All the best.

12 CHAIRMAN THOMAS: Next and last on our
13 list is testimony from Mr. Lawrence D. Carter, who
14 is not here, but he was kind enough to submit his
15 testimony on behalf of Blair County.

16 And if you do not have a copy of it, I
17 would suggest that you reach out to Ms. Patricia
18 Custis and we will make sure that you get a copy.

19 And before concluding our hearing, let me
20 ask anyone in the audience if they have anything
21 that they would like to add or take away from this
22 conversation?

23 (No response.)

24 CHAIRMAN THOMAS: No one? We did all
25 right, Mr. Chairman.

1 Let me thank each and every one of you
2 for this opportunity. Let me reiterate, we -- we
3 want to open the lines of communication. We want
4 to hear from you.

5 And we want you to be assured that your
6 concerns will not fall on deaf ears, that we have a
7 firm commitment in making sure that, whether it's
8 ARRA or any other federal dollar that comes into
9 the Commonwealth of Pennsylvania, that it's spent
10 appropriately and that it's spent in a manner that
11 brings back the best results.

12 And on the results side, we need jobs.
13 We need strong boroughs, townships,
14 municipalities. And we need people feeling good
15 about how we're making decisions about their
16 money. That's what we need. That's what we want.

17 And for my caucus, I assure you that we
18 will do all that we can to achieve that.

19 And since the minority chairman is here,
20 I'm not going to dare try to speak for him, but I
21 know that he's going to try to do the same thing.

22 But we'll hear from you, Representative
23 Metcalf.

24 REPRESENTATIVE METCALFE: Thank you,
25 Mr. Chairman. I appreciate the -- appreciate the

1 opportunity to make closing comments.

2 I was in D.C. last week and had a chance,
3 with some of the state legislators, to hear from
4 Congressman Boehner, who is the minority leader of
5 the U.S. House of Representatives.

6 Congressman Boehner had mentioned that
7 this year there was significant money that was sent
8 to the states that helped, if you would, with a
9 state bail-out and that's what much of this
10 stimulus money has been used for, especially when
11 you look at the DPW spending that has occurred with
12 it.

13 He also recommended to the state
14 legislators there at the conference last week to go
15 back to their respective states and work within
16 their states and work with their governors to find
17 the spending cuts that are needed to address the
18 serious economic issues that we're facing coming
19 into the new year and for several years ahead
20 because I don't think a lot of the economists
21 really expect to see our revenues return to the
22 levels that they had been back in 2007 until
23 possibly 2015.

24 So we face some serious economic
25 challenges, and I think these hearings are a very

1 good step toward helping the committee identify
2 ways that we can be more efficient with the money
3 that has been allocated and hopefully help us move
4 forward in a more positive direction and help a
5 quicker economic recovery as these decisions are
6 made.

7 Thank you, Mr. Chairman, for the
8 opportunity to make a few closing comments.

9 CHAIRMAN THOMAS: Thank you. And, again,
10 let me thank each and every one of you.

11 Let me thank our stenographer, our staff
12 on both the majority side and the minority side,
13 and let me thank our guests.

14 Good afternoon.

15 (The following is the written remarks by
16 Lawrence D. Carter, Executive Director of Planning
17 and Community Development, city of Altoona, Blair
18 County, Pennsylvania.)

19 Prepared for the ARRA public hearing
20 before Chairman W. Curtis Thomas and the House
21 Intergovernmental Affairs Committee, on December
22 10, 2009 in Harrisburg, PA.

23 As an Entitlement City, Altoona receives
24 all funds directly from the federal government
25 rather than through the state of Pennsylvania.

1 Operating on the July 1 through June 30 Federal
2 Fiscal Year, the following provides a summary of
3 the stimulus project status.

4 1) Homeless Prevention/Rapid Re-housing
5 Program (HPRP)

6 The city received \$819,715 which has been
7 allocated to the following sub-grantees; Blair
8 Senior Services, Blair County Community Action
9 Agency, Family Services and the Home Nursing
10 Agency. These human service agencies are the best
11 local vehicles for providing services to prevent
12 homelessness and organize rapid re-housing programs
13 for the eligible population. As of this date, one
14 job has been created.

15 2) Community Development Block
16 Grant-Recovery (CDBG-R)

17 The city of Altoona is the regular
18 administrator of CDBG funds. The routine amount
19 allocated to the city during this program year was
20 \$1,973,724. The CDBG-R funds were an additional
21 allocation of \$535,897. The recovery funds were
22 utilized to complete a curb and sidewalk project
23 for a low-moderate income neighborhood, and to
24 rehabilitate approximately five single family homes
25 for eligible homeowners. The curb and sidewalk

1 project has been completed, three single family
2 home rehabilitations have started construction and
3 two more have the contracts for rehabilitation
4 awarded. The curb and sidewalk project created
5 three jobs and retained three jobs and the housing
6 rehabilitation project at this stage has created
7 zero jobs and retained nine.

8 3) Energy Efficiency and Conservation
9 Block Grant (EECBG)

10 These funds are being utilized to replace
11 the lighting elements in 149 street lamps with
12 energy efficient units. These lamps are located in
13 the city's Business District. Forty (40) windows
14 in Firehouse Number 1 are also being replaced with
15 energy efficient units. The 149 lamp elements have
16 been purchased and will be installed with two jobs
17 being retained. The contract for the windows is
18 expected to be advertised in January 2010. The
19 total project amount is \$205,700.

20 4) Neighborhood Stabilization Program
21 (NSP-round 1)

22 The city of Altoona applied for \$280,845
23 of this competitive Pennsylvania grant on February
24 2, 2009. The city routinely removed blighted
25 structures over the decades using CDBG funds. This

1 "spot blight" removal program halted any
2 concentrated accumulation of blight. This lack of
3 blight concentration caused the city to score low
4 and no funds were received from the NSP program.

5 Lawrence D. Carter, Executive Director
6 Planning and Community Development
7 City of Altoona

8 (This concludes the written remarks
9 submitted by Lawrence D. Carter, Executive
10 Director, Planning and Community Development, city
11 of Altoona, Blair County.)

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13 (The hearing was concluded at 12:31 p.m.)

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I hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me on the within proceedings and that this is a correct transcript of the same.

Brenda S. Hamilton, RPR
Reporter - Notary Public