

# Supplemental EPA Guidance on Measuring and Reporting Job Estimates



Section 5.4 of the [Office of Management and Budget \(OMB\) Guidance Memorandum 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 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 a single estimate of jobs directly created and retained by project and activity or contract. A job created is a new position created and filled or an existing 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 \(M09.21, page 35\) \(PDF\)](#) (41pp, 550k, [about PDF](#)). The estimate of the number of jobs should be expressed as “full time equivalents.”

**Additional explanation for the “Number of Jobs” field:** A job cannot be counted as both created and retained. Also, only compensated employment in the United States or outlying areas<sup>1</sup> should be counted. 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 the aggregate number of cumulative jobs created and jobs retained for the quarter – only a single number that captures estimates of both types is required to be reported in the designated field on the form ([NumberofJobs field, described on page 9 of the data dictionary within the Recipient Reporting Data Model](#)) (Word) (22pp, 353k).

**Additional explanation for the “Job Creation” field:** Directly created means that employees are directly charged to Recovery Act supported projects or activities and directly compensated with Recovery Act funds. Recipients are also instructed to provide a narrative description of the employment impact in a separate field in the Section 1512

form ([JobCreation field, described on page 10 of the data dictionary within the Recipient Reporting Data Model](#)) ([Word](#)) (22pp, 353k).

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**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 different in the absence of receiving the 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 \(M09.21, page 36\) recommends in section 5.4](#) (41pp, 550k, [about PDF](#)) that job creation information be collected from both subrecipients and vendors. The [OMB guidance \(M09.21, section 5.3, page 34\)](#) (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.

One way to differentiate direct from indirect job impacts for vendors is 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? For example, if a primary recipient of Recovery Act funding under the Diesel Emissions Reduction Act program purchases retrofit devices from the manufacturer, then the primary recipient should obtain information from the manufacturer on whether any jobs were created and jobs were 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.

Recipients should not attempt to estimate indirect job effects beyond gathering information from subrecipients and vendors. Efforts to look at the employment effects of businesses supplying raw or finished materials used by vendors to manufacture their products should be regarded as examining the “indirect” effects, and is therefore beyond the requirements set forth in the Section 1512 requirements to report on jobs created and jobs retained.

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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:

<b>EPA Program</b>	<b>EPA Contact Name</b>	<b>Contact Information</b>
CWSRF	Charles Job	202-566-1632 <a href="mailto:job.charles@epa.gov">job.charles@epa.gov</a>
DWSRF	Charles Job	202-566-1632 <a href="mailto:job.charles@epa.gov">job.charles@epa.gov</a>
DERA	Jim Blubaugh	202-343-9244 <a href="mailto:blubaugh.jim@epa.gov">blubaugh.jim@epa.gov</a>
LUST	Robin Hughes	703-603-7149 <a href="mailto:hughes.robin@epa.gov">hughes.robin@epa.gov</a>
Superfund	Gerome Burke	703-347-0538 <a href="mailto:burke.gerome-v@epa.gov">burke.gerome-v@epa.gov</a>
Brownfields	Ramon Torres	202-566-2505 <a href="mailto:torres.ramon@epa.gov">torres.ramon@epa.gov</a>

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 \(M09.21, page 12\) \(PDF\)](#) (41pp, 550k, [about PDF](#)).

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<sup>1</sup> 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.