

December 2009

RECOVERY ACT

Status of States' and Localities' Use of Funds and Efforts to Ensure Accountability (Pennsylvania)



GAO

Accountability * Integrity * Reliability

Appendix XV: Pennsylvania

Overview

This appendix summarizes GAO's work on the fourth of its bimonthly reviews of American Recovery and Reinvestment Act of 2009 (Recovery Act) spending in Pennsylvania. The full report covering all of GAO's work in 16 states and the District of Columbia may be found at <http://www.gao.gov/recovery>.

What We Did

For GAO's work in Pennsylvania, we reviewed four specific programs funded under the Recovery Act: Highway Infrastructure Investment, Transit Capital Assistance, Fixed Guideway Infrastructure Investment, and the Weatherization Assistance Programs. Our work focused on the status of the program's funding, how funds are being used, and issues specific to each program. The highway and transit programs have approaching deadlines in March 2010 for obligating the Recovery Act funds before these funds are subject to withdrawal and redistribution. Pennsylvania's weatherization program was starting to spend funds at the time of our work. We also include updated information and Pennsylvania survey data for three Recovery Act education programs—the U.S. Department of Education (Education) State Fiscal Stabilization Fund (SFSF); Title I, Part A of the Elementary and Secondary Education Act of 1965 (ESEA), as amended; and Part B of the Individuals with Disabilities Education Act (IDEA), as amended. For descriptions and requirements of the programs we covered, see appendix XVIII of [GAO-10-232SP](#).

We met with the Pennsylvania Accountability Office to gain an understanding of the state's experience in meeting Recovery Act reporting requirements for the first quarterly reports that were due in October 2009. Pennsylvania is a centralized reporting state, and the Pennsylvania Accountability Office submits the quarterly recipient reports for Recovery Act funds received by state agencies. Each state agency receiving Recovery Act funds—the direct recipient—is responsible for collecting and entering data for its subrecipients and vendors into a centralized Recovery Act data warehouse.

Finally, we continued to track the state's fiscal condition and also visited four local governments to discuss the amount of Recovery Act funds each expects to receive and to learn how those funds will be used. We selected Harrisburg and Dauphin County, which are located in a medium-sized urban area encompassing the state capitol, with a county unemployment rate below the state's average of 8.3 percent. We also selected Allentown and Lehigh County, which are located in the third largest urban area in Pennsylvania, with unemployment rates higher than the state's average.

What We Found

- **Highway Infrastructure Investment.** As of October 31, 2009, the U.S. Department of Transportation (DOT) Federal Highway Administration (FHWA) had obligated \$885 million of the \$1.026 billion of Recovery Act funds apportioned to Pennsylvania and \$150 million had been reimbursed. As of November 20, 2009, Pennsylvania had received bids for 275 of its 293 projects and had 270 projects under way, mainly for pavement improvements and bridge improvements or replacements.
- **Transit programs.** For its Transit Capital Assistance Program, DOT's Federal Transit Administration (FTA) apportioned \$327.5 million in Recovery Act funds to Pennsylvania and urbanized and nonurbanized areas located in the state. As of November 5, 2009, FTA had obligated \$290.0 million. For its Fixed Guideway Infrastructure Investment Program, FTA apportioned \$91.9 million in Recovery Act funds to the Philadelphia and Pittsburgh urbanized areas, all of which had been obligated by FTA as of November 5, 2009.
- **Weatherization Assistance Program.** As of November 19, 2009, the Pennsylvania Department of Community and Economic Development (DCED) had released \$10 million to the Department of Labor and Industry (L&I) to provide weatherization training and certification, awarded contracts for 41 of the 43 weatherization agencies, and released \$41.5 million to 41 agencies to begin weatherizing homes. While DCED has focused its efforts on releasing funds to the agencies, it faces several challenges to meeting its spending and production targets. These include expanding its oversight capacity, certifying and training weatherization workers, and implementing a statewide procurement system for weatherization materials purchased with Recovery Act funds.
- **Education programs.** For SFSF, on November 2, 2009, Education approved Pennsylvania's application for its initial allocation of \$1.4 billion. In fiscal year 2009-10, Pennsylvania will use \$655 million to restore and increase state funding for local educational agencies (LEAs) and \$93.2 million to restore state funding for public institutions of higher education (IHEs). For ESEA Title I, Part A, Education has awarded Pennsylvania about \$400.6 million in Recovery Act funds. For IDEA, Part B, Education has awarded Pennsylvania about \$441.7 million in Recovery Act funds. According to data from Education as of November 6, 2009, Pennsylvania had drawn down \$70.4 million in Recovery Act ESEA Title I, Part A funds and \$74.7 million in IDEA, Part B funds.

- **Recipient reporting.** Pennsylvania's Accountability Office reported that it successfully submitted 276 recipient reports before October 10, 2009, on behalf of 13 state agencies using its centralized Recovery Act data warehouse. All of these reports were posted immediately on the state's www.recovery.pa.gov Web site. By October 30, 2009, Pennsylvania had revised 246 of its preliminary reports largely because of updated federal agency guidance and federal requests to standardize award dates and project descriptions. Three transit agencies in Pennsylvania, that were to file directly with the federal government, did not successfully submit their recipient reports in October 2009.
- **Pennsylvania's fiscal condition.** On October 9, 2009, Pennsylvania enacted its 2009-10 budget for the fiscal year that began July 1, 2009. Pennsylvania now has budget authority to spend Recovery Act funds, according to the state budget office. Even with Recovery Act funds to help with budget stabilization, the \$27.8 billion general fund budget is \$524 million less than last year, and state agencies are preparing for layoffs. The budget assumed no growth in general fund revenues over 2008-09 revenues and included \$3.3 billion in new recurring revenues as well as onetime revenues. However, the state's general fund revenues reported as of October 2009 were 1.8 percent below estimates for fiscal year 2009-10—a revenue shortfall of \$160 million.
- **Localities' use of Recovery Act funds.** The cities of Harrisburg and Allentown as well as Dauphin and Lehigh counties report that they have or will receive Recovery Act funds. These four localities plan to use Recovery Act funds to prevent homelessness and for onetime uses, such as improving energy efficiency in government buildings and purchasing law enforcement equipment.

Pennsylvania Continues to Use Recovery Act Funds for Bridges and Roadway Improvements, and Contracts Continue to Be Awarded for Less Than State Cost Estimates

As we previously reported, \$1.026 billion was apportioned by FHWA to Pennsylvania for highway infrastructure and other eligible projects. As of October 31, 2009, \$885 million (86 percent) had been obligated and \$150 million had been reimbursed by FHWA. According to Pennsylvania data, highway and bridge contracts have been awarded and work has started. For its 293 projects, as of November 20, 2009, Pennsylvania had received bids for 275 projects representing about \$776.5 million. Of these, 270 projects representing \$762 million were authorized to begin—that is, a Notice to Proceed, which authorizes a contractor to begin work, had been issued.

Pennsylvania selected highway and bridge projects that could be started quickly and focused on roadway improvements and bridge deficiencies. FHWA data as of October 31, 2009, show that most Recovery Act funds for Pennsylvania have been obligated to help meet these needs. Specifically, \$366.7 million (41.4 percent) of the \$885 million obligated was for pavement improvement and \$273.5 million (30.9 percent) was for bridge improvements or replacements. Lesser amounts were obligated for other types of projects, such as transportation enhancements (e.g., curb ramps for people with disabilities).

We reported in September 2009 that bids for Recovery Act highway and bridge projects were about 12 percent less than original project cost estimates. Data provided by the Pennsylvania Department of Transportation (PennDOT) shows that as of November 20, 2009, the total amount across all bids received was 14.4 percent (or about \$130 million) less than original state estimates of total project costs. According to PennDOT, savings from bids on contracts being less than the estimated costs have been applied to additional Recovery Act projects. In July 2009, Pennsylvania added 52 Recovery Act projects and modified 4 existing projects, and, in November 2009, Pennsylvania added 33 Recovery Act projects and modified 5 existing projects. PennDOT officials said they may solicit bids for the latter projects in early 2010.¹

¹Federal regulations require states to maintain a process for adjusting project cost estimates. In addition, the state shall seek to revise the federal funds obligated for a project within 90 days after it has determined that the estimated federal share of project costs has decreased by \$250,000 or more. (23 C.F.R. § 630.106.) The funds deobligated from this process may be used for other FHWA-approved projects once the funds have been obligated by FHWA.

Overall, PennDOT officials believe that the Recovery Act is making a positive impact on their ability to meet state transportation needs. For example, they said Recovery Act funds have allowed the state to undertake more projects than it typically could, including addressing 100 additional structurally deficient bridges under the state's Accelerated Bridge Program.

**Pennsylvania's
Transportation Revenues
Have Been Less Than
Expected, and the State
May Need to Amend Its
Maintenance of Effort
Estimate**

The Recovery Act required the Governor of each state to certify that the state will maintain the level of spending for the types of transportation projects funded by the Recovery Act that it planned to spend the day the Recovery Act was enacted through September 30, 2010 (about \$2.2 billion for Pennsylvania). On March 17, 2009, the Governor of Pennsylvania made this certification. However, Pennsylvania submitted an amended certification letter on May 20, 2009, after it was informed by the U.S. Secretary of Transportation that the original certification did not comply with section 1201 of the Recovery Act or implementing guidelines because it included certain explanations about its estimates.

PennDOT has been tracking compliance with Recovery Act maintenance of effort (MOE) requirements. According to PennDOT officials, one of the challenges in meeting the MOE requirements is generating the tax revenue to pay for transportation projects. PennDOT officials said that to date these revenues, which come from liquid fuels and other taxes, have been less than expected, and the state is starting to consider options should MOE requirements not be met. In addition, Pennsylvania may again need to amend its MOE estimates. In September 2009, FHWA issued supplemental guidance advising states that their MOE certified amounts should include funding they provide to local governments or other entities for transportation projects. PennDOT officials said their MOE certifications did not include all these amounts, which can range up to \$400 million per year. PennDOT is discussing with FHWA whether another MOE certification letter will be required.

Transit Agencies in Pennsylvania Continue to Implement Rail and Fleet Improvement Recovery Act Projects

We spoke with officials from PennDOT and three transit agencies in Pennsylvania about their Transit Capital Assistance and Fixed Guideway Infrastructure Investment Recovery Act funding and projects. In total, Southeastern Pennsylvania Transportation Authority (SEPTA) in Philadelphia was allocated \$190.9 million; Port Authority of Allegheny County (Port Authority), \$62.5 million; and the Lehigh and Northampton Transportation Authority (LANTA), \$9.4 million in Recovery Act funds (see table 1). PennDOT’s Bureau of Public Transportation also was apportioned \$39.6 million for 15 nonurban transit agencies’ projects, intercity bus, and intercity rail projects.

Table 1: Transit Capital Assistance and Fixed Guideway Infrastructure Investment Recovery Act Funding for PennDOT and Three Pennsylvania Transit Agencies

Dollars in millions

	Transit Capital Assistance		Fixed Guideway Infrastructure Investment ^a	Total allocation ^b
	Approved by FTA	Remaining allocation		
SEPTA	\$112.8	\$12.5	\$65.7	\$190.9
Port Authority	44.0	0	18.5	62.5
LANTA	7.7	1.7	0	9.4
PennDOT	38.2	0	1.4	39.6

Source: GAO analysis of data from FTA, PennDOT, and transit agencies.

^aThe Fixed Guideway Infrastructure Investment Recovery Act total allocations for SEPTA, Port Authority, and PennDOT have been approved by FTA.

^bNumbers may not add to totals due to rounding.

SEPTA and Port Authority continue to use their Recovery Act allocations for rail construction and improvements, “state of good repair” projects, and vehicle procurement (including bus purchases).² As of November 2009, SEPTA had 31 projects with approved Recovery Act grant funding of which 27 projects had received a Notice to Proceed with construction. SEPTA planned to add an additional project to its Recovery Act Transit Capital Assistance grant when its environmental assessment was completed. Port Authority officials told us that they continue to use their Recovery Act funding for the North Shore Connector project and as of

²See GAO, *Recovery Act: Funds Continue to Provide Fiscal Relief to States and Localities, While Accountability and Reporting Challenges Need to Be Fully Addressed (Appendixes)*, [GAO-09-1017SP](#) (Washington, D.C.: September 2009), for a more detailed discussion of SEPTA’s and Port Authority’s Recovery Act projects.

November 2009 had spent \$3.0 million mostly on the rail systems portion of the project. Port Authority officials stated that they planned to begin construction on other Recovery Act components of the project in the near future.

LANTA plans to use its Transit Capital Assistance Recovery Act grant to purchase 5 buses and 20 vans, implement a new passenger information system, install bus shelters and signage, and fund design work and purchase property for a new maintenance facility. LANTA completed the van purchase in September 2009 and expected to receive the 5 buses in 2010. The passenger information system project began in September 2009. At the time of our visit LANTA had not finalized its plans for the new maintenance facility. If this project does not go forward, LANTA officials said the Recovery Act funds will be reprogrammed by December 2009 for preventive maintenance or further vehicle purchases.

PennDOT told us that 16 projects under its Recovery Act transit funding had started work as of October 31, 2009. One nonurban transit agency we visited, Butler Transit Authority, awarded four contracts for its intermodal transit center in October 2009 and notice to proceed with construction was expected in November 2009. PennDOT's intercity rail Recovery Act project—Elizabethtown Station—began construction in September 2009.

PennDOT and Transit Agencies in Pennsylvania Continue to Use Existing Controls to Monitor and Track Transit Recovery Act Funds and Projects

PennDOT, SEPTA, Port Authority, and LANTA officials told us they plan to apply existing controls to Recovery Act work. In addition, LANTA plans to hire a construction management consultant to oversee its Recovery Act maintenance facility project, and LANTA officials told us they hold weekly project status meetings with the contractor installing their passenger information system. PennDOT continues to use its contract engineering consultant for Recovery Act transit project management, but PennDOT officials said that reporting duties were being transferred to in-house staff to free up the consultant to focus on onsite project management as well as technical assistance. According to PennDOT officials, the Recovery Act has supported the ongoing initiative to increase oversight of transit grantees, particularly those with small and medium-sized capital projects. PennDOT transit officials said they do not plan to reduce oversight efforts after Recovery Act funds have been expended.

Pennsylvania Has Begun Certifying and Training Weatherization Workers and Releasing Funds to Local Agencies, but Faces Challenges Meeting Spending and Production Targets

The Recovery Act appropriated \$5 billion for the Weatherization Assistance Program, which the U.S. Department of Energy (DOE) is distributing to each of the states, the District of Columbia, and seven territories and Indian tribes, to be spent over a 3-year period. This program enables low-income families to reduce their utility bills by making long-term energy efficiency improvements to their homes by, for example, installing insulation or modernizing heating or air conditioning equipment. On September 22, 2009, DOE obligated all the funds allocated to the states, but it has limited the states' access to 50 percent of these funds.³ Pennsylvania will receive a total of \$252.8 million in Recovery Act funds for its Weatherization Assistance Program. Of this amount, the Pennsylvania DCED will retain up to \$8.3 million for program management and oversight and will provide up to \$20 million to L&I for training and technical assistance. The balance of the funds (about \$224.5 million) will be provided to 43 weatherization agencies in Pennsylvania. DCED plans to spend at least 50 percent of these funds by September 30, 2010, and plans to evaluate weatherization agency performance through measures such as jobs created, homes weatherized, and energy savings. As of November 19, 2009, DCED reports that it has 552 homes in progress for weatherization and has completed weatherization on 34 homes.

Since our September 2009 report, DCED has reviewed weatherization agency management plans, awarded contracts, and released funds to some agencies. As of November 19, 2009, DCED had awarded 41 of the 43 contracts to the weatherization agencies and had released \$41.5 million to 41 of those agencies. DCED expects to complete releasing the first round of payments to all 43 weatherization agencies and L&I by late-November 2009—equal to about half of the agencies' first-year total Recovery Act funding. While DCED has focused its efforts on releasing funds to the weatherization agencies, it faces several challenges to meeting its spending and production targets. These include expanding its oversight capacity, training and certifying weatherization workers, and implementing a statewide procurement system for weatherization materials purchased with Recovery Act funds.

Expanding state oversight capacity. Currently, three DCED staff monitor weatherization agencies to determine if quality weatherization work is being performed and if program costs are appropriate. Using

³DOE currently plans to make the remaining funds available to the states once 30 percent of the housing units identified in the state plans are weatherized.

DCED-developed monitoring guidelines and procedures, DCED monitors are expected to visit weatherization agencies at least twice each year and to inspect 10 percent of the homes each agency has weatherized. Previously, DCED monitors focused on supporting the weatherization agencies; however, in the future, monitors will spend more time assessing agency performance. To increase its oversight capability, DCED is hiring eight additional monitors. While the new monitors are expected to have backgrounds in the building trades or inspection fields, they will be expected to obtain training and meet the certification standards that the weatherization workers must meet. DCED is creating a training plan and plans to hire a contractor to revise its monitoring guidelines and procedures to ensure that monitoring is done consistently.

Certifying and training weatherization workers. Pennsylvania is requiring that all weatherization installers, crew chiefs, and auditors be certified to perform weatherization work under the Recovery Act. To meet the state requirement, L&I has created an accelerated certification process that requires each existing worker to submit an application to a special review committee. L&I officials have estimated that the state may need as many as 1,500 new certified weatherization workers. As of November 19, 2009, 574 existing workers have requested to be certified based on their training and/or experience. As of November 19, 2009, the committee had reviewed 450 of the 574 applications. Of the 574 applications, 202 applicants have been certified; 248 applicants will be required to pass a proficiency test or complete an accelerated training program; and 124 applicants are awaiting committee review. To provide training and certification for additional weatherization workers, L&I is establishing six new training centers, in addition to the Weatherization Training Center at the Pennsylvania College of Technology. DCED will provide L&I up to \$20 million to conduct the training, and in November 2009, DCED released \$10 million to L&I. Officials hope to have these centers operational by the end of 2009. Finally, state officials have amended the certification requirement to allow workers to weatherize homes if they are certified—or are on a path to certification—within 90 days from the start of a weatherization contract. L&I officials plan to hire three additional staff to help ensure the quality and oversight of the weatherization curriculum and certification of weatherization workers statewide.

Implementing a statewide procurement system. DCED requires all agencies to purchase weatherization materials or vehicles through Pennsylvania's Department of General Services' central procurement system—COSTARS. Under COSTARS, the Department of General Services awards multiple contracts through a bidding process that requires

suppliers to supply weatherization materials at discount prices. Suppliers must pay an annual fee of \$500 and must meet terms and conditions specified in the contract. While there is no COSTARS membership fee, weatherization agencies must enroll in the COSTARS program prior to purchasing weatherization materials. As of November 19, 2009, six weatherization materials suppliers had joined the COSTARS weatherization program. The Department of General Services would like to increase the number of suppliers and will accept new bid proposals. The department also encourages suppliers to offer quantity discounts and encourages COSTARS members to comparison shop and negotiate lower prices. DCED is developing a directive for weatherization agencies on the use of COSTARS for purchasing weatherization materials.

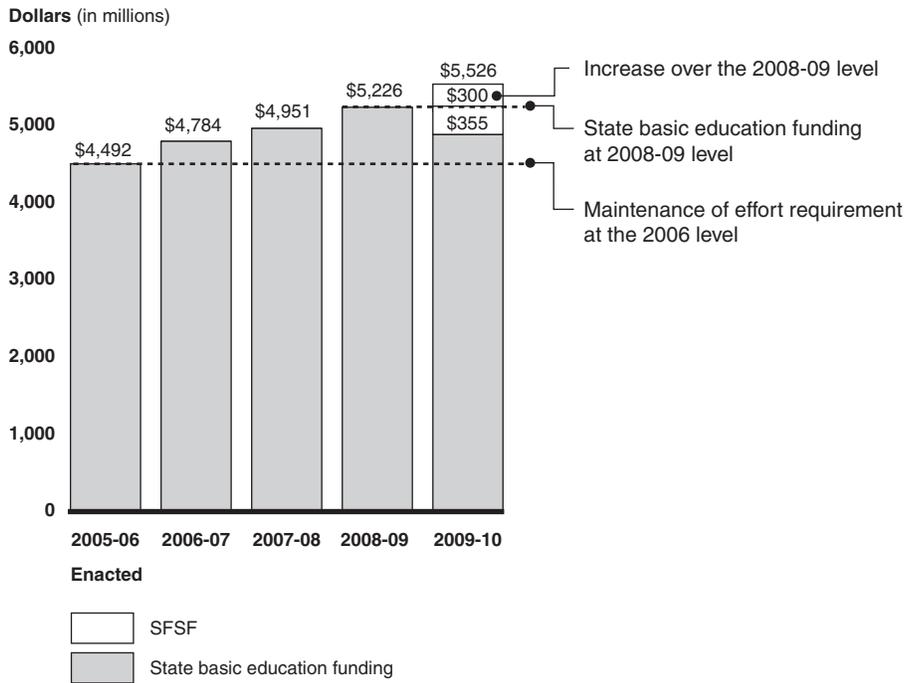
Pennsylvania's SFSF Application Was Approved and the State's Enacted Budget Provided Funds for School Districts

Pennsylvania resubmitted its SFSF application to Education on October 20, 2009,⁴ and on November 2, 2009, was approved to receive the initial \$1.4 billion of its total \$1.9 billion SFSF allocation.⁵ For fiscal year 2009-10, the state's legislature appropriated \$5.5 billion for basic education funding—approximately \$4.9 billion in state basic education funding and \$655 million in SFSF funds, according to the Pennsylvania Office of the Budget. (See fig. 1.) Approximately \$355 million of the SFSF funds are to restore state basic education funding to the fiscal year 2008-09 level of \$5.2 billion with an additional \$300 million (5.7 percent) increase over the 2008-09 level. For SFSF, Pennsylvania is required to meet the MOE requirement to ensure that it will maintain state basic education support at least at the state's fiscal year 2006 level, which was \$4.5 billion, or apply for a waiver. Pennsylvania Department of Education (PDE) officials stated that they will use their existing Web-based grant application system for LEAs to apply for basic education and SFSF funds and to monitor the use of SFSF money.

⁴As we previously reported, Pennsylvania submitted its first SFSF application in April 2009 and resubmitted its application on June 26, 2009, to remove four IHEs from receiving SFSF money. Education directed the state to resubmit its application again to include these IHEs as recipients of SFSF money. The final application included these four IHEs.

⁵Of the \$1.9 billion, approximately \$1.6 billion (81.8 percent) are education stabilization funds, and approximately \$347 million (18.2 percent) are government services funds. The latter will be used mostly to fund the Department of Corrections with \$500,000 going to help cover Pennsylvania Department of Education administrative costs associated with Recovery Act reporting requirements.

Figure 1: Pennsylvania’s Use of Recovery Act Education Stabilization Funds for Fiscal Year 2009-10 Basic Education



Source: GAO analysis of Pennsylvania budget documents.

Pennsylvania will also use SFSF funds to restore funding for public IHEs. Fourteen colleges in the Pennsylvania State System of Higher Education, community colleges, a technology college, and four state-related IHEs⁶ will receive a total of about \$63 million in SFSF funds to restore state funding cuts in fiscal year 2008-09 and about \$93 million in SFSF funds for fiscal year 2009-10. As shown in table 2, these funds will be used to restore IHE funding to the fiscal year 2007-08 level of \$1.4 billion. PDE officials said that the state needs to develop a process for collecting and reporting information about SFSF use for higher education.

⁶The state-related IHEs are Pennsylvania State University, University of Pittsburgh, Temple University, and Lincoln University. According to an official in the Office of the Budget, as of November 20, 2009, Pennsylvania had not enacted the state appropriations for the four state-related IHEs.

Table 2: Pennsylvania’s Use of Recovery Act Education Stabilization Funds for Higher Education

Dollars in millions

Fiscal year	State funding	SFSF	Total
2007-08	\$1,407	\$0	\$1,407
2008-09	1,375	63	1,438
2009-10	1,345 ^a	93	1,438

Sources: Pennsylvania state budget documents and the approved Pennsylvania SFSF application.

^aAs of November 20, 2009, Pennsylvania had not enacted the state appropriations for the four state-related IHEs.

Education has awarded Pennsylvania about \$400.6 million in Recovery Act funds for ESEA Title I, Part A and about \$441.7 million in Recovery Act funds for IDEA, Part B. Since our September 2009 report, Pennsylvania enacted its budget providing state appropriation authority for these Recovery Act education funds. According to Education data as of November 6, 2009, Pennsylvania had drawn down \$70.4 million in Recovery Act ESEA Title I, Part A funds. For IDEA, Part B, Pennsylvania had drawn down \$74.7 million.

We surveyed a representative sample of LEAs nationally and in Pennsylvania about their planned uses of Recovery Act funds. Table 3 shows Pennsylvania’s GAO survey results on the estimated percentages of LEAs that (1) plan to use more than 50 percent of their Recovery Act funds from three education programs to retain staff, (2) anticipate job losses even with SFSF funds, and (3) reported a total funding decrease of 5 percent or more since last school year.

Table 3: Selected Results from GAO Survey of Pennsylvania LEAs

Responses from GAO survey	Estimated percentages of LEAs
Plan to use more than 50 percent of Recovery Act funds to retain staff	
IDEA funds	6
Title I funds	19
SFSF funds	19
Anticipated job losses, even with SFSF funds	6
Reported total funding decrease of 5 percent or more since school year 2008-09	4

Source: GAO survey of LEAs.

Notes: Percentage estimates for Pennsylvania have margins of error, at the 95 percent confidence level, of plus or minus 16 percentage points or less. At the time our survey was conducted, from August 21 through October 4, 2009, Pennsylvania did not have an approved application for SFSF funds or an enacted state budget. An estimated 28 percent of LEAs reported on the survey that they did not know if they would receive SFSF funds, and responses from these LEAs regarding SFSF funds are not included. In its guidance to LEAs, PDE recommended that, because of the temporary nature of the Recovery Act funds, LEAs use the funds for onetime expenditures, such as textbook purchases or facility upgrades, which do not need to be sustained in the future.

Pennsylvania Filed Recipient Reports Using Its Centralized Reporting Platform, but Localities Face Challenges with Recovery Act Reporting

As we reported in September 2009, Pennsylvania developed a centralized data warehouse—Central Access to Recovery Data System (CARDS)—to collect data from state program agencies directly receiving Recovery Act funding for section 1512 quarterly reporting. By October 9, 2009, Pennsylvania’s Accountability Office used its centralized system to successfully submit 276 reports on behalf of 13 state agencies with information on 955 subrecipients and over 1,000 vendors and subvendors. To help ensure the accuracy and completeness of data submitted, state program agency officials were to review their report information, and Pennsylvania’s Accountability Office also reviewed the reports for completeness, accuracy of financial data, and reasonableness of job data prior to submission to www.federalreporting.gov. To promote transparency, Pennsylvania posted all submitted reports and published summary data on its www.recovery.pa.gov Web site on October 10, 2009. According to analysis by Pennsylvania’s Senior Advisor for Recovery Implementation, by October 30, 2009, 246 of the preliminary recipient reports were revised largely due to updated federal agency guidance and federal requests to standardize award dates and project descriptions. Also, some reports were revised to convert job head counts to direct full-time equivalent measures. PennDOT updated 225 recipient reports in response to FHWA guidance received on October 28, 2009, just 1 day before the

deadline for recipients to respond to all federal agency comments. State officials said that navigating the federal agency review process was challenging, in part because they sometimes did not know how to contact federal officials about comments received.

Nonstate entities, such as cities, counties, and urban transit agencies, that received Recovery Act funding directly from the federal government submitted their reports directly to www.federalreporting.gov. Local entities, such as nonurban transit agencies and school districts that received funds through a state agency were included as subrecipients in the reports submitted centrally by Pennsylvania.

Transit Agencies Used Various Job Calculation Methodologies, and Some Did Not Successfully Submit Recipient Reports

As we reported in November 2009, each of four transit entities we reviewed used a different denominator to calculate the number of full-time equivalent jobs it reported on its recipient reports for the period ending September 30, 2009.⁷ SEPTA used 1,040 hours as its denominator since it had projects under way in two previous quarters. Port Authority in Pittsburgh prorated the hours based on contractors' start dates as well as to reflect that hours worked from September 2009 were not included due to lag time in invoice processing. Port Authority used 1,127 hours for contractors starting before April 2009, 867 hours for contractors starting in the second quarter of 2009, and 347 hours for contractors starting in the third quarter of 2009. PennDOT in the report for nonurbanized transit agencies reported using 1,248 hours, which was calculated by multiplying 8 hours per workday times the 156 workdays from February 17 through September 30, 2009. Finally, LANTA used 40 hours in the recipient report it tried to submit, but due to confusion about the need for corrective action, the report was not filed.

According to FTA, three transit agencies in Pennsylvania did not successfully submit their recipient reports in October 2009. In addition to LANTA, Hazleton Public Transit tried to submit but was not successful in reporting. According to a Hazleton transit official, the agency received a [federalreporting.gov](http://www.federalreporting.gov) email acknowledging its submission, but the final report was not posted on recovery.gov. According to a transit agency official in the City of Washington, Pennsylvania, the transit agency tried to

⁷GAO, *Recovery Act: Recipient Reported Jobs Data Provide Insights into Use of Recovery Act Funding, but Data Quality and Reporting Issues Need Attention*, [GAO-10-223](#) (Washington, D.C.: Nov. 19, 2009).

register with Central Contractor Registration (CCR) ahead of the October 10 reporting deadline but did not receive its CCR registration until October 15. The transit agency official said that, despite repeated attempts before October 20 to submit their report, the recipient report was not successfully filed because federalreporting.gov could not match the agency's identification information.

Recipient Reporting Challenges for Schools

For the October 2009 recipient reports for ESEA Title I, Part A and IDEA, Part B funds, PDE used its e-grants system to collect data from school districts. For its first recipient report for SFSF, PDE officials anticipated difficulty in distinguishing job measures for the SFSF, particularly the portion that restores state basic education funding to the previous year's level. In June 2009, PDE issued a request for proposals for contractor services to help with its recipient reporting for Recovery Act education funds. PDE has selected a vendor to assist with the collection, review, and analysis of fiscal and programmatic data required for Recovery Act recipient reporting. As of November 20, 2009, the contract is currently in the review and approval process. However, PDE officials expressed concern that smaller LEAs may not have adequate administrative staff to help with their reporting requirements. For any recipient reporting guidance received after December 15, 2009, PDE officials anticipate difficulty in communicating guidance, updating their information systems, and retraining school staff over the winter holiday season when schools are closed.

Pennsylvania Enacted Its Budget and Localities Are Receiving Recovery Act Funds, but Fiscal Challenges Continue

As we reported in September 2009, the Governor signed a stopgap budget measure in August 2009 to pay state employees and fund health and public safety programs. On October 9, 2009, 100 days after the fiscal year began on July 1, Pennsylvania enacted its 2009-10 budget.⁸ Under Pennsylvania law, federal funds generally are appropriated by the General Assembly.⁹ The Pennsylvania General Assembly appropriated \$6.4 billion in Recovery Act funds in the General Fund budget, including approximately \$1.6 billion for possible competitive grants. Pennsylvania plans to use \$921 million in SFSF funds in fiscal year 2009-10. Pennsylvania plans to use state funds

⁸By October 19, 2009, Pennsylvania had made more than 8,000 payments totaling more than \$3 billion that were delayed during the impasse to schools, counties, and social service agencies.

⁹72 Pa. Cons. Stat. § 4615.

that were freed up as a result of the \$1.7 billion in increased Federal Medical Assistance Percentage (FMAP) fund awards to also help with budget stabilization.¹⁰ Even with the Recovery Act funds helping to stabilize the state budget, the \$27.8 billion budget is \$524 million less than last year's budget. Pennsylvania laid off 450 state employees earlier in fiscal year 2009-10 and announced 319 additional layoffs in November 2009. Pennsylvania estimated no growth in existing general fund revenues over the 2008-09 level of \$25.5 billion and included \$934 million in new recurring revenues, including \$286 million from changes in tobacco taxes, \$374 million from postponing a scheduled business tax phaseout, \$200 million in new table games revenue, and other targeted tax increases. Pennsylvania will also draw \$755 million from, and exhaust, its Rainy Day Fund this fiscal year. In addition, the budget taps \$1.6 billion in other onetime revenue, largely from transferring balances from special funds to the general fund. Although Pennsylvania projected a 2009-10 year-end balance of \$350 million, general fund revenues reported year-to-date as of October 2009 were \$160 million, or 1.8 percent, below estimates. Also, the new gaming revenue legislation has not been enacted, and Pennsylvania's Secretary of the Budget said that Pennsylvania's budget will not be completed until the General Assembly reconvenes in December 2009. As we previously reported, budget officials are looking ahead for ways to balance future budgets when the temporary Recovery Act funding ends.

To learn more about the impact of Recovery Act funds on local governments, we visited the city of Harrisburg and Dauphin County, as well as the city of Allentown and Lehigh County.¹¹ Table 4 provides recent demographic information for these localities.

¹⁰The use of Recovery Act funds must comply with specific program requirements but also, in some cases, enables states to free up state funds to address their projected budget shortfalls. The increased FMAP available under the Recovery Act is for state expenditures for Medicaid services. However, the receipt of this increased FMAP may reduce the funds that a state would otherwise have to use for its Medicaid programs. As we previously reported, Pennsylvania plans to use the funds made available as a result of the increased FMAP to cover the state's increased Medicaid caseload, ensure that prompt payment requirements are met, maintain current populations and benefits, and help stabilize the state budget.

¹¹Our examination of Recovery Act funds included only funds that have or will be received by the specific entities we visited. In Dauphin and Lehigh counties, local school districts, transit agencies, and public housing authorities also have or will be receiving Recovery Act funds.

Table 4: Demographics for Harrisburg, Dauphin County, Allentown, and Lehigh County, Pennsylvania

Local government	Population	Locality type	Unemployment rate	2009 Budget
Harrisburg	47,148	City	11.5%	\$118.2 million
Dauphin County	256,562	County	8.1%	327.0 million
Allentown	107,250	City	12.4%	80.5 million
Lehigh County	339,989	County	9.3%	404.9 million

Sources: U.S. Census Bureau; U.S. Department of Labor; and the budgets of the City of Harrisburg, Dauphin County, the City of Allentown, and Lehigh County.

Notes: Population data are from July 1, 2008. Unemployment rates are preliminary estimates for September 2009 and have not been seasonally adjusted. Rates are a percentage of the labor force. Estimates are subject to revision. The unemployment rate for the state of Pennsylvania in September 2009 was 8.3 percent.

The four local governments we visited generally plan to use the Recovery Act grants for a variety of projects and service expansions that would otherwise have remained unfunded. They will also use Recovery Act funds to provide assistance for families that might otherwise end up homeless.

City of Harrisburg. City of Harrisburg officials said that the city will receive or has received Recovery Act funds totaling about \$3.9 million, as shown in table 5. Harrisburg officials said that the city plans to use \$25,000 of its Energy Efficiency and Conservation Block Grant allocation to hire a consultant to develop a strategic plan to improve the energy efficiency for the city. Harrisburg plans to use its Edward Byrne Memorial Justice Assistance Grant (JAG) funds to purchase computers, scanners, and electronic evidence storage to replace costly paper storage. Harrisburg also plans to use the COPS Hiring Recovery Program (CHRP) grant to hire eight police officers. Harrisburg officials said Recovery Act funding is minimal and generally will not require identification of an exit strategy. However, Harrisburg officials said that the city may need to increase taxes or user fee revenues to maintain the eight police officers when the CHRP grant ends.

Table 5: Select Sources of Recovery Act Funding to the City of Harrisburg

Agency	Grant	Description	Amount
U.S. Department of Housing and Urban Development	Homelessness Prevention and Rapid Rehousing	Assistance to prevent homelessness	\$855,478
	Community Development Block Grant - Recovery	Acquisition and rehabilitation of four blighted properties for sale to low- or moderate-income families	599,343
U.S. Department of Energy	Energy Efficiency and Conservation Block Grant	Improved energy efficiency of city buildings	256,200
U.S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant (JAG)	Law enforcement equipment, such as electronic evidence storage, computers, and scanners	483,441 ^a
	COPS Hiring Recovery Program (CHRP)	Hiring eight police officers	1,689,552

Source: City of Harrisburg, Pennsylvania.

^aThe City of Harrisburg received its JAG allocation as a subrecipient through Dauphin County.

Dauphin County. Dauphin County officials said that the county has received or will receive Recovery Act funds totaling over \$6.5 million, as shown in table 6. For example, Dauphin County plans to use its Edward Bryne Memorial JAG award from the state to hire a new district attorney and a public defender. Dauphin County officials state that Recovery Act funding has been nominal to date and, for the most part, would have minimal impact on future budgets. Dauphin County officials said that they expect to be able to fund the new attorney positions when the JAG funding ends.

Table 6: Select Sources of Recovery Act Funding to Dauphin County

Agency	Grant	Description	Amount
U.S. Department of Housing and Urban Development	Homelessness Prevention and Rapid Rehousing	Assistance to prevent homelessness and rapidly re-house homeless individuals	\$942,636 ^a
	Community Development Block Grant - Recovery	Replacement of water lines in two boroughs, and street rehabilitation in one borough, and construction of a 15-unit apartment building to provide affordable rental housing for persons with chronic mental illness	406,027
Pennsylvania Department of Community and Economic Development	Weatherization Assistance Program	Weatherization of 583 low-income housing units	4,107,456 ^b
U.S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant (JAG)	Subgrants to nine local police departments in Dauphin County	745,169 ^c
Pennsylvania Commission on Crime & Delinquency	Edward Byrne Memorial JAG	Hiring one district attorney and one public defender	255,200
Pennsylvania Department of Public Welfare	Title IV-E Foster Care	Payments for room and board costs for youth and children to out-of-home placement providers	73,909

Source: Dauphin County, Pennsylvania.

^aDauphin County expects to receive \$621,187 as a direct recipient and \$321,449 as a subrecipient of the state.

^bAs of November 19, 2009, Dauphin County had received \$250,000 of its weatherization assistance funds.

^cDauphin County's allocation includes \$483,441 for Harrisburg and \$261,728 for eight other municipal police departments.

City of Allentown. City of Allentown officials said that the city has received or will receive Recovery Act funds totaling about \$3.7 million, as shown in table 7. To prevent homelessness within the Lehigh Valley region, Allentown is working with the surrounding counties of Lehigh and Northampton and the city of Bethlehem to coordinate applications to provide rent and utility assistance to low-income families. Allentown plans to use its Energy Efficiency and Conservation Block Grant allocation to, among other things, install fuel catalysts in city fleet vehicles, install solar lighting in city parks, and purchase solar trash compactors. The City of Allentown will use its Edward Bryne Memorial JAG awards to install surveillance cameras and increase patrols in high-crime areas. In preparing for the end of Recovery Act funding, Allentown city officials stated that they will use Recovery Act funds for onetime projects and police service expansions that could be scaled back when the temporary funds end.

Table 7: Select Sources of Recovery Act Funding to the City of Allentown

Agency	Grant	Description	Amount
U.S. Department of Housing and Urban Development	Homelessness Prevention and Rapid Rehousing	Assistance to prevent homelessness	\$1,129,049
	Community Development Block Grant - Recovery	Façade improvements to the city’s business district, public improvements in the Sacred Heart Hospital neighborhood, and curb ramps for people with disabilities	737,917
U.S. Department of Energy	Energy Efficiency and Conservation Block Grant	Improvement in energy efficiency of city equipment and infrastructure	1,038,800
U.S. Department of Justice	Edward Byrne Memorial Justice Assistance Grant (JAG)	Create new substation and purchase marked cars and police equipment	672,157 ^a
	Edward Byrne Memorial JAG	Increase patrols in high-crime neighborhoods	140,561

Source: City of Allentown, Pennsylvania.

^aThe City of Allentown received the joint allocation totaling \$672,157 for Lehigh County, with \$580,171 for Allentown and \$91,986 for four other local police departments.

Lehigh County. Lehigh County officials said the county has received or will receive Recovery Act funds totaling about \$3.2 million, as shown in table 8. Lehigh County plans to use its Energy Efficiency and Conservation Block Grant allocation to reduce the county’s future energy costs by installing energy-efficient lighting systems in seven county buildings, converting the county prison electric boiler system to gas, and adding solar panels and a geothermal energy system to a new county building. In preparing for the end of Recovery Act funding, Lehigh County officials said that they plan to use Recovery Act funds for onetime projects that they could not provide otherwise.

Table 8: Select Sources of Recovery Act Funding to Lehigh County

Agency	Grant	Description	Amount
U.S. Department of Housing and Urban Development	Homelessness Prevention and Rapid Rehousing	Assistance to prevent homelessness	\$824,412 ^a
	Community Development Block Grant - Recovery	Sewer line replacement and road repaving	375,581
U.S. Department of Energy	Energy Efficiency and Conservation Block Grant	Improved energy efficiency of county buildings	2,032,100

Source: Lehigh County, Pennsylvania.

^aLehigh County received \$574,614 as a direct recipient and \$249,798 as a subrecipient of the state.

**State Comments on
This Summary**

We provided the Governor of Pennsylvania with a draft of this appendix on November 20, 2009. The Chief Implementation Officer responded for the Governor on November 23, 2009, and agreed with our draft.

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