

Supplemental EPA Guidance on Measuring and Reporting Job Estimates (updated October 1, 2009)



Section 5.4 of the [Office of Management and Budget \(OMB\) Guidance Memorandum M-09-21 \(PDF\)](#) (41pp, 550k, [about PDF](#)) requires Federal agencies to issue supplementary guidance concerning situations in which a recipient uses a statistical methodology to support job estimate reporting. These questions and answers seek to address questions arising with both reporting the number of jobs through comprehensive reporting and the use of statistical methods in estimating job impacts of the Recovery Act.

Question 1. What types of jobs-related data should recipients collect, whether through comprehensive reporting or statistical samples?

Answer 1. Prime recipients are required to report an estimate of jobs directly created and retained by a project or contract. A job created is a new position created and filled or an existing vacant or unfilled position that is filled as a result of the Recovery Act; a job retained is an existing position that would not have continued to be filled were it not for Recovery Act funding. A specific example calculation is provided in section 5.3 of the [OMB guidance \(M-09-21, page 35\) \(PDF\)](#) (41pp, 550k, [about PDF](#)). The estimate of the number of jobs should be expressed as “full time equivalents” (FTEs).

Additional explanation for the “Number of Jobs” field: Recipients are required to report an aggregate number for the cumulative jobs created and jobs retained for each quarter. Recipients are not required to distinguish between created and retained jobs when reporting. ([NumberofJobs field, described on page 9 of the data dictionary within the Recipient Reporting Data Model\) \(PDF\)](#) (22pp, 228k, [about PDF](#)). Also, only compensated employment in the United States or outlying areas¹ should be counted.

The updated OMB guidance ([M-09-21, p.22pp. 33-37](#)) (PDF) (41pp, 550k, [about PDF](#)) and supporting website with [Frequently Asked Questions on ARRA](#) (updated Sept. 23, 2009) provide detailed information on reporting the number of jobs that are partially funded with Recovery Act Funds. Jobs created or retained through projects that are partially or fully funded by Recovery Act funds should be counted. Salaries do not have to be directly paid from Recovery Act funds.

If a project is fully funded by Recovery Act funds, report all jobs created or retained by that project. Report this number in the data element: `Number of Jobs`.

If a project has multiple funding sources, first identify those jobs that have been created or retained due to Recovery Act funding. Next calculate the proportion of Recovery Act funding used to date against the full funding for the project. Finally, multiply the number of created or retained jobs by the proportion of project funding provided by the Recovery Act in order to calculate the proportionate share of jobs. This proportionate share of the jobs is the amount that should be reported in the data element `Number of Jobs`.

If a recipient believes that some or all of the remaining jobs from the project attributed to the other funding sources would not have occurred without the Recovery Act Funding, the recipient can choose to include this information in the "Description of Jobs Created" Field, as described below. The "Number of Jobs" field should include only the created or retained jobs proportionate to the amount of the Recovery Act Funding.

For example, a state hires a contractor to construct a new water treatment plant. The project is funded with 60% recovery funds for this first reporting period, with the rest of the funds provided by other non-recovery sources. If 100 FTEs were reported by the contractor for the project as a whole, the state should use the 60% proportionate share in order to calculate and report 60 FTEs in the "number of jobs" field. A second example might be that work commences on a new water treatment plant, and for this first reporting period, all of the money spent on the plant is Recovery Act funding. In this example, following the proportionality rule, the number of FTEs should be based on 100% Recovery Act funding for the project to date, and the state would report 100 FTEs in the "number of jobs" field. If, for this second example, the project should later receive and spend non-recovery funds in future reporting periods, then the proportion of Recovery Act funding to date should be recalculated in future reporting periods in order for the state to report the proportionate share of FTEs funded by Recovery Act funds. A third example is for a situation where only a fraction of a new project's jobs are considered to be created or retained. Suppose a state uses recovery funds to allow a contractor to hire additional workers and accelerate construction of a new water treatment plant. Prior to Recovery Act funding, the contractor had 50 FTEs supporting the project and then, once Recovery Act funding became available, in the first reporting period the contractor hired 30 additional workers. In this case the contractor should provide information to the state to enable it to determine the number of FTEs associated with only these 30 additional workers supported by Recovery Act funding in the first reporting period. The state would then establish the proportionate share of the recovery funds spent on the project in this first reporting period, in order to calculate and report the number of FTEs in the "number of jobs" field.

Additional explanation for the "Description of Jobs Created" field: Recipients should describe the types of jobs created or retained and provide a narrative description of the employment impact. Recipients can also choose to use this field to describe the calculation and methodology used to derive the number of jobs reported in the "Number of Jobs" field, including the proportion of funding calculation. Recipients can also choose to use this field to describe whether additional jobs not otherwise captured in the "Number of Jobs" field would not have occurred without the Recovery Act funding. The recipient should include the reason these jobs would not have otherwise occurred and the process used to estimate the number of jobs or FTEs omitted from the "Number of Jobs" field. If the recipient chooses to try to obtain direct numbers for jobs related to the manufacturing of technology funded by the grant, the recipient should use this field to explain that these numbers are included in the job calculation and should provide the exact figure attributable to the manufacturing of technology associated with the grant or contract. ("Description of Jobs Created" field, [described on page 10 of the data dictionary within the Recipient Reporting Data Model](#)) (PDF) (22pp, 228k, [about PDE](#))

Question 2. What suggestions does EPA have for recipients to help them identify and measure the direct jobs created and jobs retained?

Answer 2. Recipients, sub-recipients and vendors should view the question of job impacts in the following way: would the hours and FTEs reported for the employees included in the jobs measure be lower in the absence of receiving the Recovery Act funds? The intent of this reporting on jobs created or retained is to capture the major direct employment effect of Recovery Act funds—those individuals employed and those hours worked that would not have occurred in the absence of Recovery Act funds.

Prime recipients should ensure that the major direct employment effects of the recovery funds they receive are captured in their overall estimate of jobs created and retained. For example, for the Clean Water and Drinking State Revolving funds, the estimates will need to include contractors and subcontractors building new facilities.

The [OMB guidance \(M-09-21, page 36\) \(PDF\)](#) recommends in section 5.4 (41pp, 550k, [about PDF](#)) that job creation information be collected from both subrecipients and vendors. The [OMB guidance \(M-09-21, section 5.3, page 34\) \(PDF\)](#) (41pp, 550k, [about PDF](#)) and [CEA reports \(CEA, page 8\)](#) both contain discussions that help to define and differentiate direct from indirect and induced job impacts.

Prime recipients should emphasize the role and importance of reporting job information with their chain of suppliers (e.g., subrecipients, vendors). In the course of procuring the goods and services used on the project or activity supported using the Recovery Act funds, there will normally be information collected and reported on invoices that has information on salaries and personnel costs. This information can serve as the basis for the data needed on the number of hours and FTEs used to calculate direct job effects, for those jobs created or retained. Recipients can describe collection of this information in the “Description of Jobs Created” data field.

Recipients should report any direct employment impacts for equipment or labor services purchased from vendors. For vendors providing direct services (rather than durable goods), recipients should obtain reports from vendors documenting the actual number of hours worked, for those jobs created or retained. For vendors providing durable goods (as opposed to services) it is necessary to clearly differentiate direct from indirect job impacts for these types of goods. Recipients need to consider if the quantity or value of purchases passes a threshold where there is likely an identifiable employment impact for the vendor. Are significant recovery funds going to a vendor for a key component of the project, and are those funds likely to have a large employment impact for the vendor? If a primary recipient makes a major purchase of equipment from a manufacturer, then the primary recipient should attempt to obtain information from the manufacturer on whether any jobs were created or retained as a consequence of the purchase. By contrast, if a purchase is relatively minor (i.e., small in quantity or value) and is not a key component of a project, it might be expected that the vendor of the purchased commodity is not likely to experience notable job impacts from the purchase. In addition, if the recipient is not purchasing from the manufacturer or a manufacturer’s representative, it will likely be too burdensome to identify the employment impact at the manufacturer. Recipients should collect information on job numbers created or retained by manufacturers of equipment only if the equipment is a major component of the grant, and only if it is practicable to do so.

For example, if a state provides a grant to a school district to retrofit buses with diesel particulate filters, the school district is a sub-recipient. Suppose that neither the state nor the school district use any of the project funds for staff time. The school district orders equipment from a vendor, and the vendor’s technicians install the equipment on the buses. The school district would first ask the vendor whether the order caused any of the vendor sales or installation jobs to be retained or created. If the vendor says no, the school district does NOT have to ask the vendor to tally those jobs. The school district reports zero jobs to state, and the state reports zero jobs in the “Number of Jobs” field. If the

vendor says yes, some of the installer jobs were retained because of the Recovery Act funding, then the vendor must provide the total number of hours worked that quarter to the school district. This information should then be converted into FTEs and the state will report that number of jobs created or retained. The school district would not include their own staff time driving the buses to the installation site because there were no jobs created or retained.

Recipients should not attempt to estimate indirect job effects. Information gathered by recipients directly from sub-recipients and vendors should only focus on direct job effects. In addition, employees who provide indirect support, e.g., clerical and administrative staff preparing reports, institutional review board staff members, and departmental administrators, are NOT counted as jobs created or retained. Recipients are required to report only direct jobs because recipients may not have sufficient insight or consistent methodologies for reporting indirect or induced jobs. The CEA is developing a macro-level economic methodology to account for the overall employment impact of the Recovery Act. (See [OMB guidance \(M-09-21, p. 33\) \(PDF\)](#) (41pp, 550k, [about PDF](#))).

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Question 3. Under what circumstances might a statistical estimate, rather than direct and comprehensive job counts, be appropriate or acceptable?

Answer 3. OMB, EPA and the other primary agencies responsible for administering the Recovery Act strongly prefer that recipients adopt a comprehensive reporting approach. It is expected that statistical methods will rarely be requested and used by recipients to produce job estimates.

Nevertheless, there may be circumstances when a recipient can demonstrate an unreasonable burden would result from using a direct or comprehensive job count. In such instances, the recipient is responsible for presenting its rationale for using a statistical method, including describing the statistical method selected and articulating how it is preferable to implementing a comprehensive job count.

Some examples of instances where a statistical method may be a satisfactory alternative could include the following circumstances:

A recipient may be responsible for administering a substantial amount (e.g., tens of millions of dollars) of Recovery Act funds that are distributed to a multitude of projects (e.g., hundreds), each having a large number of distinct subrecipients and vendors. In such instances, the number of subrecipients and vendors receiving Recovery Act funds may be sufficient in number to support an effort that identifies a representative sample and to use statistical methods that yields valid and robust information on the number of jobs created and jobs retained.

A recipient may be funding a set of projects where the operating characteristics and nature of the work performed by subrecipients are equivalent for these projects, so that having detailed job information on a sample might yield reliable statistics to use in developing estimates for the remainder of the population. An example might be a situation where all of a prime recipient's contracted subrecipients working on projects funded by the Recovery Act employ the same type of experienced workforce; are required to perform the same tasks; face the same prices and market conditions; and utilize the same amount of labor in their production practices.

A recipient may have a pre-existing validated statistical method it has recently used to generate information on direct job effects attributable to the receipt of federal government funds for the same type of projects designated to receive Recovery Act funds. In this instance, the recipient may consider seeking permission to transfer this direct job estimation method to quantify the direct job effects associated with projects supported by the Recovery Act funds.

Recipients will be required to obtain approval from EPA on the use of a statistical methodology, as well as the specific methodology the recipient is proposing. In addition, EPA will have to obtain concurrence from OMB prior to preparing a response to the recipient's request.

Recipients seeking to use statistical methods are advised to make use of information contained in [OMB's Guidance on Agency Survey and Statistical Information Collections \(PDF\)](#) (99pp, 814k, [about PDF](#)) and [Standards and Guidelines for Statistical Surveys \(PDF\)](#) (41pp, 318k, [about PDF](#)). These documents describe professional principles and practices that Federal agencies are required to adhere to and the level of quality and effort expected in all statistical activities, and as such, can serve as a useful guide to recipients of Recovery Act funds.

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Question 4. What information must a recipient provide to the EPA to obtain approval to use a statistical method to quantify the number of jobs created and retained?

Answer 4. A recipient must include the following information in a request seeking permission to employ a statistical methodology rather than directly collecting specific data from all sub-recipients and vendors:

1. a written justification as to why directly collecting information from all sub-recipients and vendors is overly costly or burdensome;
2. a technical description of the recipient's proposed statistical methodology with sufficient detail and supporting documentation of the sample design and estimation procedures that the validity of the methodology can be assessed;
3. a statement of the professional qualifications and technical experience of the organization and individuals who will carry out the statistical methodology;
4. a statement on the length of time the recipient anticipates making use of the statistical method (e.g., the first effective Section 1512 recipient reporting period; or for an extended period of time, such as the duration of the period during which the project receives Recovery Act funds); and
5. point of contact information including telephone and e-mail information for transmitting EPA and OMB response, and any follow-up questions arising during the review of the request.

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Question 5. Who should the recipient contact to request EPA concurrence on the use of a statistical estimate and the proposed methodology, and by what date?

Answer 5. Each EPA program receiving Recovery Act funds will manage the process to accept and review applications from recipients. Please e-mail your request to the appropriate program contact listed below:

EPA Program	EPA Contact Name	Contact Information
CWSRF	Charles Job	202-564-3941 job.charles@epa.gov
DWSRF	Charles Job	202-564-3941 job.charles@epa.gov
DERA	Shani Harmon	(202) 343-9020 harmon.shani@epa.gov
LUST	Robin Hughes	703-603-7149 hughes.robin@epa.gov
Superfund	Gerome Burke	703-347-0538 burke.gerome-v@epa.gov
Brownfields	Ramon Torres	202-566-2505 torres.ramon@epa.gov

Recipients will receive an e-mail confirmation of delivery of their request within 2 business days. The Agency and OMB will approve or decline the request within 20 days from receipt of the request. **All requests must be submitted no later than September 10.** This will allow EPA and OMB to reach a decision in time for the recipient to

implement the statistical method (if request is approved), or

pursue a direct and comprehensive approach to gathering job information from subrecipients and vendors (if request is declined)

and meet the October 10, 2009 [reporting deadline for Section 1512 recipient reports \(M-09-21, page 12\) \(PDF\)](#) (41pp, 550k, [about PDF](#)).

¹ Information provided in 74 FR 14824 clarifies that “United States” means the 50 States and the District of Columbia, and “outlying areas” means (1) Commonwealths (i) Puerto Rico. (ii) The Northern Mariana Islands; (2) Territories. (i) American Samoa, (ii) Guam, (iii) U.S. Virgin Islands; and (3) Minor outlying islands. (i) Baker Island, (ii) Howland Island, (iii) Jarvis Island, (iv) Johnston Atoll, (v) Kingman Reef, (vi) Midway Islands, (vii) Navassa Island, (viii) Palmyra Atoll, (ix) Wake Atoll.

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