

Recipient Report JOB ESTIMATION

The complete jobs estimate guidance in OMB Memorandum M-10-08 can be found at http://www.whitehouse.gov/omb/assets/memoranda_2010/m10-08.pdf.

1. What reporting is required by the Recovery Act for estimates of jobs created or retained and what changes have been made to the job calculation methodology?

There are two distinct types of jobs reports that are required in the accountability and transparency provisions of the Recovery Act.

a. The Council of Economic Advisers (CEA), in consultation with OMB and Treasury, are required by Section 1513 of the Recovery Act to submit quarterly reports to Congress that detail 100% the impact of all Recovery Act funding on employment, economic growth, and other key economic indicators.

b. Recipients of Recovery funds subject to Section 1512 are required to submit estimates of jobs created and jobs retained for each project or activity in their recipient reports.

This update reflects changes the job estimate calculation such that the recipient will now report job estimate totals by dividing the hours worked in the reporting quarter (i.e., the most recent quarter) by the hours in a full-time schedule in that quarter. Recipients are no longer required to sum across multiple quarters of data as part of the formula.

Jobs created or retained are defined as those funded in the quarter by the Recovery Act. Jobs funded with non-Recovery Act funds will not be counted unless they will be reimbursed. Jobs funded partially with Recovery Act funds will only be counted based on the proportion funded by the Recovery Act.

2. What are the key principles of reporting estimates of jobs created and jobs retained?

The key principles below provide an overview of recipient reporting on the estimated employment impact of the Recovery Act-funded work.

a. The Section 1512 reports contain only estimates of jobs created and jobs retained. These estimates are entered by recipients into the “Number of Jobs” data field in the reports submitted to FederalReporting.gov.

b. Definitions of jobs considered to be created or retained:

1) A job created is a new position created and filled, or an existing unfilled position that is filled, that is funded by the Recovery Act;

2) A job retained is an existing position that is now funded by the Recovery Act.

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Using the definitions above, recipients must estimate the total number of jobs that were funded in the quarter by the Recovery Act. A funded job is defined as one in which the wages or salaries are either paid for or will be reimbursed with Recovery Act funding.

c. A job must be counted as either a job created or a job retained; it cannot be counted as both. Additionally, only compensated employment in the United States or outlying areas should be counted. See 74 FR 14824 for definitions.

d. The estimate of the number of jobs created or retained by the Recovery Act should be expressed as “full-time equivalents” (FTE). In calculating an FTE, the number of actual hours worked in funded jobs is divided by the number of hours representing a full work schedule for the kind of job being estimated. These FTEs are then adjusted to count only the portion corresponding to the share of the job funded by Recovery Act funds. Alternatively, in cases where accounting systems track the billing of workers’ hours to Recovery Act and non-Recovery Act accounts, recipients may simply count the number of hours funded by the Recovery Act and divide by the number of hours in a full-time schedule.

e. Prime recipients are required to report an estimate of jobs directly created or retained by project and activity or contract and enter this information into a single numeric field on Recovery.gov.

f. Prime recipients of contracts, grants, cooperative agreements, and loans must include an estimate of jobs created and retained on projects and activities managed by *their* funding recipients (i.e. sub-recipients) in the numeric and narrative data fields mentioned in paragraph 2.c above.

g. Except as provided in paragraph 2.h below for critical support positions, recipients should not attempt to report the employment impact upon materials suppliers and central service providers (so-called “indirect” jobs) or on the local community (“induced” jobs).

h. Recipients are asked to provide a narrative description of the employment impact. The narrative should include a brief description of the types of jobs created or retained. This description may rely on job titles, broader labor categories, or the recipient’s existing practice for describing jobs as long as the terms used are widely understood and describe the general nature of the work.

i. Recipients will report on only projects and activities funded in whole or in part by the Recovery Act.

3. What methodology should recipients use when estimating the number of jobs created or retained?

The requirement for reporting estimates of the “Number of Jobs” is based on a simple calculation used to avoid overstating the number of other than full-time permanent jobs. This calculation converts part-time or temporary jobs into fractional “full-time equivalent” (FTE) jobs. *Full-time equivalent (FTE) employment* is a standard concept used by the Office of Personnel

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Management. In order to perform the calculation, a recipient will need the total number of hours worked by employees in the most recent quarter (the quarter being reported) in jobs that meet the definition of a job created or a job retained as defined in paragraph 2.b. The recipient will also need the number of hours in a full-time schedule for the quarter. For instance, if a full-time schedule is 2,080 hours/year, the number of hours in a full-time schedule for a quarter is 520 (2,080 hours/4 quarters = 520). The formula for reporting can be represented as:

$$\frac{\text{Total Number of Hours Worked and Funded by Recovery Act within Reporting Quarter}}{\text{Quarterly Hours in a Full-Time Schedule}} = \text{FTE}$$

Please note that the reporting period quarters are defined as:

1. Quarter 1: January 1 – March 31
2. Quarter 2: April 1 – June 30
3. Quarter 3: July 1 – September 30
4. Quarter 4: October 1 – December 31

The FTE formula is intended to prevent over-counting of short-term or part-time jobs. For example, if a job is funded by the Recovery Act, but the individual's employment only lasts for one week, then a full job will not be reported. In this case, the FTE formula will discount the job total to reflect the temporary nature of the job. Only jobs that are funded directly by the Recovery Act are counted as created or retained. The examples below are provided for recipients of Grants. They apply equally for recipients of Federal contact awards.

Example: Assume that a recipient's Recovery Act funds paid for two full-time employees and one part-time employee working half days for the quarter. Also assume that the recipient's full-time schedule for the quarter is 520 hours (2,080 hours in a work-year divided by 4). To convert hours worked to number of FTE for the quarterly report, aggregate all hours worked and divide by the number of hours in a full-time schedule for the quarter.

In this example, two full-time employees each worked 520 hours (1,040 hours combined) + one employee worked half-time or 260 hours for a total of 1,300 hours worked. Divide total number of hours worked by the number of hours in a full-time schedule for the quarter:

$1,300 \div 520 = 2.5$ FTE reported for jobs.

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Please note that this formula has been revised based on feedback to make it easier to apply than the formula provided in OMB Guidance M-09-21, June 22, 2009. Under the revision, recipients should not cumulate hours worked across several quarters.

Period	<u>3rd qtr</u>	<u>4th qtr</u>	<u>1st qtr</u>	<u>2nd qtr</u>	<u>3rd qtr</u>	<u>4th qtr</u>
Full-Time Schedule (Denominator)	520	520	520	520	520	520
Full Time Employee 1	520	520	520	260	130	130
Full Time Employee 2	520	520	260	260	130	130
Part Time Employee (half time)	260	260	260	260	130	130
Temporary Employee (390 hrs)	0	0	130	130	130	0
Total Hours Worked (Numerator)	1,300	1,300	1,170	910	520	390
Quarterly FTE Reported	2.50	2.50	2.25	1.75	1.0	0.75

4. What are the step-by-step instructions for recipients to calculate their estimates of jobs created and retained using the formula above?

Successful use of the formula is dependent upon correctly inputting the appropriate number of hours in the numerator (or “top” of the formula) and the denominator (or “bottom” of the formula). This section will walk through the steps recipients must take to use the formula to calculate jobs estimates for projects and activities fully funded by Recovery Act funds. The following section outlines how to calculate estimates for projects and activities with multiple funding streams (i.e. partially funded by the Recovery Act).

Elaborating upon the example provided earlier in paragraph 3, assume the recipient is City Library with a standard full-time work week of 40 hours. The library receives a Recovery grant and is able to hire two full-time librarians and one part-time bookkeeper. These three new hires are in addition to the two full-time librarians already employed by City Library who are paid out of a non-Recovery Act funding source.

First, City Library assesses which hours worked should be included into the calculation by looking at its payroll. It will only include the hours worked for Washington, Madison and Jefferson whose jobs were funded by the Recovery Act.

Employee name	Job Title	Funded by the Recovery Act?	ARRA hours worked by Quarter
J. Adams	Librarian	No	0
A. Jackson	Librarian	No	0
M. Washington	Librarian	Yes	520
D. Madison	Librarian	Yes	520
T. Jefferson	Bookkeeper	Yes	260
TOTAL HOURS FUNDED IN QUARTER			1,300

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The library will not include the hours worked by Adams or Jackson whose jobs were funded from sources other than the Recovery Act.

City Library maintains a 40 hour per week full-time schedule. It must represent its full-time schedule in reporting quarters, not work weeks. To do this City Library must:

a) Calculate how many full-time work hours are in a quarter:

$$\begin{array}{r} 40 \text{ hours in a full-time work week schedule} \\ \times 13 \text{ weeks in a quarter} \\ \hline 520 \text{ total work hours in a quarter} \end{array}$$

b) City Library enters its calculations into the numerator and denominator of the formula to convert its hours worked into FTEs for the estimate of jobs created and retained by its Recovery.

$$\frac{1,300 \text{ Recovery Act Funded Hours Worked and Funded by Recovery Act}}{520 \text{ Hours in a Full-Time Schedule}} = 2.5 \text{ FTE}$$

City Library will report **2.5** FTEs into the “**Number of Jobs**” data field in FederalReporting.gov.

Assume now that in a subsequent quarter, City Library begins paying Adams and Jackson with Recovery Act funds along with other employees. Then Adams and Jackson should count toward the numerator in that quarter. The new numerator is now 2,340.

Employee name	Job Title	Funded by the Recovery Act?	ARRA hours worked by Quarter
J. Adams	Librarian	No	520
A. Jackson	Librarian	No	520
M. Washington	Librarian	Yes	520
D. Madison	Librarian	Yes	520
T. Jefferson	Bookkeeper	Yes	260
TOTAL HOURS FUNDED IN QUARTER			2,340

The denominator remains the same, as a full-time schedule for City Library is still 520 work hours per quarter. Entering the new numerator, City Library obtains a new estimate of the number of FTE jobs created and retained by its Recovery Grant:

$$\frac{2,340 \text{ Recovery Act Funded Hours Worked and Funded by Recovery Act}}{520 \text{ Hours in a Full-Time Schedule}} = 4.5 \text{ FTE}$$

In the subsequent quarter, City Library will report **4.5** FTEs into the “**Number of Jobs**” data field in FederalReporting.gov.

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Recovery Act Quarterly Reporting

Jobs Worksheet

STEP 1: Calculate Quarterly Hours in a Full-Time Schedule.

A. Start by determining the standard hours in a full-time work week schedule as illustrated below. This example uses **40** hours, but other standards are possible.

B. Multiply this amount by 52 weeks to determine the annual number of hours for full-time work.

40 Hours in full-time work week X 52 weeks per year = 2080 Total Hours Per Year

C. Divide this amount by 4 to determine the quarterly hours in a full-time schedule:

2080 Total Hours Per Year / 4 Quarters = 520 Total Quarterly Hours

STEP 2: Calculate the FTEs Created or Retained for this Quarter.

A. Determine the number of hours worked in positions created or saved by the Recovery Act within the current quarter. For example, a full-time employee working 40 hours per week during the entire quarter will work 520 hours in the quarterly reporting period.

B. Divide this number by the “ Quarterly Hours in a Full-Time Schedule ” number calculated in STEP 1:

520 Hours Worked and Funded by Recovery Act / 520 Quarterly Hours in a Full-Time Schedule = 1.0 FTEs Created or Retained

STEP 3: If Needed, Adjust to Reflect Partial ARRA Funding.

A. Determine the percentage of hours worked and paid for by Recovery Act funds as a percentage of all funding. In this example, half (50%) of the hours worked were paid for by Recovery Act funds.

B. Multiply this number against the number of hours reported in Step 2:

520 hours worked during the reporting period X 50% of the project paid through Recovery Act funds = 260 Hours Worked and Funded by Recovery Act