

GUIDANCE

U.S. Department of Education Clarifying Guidance on American Recovery and Reinvestment Act of 2009 Reporting on Jobs Creation Estimates by Recipients



September 2009
U.S. Department of Education

U.S. Department of Education Clarifying Guidance on American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5) (Recovery Act) Reporting on Jobs Creation Estimates by Recipients

Contents

Section 1: [General Questions](#)

Section 2: [Statistical Sampling
Program Specific Examples](#)

Section 1: General Questions

1.1 What is the purpose of this document?

This document provides Department of Education-specific guidance and supplements the jobs reporting guidance available on the Recovery.gov Web site. Recipients should carefully read this document, the materials provided on the Recovery.gov Web site, relevant Federal Register notices, and the further guidance listed below for a full understanding of reporting requirements under the Recovery Act. Many of the terms used and the guidance in this document build on OMB's guidance issued on June 22, 2009.

For further guidance, please see:

- (1) OMB June 22 Guidance on reporting:
http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-21.pdf
- (2) A list of programs that are subject to the reporting requirements:
http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-21-suppl.pdf
- (3) Department of Education recipient reporting tip sheets and clarifying guidance:
<http://www.ed.gov/policy/gen/leg/recovery/section-1512.html>
- (4) Frequently Asked Questions to clarify and expand on the guidance:
http://www.whitehouse.gov/omb/recovery_faqs/
- (5) Recipient Reporting Information, including the data dictionary and formats for data entry are available on the Recovery.gov Web site:
<http://www.recovery.gov/?q=content/recipient-reporting>
- (6) Instructions for registering and using the FederalReporting.gov data collection system are available at www.FederalReporting.gov. Frequently asked questions about registration and reporting are also available on [FederalReporting.gov](http://www.FederalReporting.gov):
<https://www.federalreporting.gov/federalreporting/faq.do>

1.2 What reporting is required by the Recovery Act for estimates of jobs created or retained?

The Recovery Act requires two distinct types of jobs reports.

First, the Council of Economic Advisers (CEA), in consultation with the Office of Management and Budget (OMB) and the U.S. Department of the Treasury, must submit quarterly reports to Congress that detail the impact of programs funded through Recovery Act funds on employment, economic growth, and other key economic indicators. OMB and Federal agencies will continue to partner with CEA on these quarterly reports and other questions regarding macro-level jobs estimates. For further information on this macro-level reporting, please refer to CEA's guidance on reporting jobs: <http://www.whitehouse.gov/administration/eop/cea/Estimate-of-Job-Creation/>

Second, the prime recipients of Recovery funds must estimate and report on the number of jobs created and retained for each award the prime recipient has received, as required by Section 1512(c)(3)(D) of the Recovery Act. This document addresses the reporting requirements under this section for the recipients of Recovery Act funds.

1.3 What are the respective responsibilities of prime recipients and sub-recipients in meeting the jobs creation/retention reporting requirements?

Prime recipients are responsible for reporting all jobs data for each Recovery Act award they receive. On a quarterly basis, beginning October 10, 2009, prime recipients will be required to report, in a separate numeric field, an aggregate number for the cumulative jobs created or retained as a result of Recovery Act funding. Prime recipients must also provide a narrative description of the types of jobs in a text field. Prime recipients may not delegate jobs reporting responsibilities to sub-recipients even where they have delegated responsibility to sub-recipients for other reporting under Section 1512.

While sub-recipients are not responsible for entering, and will not be able to, enter jobs data into the system, they are required to provide jobs estimates and a narrative description of the types of jobs to the prime recipients. For example, in the case of the Part B, Individuals with Disabilities Education Act (IDEA) Grants to States program, the State educational agency (SEA) is the prime recipient and will be responsible for reporting on the jobs created or retained as a result of Recovery Act funding for this program. However, since the SEA allocates virtually all of the Recovery Act funds to local educational agencies (LEAs), the SEA will be expected to collect data from the LEAs on jobs creation/retention in order to meet the Section 1512 reporting requirements. The LEAs, which are sub-recipients under this program, will be expected to contact their vendors, as necessary, to estimate the jobs created or retained as a result of Recovery Act funding. Since the LEAs that are procuring goods and services from vendors would normally have information on salaries and personnel on invoices and other procurement documents, these LEAs may have the data they need to identify jobs created/retained and to estimate the number of hours worked.

1.4 May a prime recipient prescribe a particular methodology to be used by its sub-recipients in estimating jobs created or retained?

Yes. The prime recipient is responsible for collecting, compiling, and reporting the jobs data, and, therefore, the prime recipient should prescribe the methodology to be used by the sub-recipients in compiling their estimates, including the data to be obtained by sub-recipients on the job impact on their vendors, and what records must be maintained. The prime recipient should specify the reporting period for which the data are to be collected and the specific data to be provided. For example, the SEA, which would be responsible for reporting the jobs data under Department of Education State-administered formula grant programs, may want to require LEAs to provide the absolute number of hours worked by individuals in jobs that were created or retained, rather than asking the LEAs to calculate full-time equivalents (FTEs). The SEA may also want to ask its LEAs to report separate totals of hours for different types of jobs, especially if the SEA believes a different work week should be used in calculating FTEs. The SEA should specify the beginning and end dates of the reporting period to ensure that the data being provided by the sub-recipients are for the same time period. For example, for the data to be reported on October 10, 2009, the SEA may want to ask LEAs to report hours worked during the period beginning February 17, 2009, the beginning of the grant period for some of the Department of Education State-administered programs, and ending July 30. This would allow the SEA time to review and compile the data before the reporting deadline.

1.5 What is a job created or retained?

A job created for the purposes of this reporting is a new position created and filled or an existing unfilled position that is filled as a result of Recovery Act funding; a job retained is an existing position that would not have been continued to be filled were it not for Recovery Act funding. A job may be counted regardless of whether or not the employee filling the position is paid for with Recovery Act funds as long as the job would not have been created or retained in the absence of the Recovery Act funding (i.e., Recovery Act funds are either being used to pay the employee or the availability of Recovery Act funds for other purposes is freeing up funds that are being used to pay the employee). Also, only compensated employment in the United States or outlying areas should be counted. For purposes of jobs reporting, there is no distinction between a created and a retained job.

1.6 How should recipients express the estimates of jobs created or retained?

The estimate of the number of jobs required by the Recovery Act should be expressed as FTEs, which is calculated as total hours worked in jobs created or retained divided by the number of hours in a full-time schedule, as defined by the recipient. The FTE estimates must be reported cumulatively each calendar quarter across the lifecycle of the grant award and they will not reset at the beginning of each quarter or calendar or fiscal year. In calculating the cumulative FTE for each quarter, the denominator must include the total number of hours that would have been worked in a full-time schedule since the start-date of the award, which is February 17, 2009, for most of the Department's State-administered formula grant programs.

1.7 What are “direct” and “indirect” jobs? Should recipients report “indirect” jobs? When should recipients include estimates for the job impact on vendors?

There are no strict definitions of direct and indirect jobs for the purposes of this reporting. However, an individual generally would be considered directly employed if the individual is paid directly using Recovery Act funds or if the individual’s hours are being charged to a Recovery Act project or activity or if the individual’s employment or additional hours worked are attributable to Recovery Act funds. The intent of this reporting on job impact 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.

Recipients must consider the job impact on vendors funded with Recovery Act funds. Typically, individuals who are employed by vendors in order to provide services to prime recipients or sub-recipients would be counted. This could include, for example, vendors providing job training services to Vocational Rehabilitation (VR) State agencies under the VR State Grants program, vendors providing professional development for special education teachers under the IDEA Grants to States program, and vendors providing early intervention services to infants and toddlers with disabilities under the IDEA Grants for Infants and Families program. In the case of construction projects funded under the Impact Aid Construction program, grantees would report the job impact on the vendors that are carrying out the construction projects. Note that the recipient would be responsible for identifying those hours worked by personnel employed by vendors that are attributable to Recovery Act funding.

Recipients should not attempt to report on the employment impact on vendors from whom recipients are purchasing materials, equipment, or other supplies (so-called “indirect” jobs), except in those instances where the value or the quantity of the purchases is so significant as to have an identifiable employment impact on the vendor. In addition, employees who are not directly charged to Recovery Act supported projects or activities who, nonetheless, provide critical 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 they may not have sufficient insight or consistent methodologies for reporting indirect or induced jobs. The CEA is developing a macro-economic methodology to account for the overall employment impact of the Recovery Act. (See 1.2 above)

1.8 Must recipients that receive Recovery Act funds through multiple sources estimate job creation and retention independently for each funding source?

Prime recipients that receive Recovery Act funds from multiple sources must report separate job estimates for each grant award. Sub-recipients must report job estimates for each award in accordance with the methodology prescribed by the prime recipient. However, depending on the methodology prescribed by the prime recipient (i.e., if allowable or prescribed by the prime recipient), sub-recipients like LEAs that receive multiple Recovery Act awards may be able to estimate the impact of Recovery funding overall on jobs created or retained (e.g., total hours in the reporting period attributable to Recovery Act funding) and then allocate the total hours worked, for example, among the

various grant awards they have received. For example, the prime recipient for the State Fiscal Stabilization Education Services Fund, the Governor's office, and the prime recipient for other State-administered education programs, the SEA, could agree to permit LEAs to estimate the overall impact of Recovery Act funding on the jobs and hours worked in each LEA attributable to Recovery Act funding without requiring them to determine specifically how each funding source may have contributed to the impact on jobs. The total hours could then be allocated among grants based on the proportion of total Recovery Act funds represented by each funding source to obtain the number of jobs created or retained for that particular grant. This approach could simplify collection and reporting while producing a better estimate of the jobs impact of Recovery Act funding on the LEA.

1.9 What should the job creation narrative contain?

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.

1.10 Do the reporting requirements change if a project is only partly funded through the Recovery Act?

Recipients of Recovery Act funds must report on the jobs impact for all projects and activities supported under the Recovery Act, whether they are funded in whole or in part by Recovery Act funds, but should report only on the jobs impact that is attributable to Recovery Act funding. For example, a sub-recipient must report on the jobs created as a result of expanding an existing contract (e.g., to provide teacher training to teachers in the district) with Recovery Act funding.

Please note that certain recipients, such as grantees under Title I, have reporting requirements in the Recovery Act that go beyond Section 1512. Recipients must follow this guidance with respect to the reporting requirements under Section 1512, and must also comply with program-specific requirements.

1.11 How do recipients estimate the number of created or retained jobs?

In general, recipients must calculate a baseline number of hours worked, consisting of the number of hours that would have been worked in the absence of Recovery Act funds, and deduct that number from the actual hours worked by all individuals who are currently directly employed as part of a Recovery Act supported project/activity or whose employment is attributable to Recovery Act funding.

Step 1 Calculate Baseline: Identify the hours that would have been worked in absence of the Recovery Act funds in the baseline quarter. For purposes of these calculations, the baseline quarter is the initial reporting period, which will cover a period that is longer than one quarter for most of the Department programs for which reporting is required on October 10, 2009.

If Recovery Act funds are the sole source of funds for the project/activity, or the project would not exist without Recovery Act funds, then the baseline will be zero

hours and all hours worked in the project will be counted in the jobs creation estimate.

If the Recovery Act funds are not the sole source of funds for the project/activity or the individuals would have been employed in the absence of Recovery Act funds, the hours that would have been worked in the absence of Recovery Act funds constitute the baseline.

Step 2 Deduct Baseline From Actual Hours Worked: Subtract the baseline identified in step 1 from the total actual hours worked in the reporting quarter. Divide the resulting number by the number of FTE hours in the quarter or reporting period. The default value for hours worked in a quarter is 520.

Example:

The following table lists the hypothetical hours worked in absence of Recovery Act funding (baseline) and the actual hours worked in the reporting quarter.

		Hypothetical: No Recovery Act Funding (Baseline)	Actual: Current Quarter Employees
Direct Employees	Employer	Hours Employed (Estimates)	Hours Employed (Actual)
Employee 1	Prime recipient	520	520
Employee 2	Grantee	300	520
Employee 3	Grantee	0	520
Employee 4	Grantee	300	300
Employee 5	Vendor 1	200	300
Employee 6	Vendor 2	0	300
Total hours		1320	2460

Hours Created/Retained: 1140

Employees 3 and 6 went from being unemployed (0 hours of employment) in the hypothetical situation where no Recovery Act funds are available to full-time (520 hrs) and part-time (300 hrs) employment, respectively.

Employee 2 went from part-time (300 hrs) to full-time (520 hrs).

Employee 5 remained a part-time employee, but works an additional 100 hrs in the reporting quarter.

Taking the sum of actual hours worked in the reporting quarter (2460) and subtracting the hours worked in the hypothetical baseline quarter (1320), we are left with 1140 created or retained hours. Notice that there is no distinction between created and retained hours.

These steps must be followed for each reporting quarter to generate the created or retained hours in each quarter. The result can then be converted into the “cumulative jobs created or retained” following the methodology outlined in question 1.13 below.

For the first reporting quarter (Q1) divide the result by the number of FTE hours in that quarter (520), but may vary with the number of full-time hours worked since the beginning of the reporting period and what the recipient regards as a full-time schedule):

Total FTE created or retained in Q1: 2.19

Results should be reported cumulatively, so in the second reporting quarter (Q2), the total hours worked in Q2 will be added to the hours worked in Q1 and divided by the hours in a full-time schedule for two quarters (1040 hours).

For example, if in quarter 2, all employees reported in quarter 1 are retained and the baseline remains unchanged, we would again have 1140 hours created or retained. To get the final cumulative FTE created or retained, we would sum 1140 for quarter 1 with 1140 for quarter 2 to get 2280 total hours created or retained. Recipients should divide this by the sum of the hours in a full-time schedule for those two quarters (1040). The result is again 2.19 FTE created or retained in quarter 2.

Please note that prime recipients are only required to submit the number of FTE created or retained. The specific methodology used in determining baseline and actual hours worked may vary depending on how employee records are kept or other factors, and may not conform to the example above.

1.12 Is it necessary to recalculate the baseline in each reporting quarter?

Recipients must ensure that the baseline calculation accurately reflects the hours worked in absence of Recovery Act funding in each reporting quarter. However, in situations where recipients do not experience significant quarterly changes in employment, it may be appropriate to use the same baseline calculation for each reporting quarter. Recipients must adjust their baseline calculation to reflect any changes in quarterly employment that would have occurred in the absence of the Recovery Act. For example, if temporary workers would have been hired to assist during a busy period in a year, the recipient must adjust the baseline calculation accordingly to avoid over reporting.

1.13 Once recipients have identified those jobs that have been created or retained, what methodology should be used when calculating the number of jobs created or retained?

The requirement for reporting 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 FTE jobs. In order to perform the calculation, a recipient will need the total number of hours worked that are funded by the Recovery Act.

The recipient will also need the number of hours in a full-time schedule for a quarter. The formula for reporting can be represented as:

$$\frac{\text{Cumulative Recovery Act Funded Hours Worked (Qtr 1...n)}}{\text{Cumulative Hours in a Full-time Schedule (Qtr 1...n)}} = \text{FTE}$$

Example: Assume that a recipient is preparing its first quarterly report and that the recipient's Recovery Act funded work required 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 (2080 hours in a work-year divided by 4). To convert hours worked to number of FTE for the first quarterly report, aggregate all hours worked and divide by the number of hours in a full-time schedule for the quarter. In this example, full-time hours worked (520 hrs x 2 employees = 1040 hrs) + part-time hours worked (260 hrs) ÷ number of hours in a full-time schedule for the quarter (520 hrs) = 2.5 FTEs reported in the first quarterly report. Because jobs are reported cumulatively each quarter, this same number of FTE would be reported for the second quarter if the same number of employees worked the same number of hours.

Reporting is cumulative across the lifecycle of the grant award, and will not reset at the beginning of each quarter or calendar or fiscal year. In the example above, the 2.5 FTEs reported in the first quarterly report will stay the same through the lifecycle of the grant, assuming the same number of employees work the same number of hours. The table below shows the FTE calculations through the lifecycle of an 18 month project that uses full-time, part-time, and temporary workers.

Period	3rd qtr	4th qtr	1st qtr	2nd qtr	3rd qtr	4th qtr
Full-Time Schedule	520	1040	1560	2080	2600	3120
Full Time Employee 1	520	1040	1560	2080	2600	3120
Full Time Employee 2	520	1040	1560	2080	2600	3120
Part Time Employee (half time)	260	520	780	1040	1300	1560
Temporary Employee (650 hrs.)	0	0	130	390	650	650
Total Hours Worked	1300	2600	4030	5590	7150	8450
Quarterly FTE	2.50	2.50	2.58	2.69	2.75	2.71

An alternative calculation based on the allocable and allowable portion of activities expressed as a percentage of the total is acceptable for recipients of assistance agreements that must comply with OMB Circular A-21, Cost Principles for Educational Institutions. OMB Circular A-21 recognizes that practices vary among educational institutions as to the activity constituting a full workload. Compensation charged to sponsored projects must conform to the institution's established policies and reasonably reflect the activity for which the employee is compensated. Charges to sponsored projects may be expressed as a percentage of their total activities. Therefore, for purposes of Recovery Act reporting of jobs created or retained, colleges and universities

may count, proportionately, the percentage of effort directly charged to Recovery Act awards as an FTE equivalent.

For example, a faculty member charging 50% effort on a Recovery Act award will be counted as .5 FTE. Hourly and part time employees must be calculated based on actual hours worked on the sponsored agreement and the institution's definition of a full workload for employment.

The total hours reported may include paid leave.

1.14 How should a recipient calculate the FTE for a teacher on a contract that is less than 12 months?

Recipients should consider the total hours worked during the school year as equivalent to 1 FTE even if the period is less than 12 months if the teacher is working pursuant to a contract that the recipient regards as full-time. A teacher working in excess of a full-time contract would be counted as more than 1 FTE (e.g., a teacher who is working 12 months of the year and receiving additional compensation for working during the summer months). That teacher's FTE should be determined by how many hours the teacher worked in relation to the number of hours in the normal full-time contract. For example, if the normal contract was to work for 1733 hours (10 months), and the teacher worked 2080 hours, that teacher would be counted as 1.2 FTEs (2080 divided by 1733 = 1.2).

Consider this example. The hypothetical full-time schedule for a teacher is to work 520 hours in quarters 1-3 then to work only 1 month in quarter 4 (173 hours).

Cumulative Hours Worked	Q1	Q2	Q3	Q4
Teacher with full time schedule + summer teaching	520	1040	1560	2080
Full-Time Schedule	520	1040	1560	1733
FTE:	1.00	1.00	1.00	1.20

Notice that the hours worked are rising faster than the full-time schedule in the 4th quarter and that the teacher represents more than 1 FTE in the 4th quarter.

The FTE for a teacher working on a full-time schedule and NOT working during the summer (Q4) would be calculated as follows:

Cumulative Hours Worked	Q1	Q2	Q3	Q4
Teacher with full time schedule	520	1040	1560	1733
Full-Time Schedule	520	1040	1560	1733
FTE:	1.00	1.00	1.00	1.00

Section 2: Statistical Sampling

2.1 May a prime recipient base the estimate of the number of jobs that were created or retained by sub-recipients or vendors on a sample?

Prime recipients are expected to generate estimates of job impact by directly collecting specific data from sub-recipients and vendors on the hours worked or FTE attributable to Recovery Act funding. To the maximum extent practicable, information should be collected from all sub-recipients and vendors in order to generate the most comprehensive and complete job impact numbers possible. However, in limited circumstances, a prime recipient can employ an approved statistical methodology to generate estimates of job impact, thereby collecting data from a smaller subset of sub-recipients or vendors in order to compute an estimate of job impacts to all of its applicable sub-recipients and vendors. However, sub-recipients may not sample vendors in providing information on the job impact on their vendors. A statistical methodology should only be employed in those cases where a comprehensive collection of jobs data from all sub-recipients and vendors is overly costly or burdensome and thus disrupts the prime recipient's ability to effectively implement the underlying mission of the program. Prime recipients funded by the Department of Education may not use sampling to generate job estimates without obtaining the prior approval of the Department of Education and OMB for their sampling plan.

2.2 Must prime recipients obtain approval to use a statistical methodology rather than collecting and reporting jobs data from all sub-recipients and vendors?

Yes. Statistical methodologies should only be used in exceptional circumstances, and only after the specific methodology has been approved by the Department of Education and OMB.

2.3 What information must recipients submit to the Department of Education to request permission to employ a statistical methodology rather than directly collecting specific data from all sub-recipients or vendors?

Prime recipients must provide 1) A justification of why directly collecting data from all sub-recipients or vendors would be overly costly or burdensome for the recipient; 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; and 3) a statement of the qualifications of the persons who would be carrying out the statistical methodology. The sampling plan should include information on the sampling frame, the sampling method (e.g., a stratified random sample), the number of sub-recipients or vendors in the sample, and how the data would be weighted to produce an estimate for the prime recipient.

2.4 What is the process for obtaining permission for the use of a statistical estimate rather than direct counting for a job estimate?

The prime recipient should send the request for approval to sample to the Department of Education contact for the Recovery Act program for which sampling is proposed. The Department will provide a response within two weeks of receipt of the request.

2.5 Can the Department recommend a basic sampling design for prime recipients to use?

Given differences among States and programs, any prime recipient that proposes to use a sample should contact the Department to discuss its plans. However, we anticipate that certain elements will be common to all plans. Prime recipients that propose to sample sub-recipients or direct vendors would need to:

- Use a sampling frame that includes all sub-recipients or direct vendors of Recovery Act funds;
- Stratify the sample to account for differences among sub-recipients or direct vendors in the amount of Recovery Act funds received;
- Ensure that the entities selected for the sample submit the required data; and
- Ensure that the sample data are appropriately weighted to ensure that the total estimate for the prime recipient's award is accurate.

However, the Department of Education requires a particular sampling design in cases where the prime recipient proposes to sample LEAs. See Question 2.6 below.

The Department of Education does not intend to approve sampling of institutions of higher education for purpose of estimating the job impact under the State Fiscal Stabilization Fund.

The Department of Education does not intend to approve sub-recipient sampling of vendors under any of its Department programs.

2.6 What sampling design does the Department of Education require for sampling LEAs?

State prime recipients with 100 or fewer LEAs or sub-recipients must report data for all the districts. States with more than 100 LEAs or sub-recipients may, with prior approval, use a sample. These States must:

- Collect data from all districts with an enrollment of 45,000 or more students;
- List the remaining districts (i.e., those districts with enrollments less than 45,000) by order of enrollment, from largest to smallest;
- Using a random mechanism to select a starting point, sample every other district on the list (i.e., randomly sample 50 percent of the districts with fewer than 45,000 students);
- Collect data from the sampled districts; and
- Apply appropriate weights to estimate the State total.

In addition, States sampling LEAs should include special districts and intermediate units in the sampling frame. When reporting jobs for the district, the State should be sure to include all jobs created or retained in the district, including in charter schools that are part of the district. (Charter schools that are independent districts must be included in the sample of LEAs and report like any other LEA that is a sub-recipient.) Upon request, the Department will provide the State with the list of sample districts.

2.7 May a prime recipient base its estimate on entities that volunteer to report jobs data?

No. To avoid selection bias, selection of the districts in the sample to report jobs data must be randomized in a way that is consistent with approved sampling methodology.

2.8 Can a prime recipient use the same sample to estimate job creation and retention for different Recovery Act grants?

Where appropriate, the prime recipients may use the same sample data for reporting on multiple programs. Each State should discuss its plans with Department of Education staff and must receive approval from the Department of Education before proceeding.

2.9 Do any other requirements apply when a recipient has received approval to use sampling to estimate job impacts?

In the narrative description accompanying the estimate, the prime recipient should note which part of the estimate was based on actual data received and which part of the estimate was generated through sampling estimation. In addition, the narrative should provide a description of the statistical methodology used.

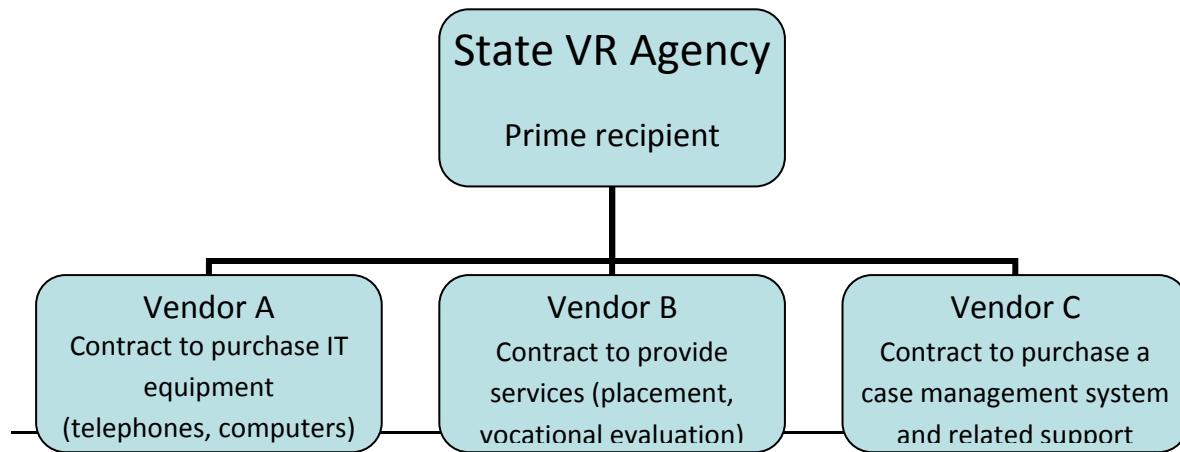
Program-Specific Example for VR State Grants

The VR State Grants program supports VR services through formula grants to State VR agencies. These agencies provide a wide range of services designed to help persons with disabilities prepare for and engage in gainful employment. Program services are tailored to the specific needs of individuals through an individualized plan for employment. State VR agencies may provide a variety of services, such as vocational evaluation, counseling, mental and physical restoration, education, vocational training, job placement, rehabilitation technology, and supported employment services. Although some of these services, such as counseling, are provided by the State agency staff, many of these services (such as job placements, vocational evaluation, and mental and physical restoration) are provided through contracts with specialized vendors.

As prime recipients, State VR agencies will be responsible for reporting data on jobs directly created or retained as a result of Recovery Act funding. This potentially includes jobs at State VR agencies, as well as jobs created or retained through various contracts. State VR agencies should not report jobs filled by consumers as a result of receiving VR services even when Recovery Act funds have been used to provide the services. A job created or retained is one that is filled (i.e., funds are available to the prime recipient, a sub-recipient, or a vendor to pay the employee) as a result of Recovery Act funding. VR agencies would only report a created or retained job for a VR consumer in the rare case in which the VR agency or its vendor directly

employs and pays the salary of the VR consumer and the job would not have existed or been filled in absence of the Recovery Act.

The following example breaks down the total jobs that would need to be reported by a hypothetical State VR Agency with 3 types of vendor contracts.



Job Reporting Implications for the State VR Agency

The State VR agency uses Recovery Act funds to hire 1 new part-time employee and 3 new full-time employees, and retain 2 existing full-time employees. Before the Recovery Act funds became available, the agency had been planning to release these 2 existing employees, and not hire any additional employees. Because the 1 new part-time, 3 new full-time, and 2 existing full-time employees would not have been hired or retained without the Recovery Act funds, all of the hours worked by those employees must be reported.

As illustrated in the table below, the starting dates of new hires also influence the FTE calculation. This is because 1 FTE is the result of an individual working the full 520 hours in each reporting quarter starting in the first quarter of reporting. For example, an individual that begins working full-time after the reporting start date will work fewer hours cumulatively than an individual who began working full-time on the reporting start date and will contribute less than 1 to the FTE calculation in each quarter.

In the table below:

- Employees 1 and 2 are retained full-time employees.
- Employee 3 is a new full-time hire that began work on day 1 of the second reporting quarter.
- Employee 4 is a new full-time hire that began work midway through the first reporting quarter.
- Employee 5 is a new full-time hire that began work on the first day of the first reporting quarter, but ended on the last day of the third reporting quarter (worked zero hours in the fourth reporting quarter).

- Employee 6 is a new part-time hire that began work on day one of the first reporting quarter.

State Agency Calculation – (Full-Time Schedule = 40 hours per week)

Period	1 st qtr	2 nd qtr	3 rd qtr	4 th qtr	Cumulative FTE value in 4th quarter
Employee 1	520	1040	1560	2080	1
Employee 2	520	1040	1560	2080	1
Employee 3	0	520	1040	1560	0.75
Employee 4	260	780	1300	1820	0.875
Employee 5	520	1040	1560	1560	0.75
Employee 6	260	520	780	1040	0.5
Total Hours Worked	2080	4940	7800	10140	
Full-Time Schedule	520	1040	1560	2080	
FTE	4	4.75	5	4.875	

Notice that Employee 3 and Employee 5 have the same cumulative FTE value in the fourth quarter because both employees worked a total of 1560 hours in the entire reporting period. Also, Employee 4 contributes only .875 to the FTE calculation because the employee did not work for the first half of quarter 1.

Job Reporting Implications for Vendors A, B, and C

Vendor jobs supported with Recovery Act funds must also be reported. The State agency in this example also uses Recovery Act funds to: a) initiate a new contract to purchase computers from Vendor A; b) augment an existing contract for the provision of vocational evaluation services from Vendor B, and; c) initiate a new contract to purchase and implement a case management system with Vendor C.

Vendor A

The purpose of the contract with Vendor A is solely to purchase goods (e.g. computers). Because the new contract with Vendor A is solely for the purpose of purchasing goods and is unlikely to have resulted in any “direct” employment (see question 1.7 above), the State agency will not need to include the contract with Vendor A in its calculations under the reporting requirements related to jobs creation, and no jobs should be reported in connection with this contract. In general, grantees will not be required to report on the job creation from material purchases.

Vendor B

The purpose of the contract augmentation with Vendor B is to purchase additional specialized services. Because this contract augmentation includes the purchase of services rather than goods, the State agency will need to include the contract with Vendor B in its jobs impact calculations. Consistent with the steps provided in the General Questions section of this guidance document, Vendor B must determine the total additional hours worked as a direct result of the additional funds available through the Recovery Act.

For this example, assume that in order to provide the additional services required as a result of this contract augmentation with the State agency, Vendor B hires 1 new full-time staff member and adjusts the hours worked by 1 current staff member from part-time to full-time. Because Vendor B has an existing contract with the State agency and will be using Recovery Act funds to increase the number of hours worked by 1 employee from part-time to full-time, Vendor B must also take the additional step of subtracting any hours that will not be supported with, or be a direct result of, Recovery Act funds from the total hours worked by the employees.

Further assume that Vendor B's full-time schedule equals 38 hours per week. The table below shows the created or retained hours for Vendor B, and is the result of following the procedure outlined in questions 1.11 through 1.13 above. The hours worked in the table are the actual hours worked less the hours that would have been worked in absence of Recovery Act funds. In this example, Employee 1 would not have been hired in absence of the Recovery Act funds (the baseline is zero) so the reported hours are 494 per quarter (494 actual hours worked – 0 baseline hours worked = 494 created or retained hours). Employee 2 would have been employed in absence of Recovery Act funds, but only as a part-time employee (baseline is 247 per quarter). Even though Employee 2 works as a full-time employee, only 247 is reported in each quarter, because the 247 baseline is subtracted in each quarter (494 total hours worked – 247 baseline hours worked = 247 created or retained hours).

Vendor B Calculation – (Full-Time Schedule = 38 hours per week)

Period	1 st qtr	2 nd qtr	3 rd qtr	4 th qtr	Cumulative FTE value in 4th quarter
Employee 1	494	988	1482	1976	1
Employee 2	247	494	741	988	0.5
Total Hours Worked	741	1482	2223	2964	
Full-Time Schedule	494	988	1482	1976	
FTE	1.5	1.5	1.5	1.5	

Notice that Employee 2 contributes only .5 to the FTE calculation in the fourth reporting quarter, because that employee would have worked as a part-time employee in absence of the Recovery Act funding.

Vendor C

The purposes of the new contract with Vendor C include both the purchase of goods (e.g., a case management system), as well as the provision of a service (e.g. technical support). Vendor C’s full-time schedule equals 40 hours per week. Because this contract includes the purchase of services and results in “direct” employment of individuals at Vendor C, the State agency will also need to include the contract with Vendor C in its jobs impact calculations. Like Vendor B, Vendor C must report any additional hours that are supported directly as a result of Recovery Act funds (e.g., for the provision of technical support services). However, since Recovery Act funds are the sole source of funds for the project/activity to be conducted by Vendor C, and the project would not exist without Recovery Act funds, all hours worked by “direct” employees in the project will be counted in the jobs creation estimate. Vendor C should simply use the total hours worked as a basis for calculating its quarterly FTE.

As a result of this contract, Vendor C employed 1 additional full-time employee. In addition to servicing the contract with the State agency, the additional employee has other unrelated responsibilities. The created or retained hours must be adjusted to reflect “direct” hours only. Although the employee would not have been employed in absence of the Recovery Act funds, only 75% of the employee’s time is spent in “direct” support of the contract with the State agency. The contract start date is the first day of the second reporting quarter. Therefore, the first quarter should not show any hours worked.

The table below shows FTE calculations for a single fiscal year for Vendor C.

Vendor C Calculation (Full-Time Schedule = 40 hours per week)

Period	1 st qtr	2 nd qtr	3 rd qtr	4 th qtr	Cumulative FTE value in 4th quarter
Employee 1	0	390	780	1170	
Total Hours Worked	0	390	780	1170	
Full-Time Schedule	520	1040	1560	2080	
FTE	0	0.375	0.5	0.56	

Notice that the reported quarterly FTE will approach (but never reach) .75 as the lack of reported hours in quarter 1 becomes less significant in the cumulative hours worked in each passing quarter.