



WEATHERIZATION PROGRAM NOTICE 10-14
STATE ENERGY PROGRAM NOTICE 10-07
EECBG PROGRAM NOTICE 10-08
EFFECTIVE DATE: March 11, 2010

SUBJECT: CALCULATION OF JOB CREATION THROUGH DOE RECOVERY ACT FUNDING

REFERENCE: OMB Memorandum M-10-08 *Updated Guidance on the American Recovery and Reinvestment Act – Data Quality, Non-Reporting Recipients, and Reporting of Job Estimates*, December 18, 2009.

1.0 PURPOSE: Provides additional guidance to grantees on the methodology for calculating jobs created and retained through expenditure of grant funds received under the American Recovery and Reinvestment Act of 2009 (Recovery Act), and reporting that information to the Department of Energy (DOE).

2.0 SCOPE: This guidance focuses on the determination and reporting of job creation to the Department of Energy, and is complementary to the requirements for reporting via FederalReporting.gov.

The provisions of this guidance apply to entities named in a Notification of Grant Award as the recipients of financial assistance under the Weatherization Assistance Program (WAP), State Energy Program (SEP), or Energy Efficiency and Conservation Block Grant (EECBG) Program. The provisions of this guidance refer to and are consistent with the updated Section 5 of The Office of Management and Budget (OMB) guidelines for determining job creation per Section 1512 of the Recovery Act, which dictate the rationale for determining and reporting job creation via FederalReporting.gov.

The monthly reporting requirements for WAP and SEP recipients outlined by this guidance are authorized under a six-month approval by OMB of an emergency Information Collection Request (ICR) that expires on June 30, 2010.

The monthly reporting requirements for EECBG recipients with formula allocations >\$2M outlined by this guidance are authorized under a six-month emergency approval by OMB of an emergency Information Collection Request (ICR) that expires on September 30, 2010.

If DOE seeks renewal of this emergency monthly collection it will engage OMB 4 months after approval date to begin a dialogue on burden impact and introducing a risk-tiered model where selected recipients could return to quarterly reporting. In most cases, monthly data will be used internally for managerial purposes only, but where DOE does

intend to publicize monthly data, it will clearly indicate it to be "preliminary/informal and subject to change".

3.0 LEGAL AUTHORITY:

3.1 WAP

Title IV, Energy Conservation and Production Act, as amended, authorizes the DOE to administer the WAP. All grant awards made under this Program shall comply with applicable authorities, including regulations contained in 10 CFR Part 440.

3.2 SEP

SEP is authorized under the Energy Policy and Conservation Act, as amended (42 U.S.C. 6321 et seq.). All grant awards made under this program must comply with all applicable authorities, including the regulations contained in 10 CFR part 420.

3.3 EECBG

Title V, Subtitle E of the Energy Independence and Security Act of 2007 establishes the EECBG Program. All grant awards made under this Program shall comply with all applicable authorities.

4.0 DEFINITIONS (program-specific examples of select definitions are in Attachment 1)

- Cost Share: Many Recovery Act projects are funded in part by DOE Recovery Act funds and in part through capital from recipients, non-government organizations and state and local governments, among others. Cost share is the percentage of total project costs that are funded through non-federal funds.
- Direct Job – A job in which the wages or salaries are either paid for or will be reimbursed with Recovery Act funding or Non-federal funds.
- Full-Time Equivalent (FTE) – The metric used by OMB to convert full-time, temporary and part-time jobs into comparable metrics. FTEs are 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.
- Indirect Job (*not reported*)– A job created or retained at material suppliers who make the materials used in the Recovery Act-supported project or at central service providers, that is for an employee not directly charged to Recovery Act supported projects/activities. Indirect job creation / retention **IS NOT TO BE INCLUDED** in jobs figures reported to either DOE or OMB.
- Induced Job (*not reported*) – A job created or retained elsewhere in the economy as a result of Recovery Act supported projects/activities that is not directly charged to Recovery Act supported projects/activities. Induced job creation / retention is exceedingly difficult for recipients to determine and **IS NOT TO BE INCLUDED** in jobs figures reported to either DOE or OMB.

- Jobs Created: New position created and filled, or an existing unfilled position that is filled, that is funded by the Recovery Act, i.e., a job for which the wages or salaries are either paid for or will be reimbursed with Recovery Act funding.
- Jobs Retained: An existing position that is now funded by the Recovery Act, i.e., a job for which the wages or salaries are either paid for or will be reimbursed with Recovery Act funding.
- Non-federal funds: Funds from non-Federal sources such as private, state or local Government, or any sources that are not the Department of Energy or any other federal entity. These funds should be used in the execution of a Recovery Act-supported project.
- Prime Recipient: refers to a non-federal entity receiving Recovery Act funding (grants, loans, or cooperative agreements) directly from the Federal Government.
- Sub-Recipient: refers to a non-Federal entity that expends Federal awards received from a prime recipient to carry out a Federal program but does not include an individual who is a beneficiary of such a program.
- Vendors¹: A dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a Federal program. A job created or retained at the vendor level generally is an indirect job and **IS NOT TO BE INCLUDED** in jobs figures reported to either DOE or OMB.

5.0 GUIDANCE: Recipients should follow the steps outlined below to determine job creation and/or retention figures and report them to OMB & DOE as necessary.

To assist in the calculations required by Sections 5.1 & 5.2 below, DOE has created a Jobs Creation calculator posted online which will facilitate the calculation of jobs creation metrics. This calculator is available at:

WAP: <http://www.waptac.org/sp.asp?id=6878>

SEP: http://apps1.eere.energy.gov/state_energy_program/recovery_act_program_guidance.cfm

EECBG: http://www.eecbg.energy.gov/about/program_guidance.html

Recipients are not required to use this calculator nor are they required to submit a completed calculator for jobs reporting. The calculator is simply a tool created by DOE and available to recipients to facilitate the determination of jobs creation. Recipients may, at their discretion, advise sub-recipients of the calculator to facilitate determination and reporting of jobs creation information from sub-recipients.

¹ To clarify the difference between a Vendor and a Sub-Recipient please see section _210 of the Office of Management and Budget Circular No. A-133 for further guidance on distinguishing between a sub recipient and a vendor. <http://www.whitehouse.gov/omb/rewrite/circulars/a133/a133.html>. Sub Recipients support performance of a mission. Vendors provide products or services in support of the mission. For Vendors, data requirements are reduced. Prime Recipients may not delegate reporting to vendors.

Please note that the estimate issued by The Council of Economic Advisors (CEA) for job creation potential (i.e. \$92,000/job-year) is NOT appropriate in determining direct jobs created or retained and should NOT be utilized for reporting to either OMB or DOE. Use of this metric was appropriate for estimating job creation potential on the initial Recovery Act grant application, but is not appropriate for reporting actual job creation through Recovery Act implementation.

5.1 Reporting jobs creation to OMB via FederalReporting.gov

In accordance with Section 1512 of the Recovery Act, The Office of Management and Budget requires recipients of Recovery Act grants to report quarterly on direct jobs created or retained (in FTEs) through Recovery Act funds via the website [FederalReporting.gov](http://www.federalreporting.gov). OMB guidance for reporting under Section 1512 requires that recipients report only those jobs directly generated wholly or in part by Recovery Act funds, excluding those jobs generated from non-federal funds.

Guidance provided by OMB for calculating and reporting jobs created and retained is provided in part 2 of Reference 1 (http://www.whitehouse.gov/omb/memoranda_default/) and at DOE's Recovery Act Recipient and Contractor Reporting website: http://www.energy.gov/recovery/ARRA_Reporting_Requirements.htm.

FTEs are not to be reported to DOE.

5.2 Reporting jobs creation to DOE via PAGE

In order to capture a broader picture of the number of American workers impacted by the Recovery Act, DOE is accounting for a broader scope of jobs created and retained than that scope identified under the OMB guidance. Specifically, DOE is including the impact of non-federal funds on jobs creation. Under 10 CFR 420.5(b) DOE may direct the report of such records as the Secretary deems necessary for effective monitoring of program implementation. For purposes pursuant to this authority, DOE is directing recipients to report:

- a) Hours worked through Recovery Act funds: This metric captures the hours worked in new positions created and filled, or an existing unfilled position that is filled, that are funded by Recovery Act funds. This number is equivalent to and should match the numerator used to calculate the FTE figure reported to OMB.

- b) Hours worked through Non-federal funds: This metric captures the hours worked in new positions created and filled, or an existing unfilled position that is filled, that are funded by non-federal funds. These jobs are those in which the wages or salaries are either paid for or will be reimbursed with non-federal funds that are attracted in by Recovery Act funding.

The inclusion of non-federal funds that are attracted in by Recovery Act funds for the determination of jobs creation will give DOE a broader picture of the labor market stimulus provided through the introduction of Recovery Act funds. The intent of DOE in this endeavor is to capture the effect of non-federal funding on job creation without creating an undue administrative burden. With this in perspective, recipients should

exercise discretion when determining the scope of non-federal funds to include in accounting for total project funds.²

These hours should be tallied for the period when work was done, not the period when work was paid for (if different). Thus if the recipient manages on a cost-reimbursement basis, the hours should be counted when worked and not when reimbursed.

Hours worked are not to be reported to OMB.

5.2.1 Calculating Recovery Act and non-federal hours worked

In determining Recovery Act hours worked for DOE reporting, recipients should count those hours worked through wages paid by Recovery Act funds. This number is equivalent to and should match the numerator used to calculate the FTE figure reported to OMB. In determining which hours to count as non-federal hours worked for DOE's reporting, recipients should answer the question: "Would these hours have been worked in the absence of Recovery Act funds?" If the answer is "No", the hours should be counted towards the number of non-federal hours worked.

Furthermore, recipients should count not only hours worked by laborers on Recovery Act-supported projects but also those additional hours worked by administrative staff directly charged to Recovery Act-supported projects. In some instances, recipients may be able to readily discriminate between hours worked through Recovery Act funds and hours worked through Non-federal funds. However, if it is difficult to make a distinction between Recovery Act funds and Non-federal funds for the purposes of job calculation, recipients should first multiply the Total Project hours by the percentage of Recovery Act funds (i.e. 1 – Cost Share) to arrive at Recovery Act hours worked. Similarly recipients should multiply the Total Project hours by the percentage of Non-federal funds (i.e. Cost Share) to arrive at Non-federal hours worked. The formulas for calculating Recovery Act and Non-federal hours worked are represented as:

$$\text{Cost Share}^3 = \frac{\text{Non Federal project funds}}{\text{Recovery Act project funds} + \text{Non Federal project funds}}$$

$$\text{Recovery Act hours worked} = \text{Total Project hours worked} \times (1 - \text{Cost Share})$$

$$\text{Non Federal hours worked} = \text{Total Project hours worked} \times \text{Cost Share}$$

² Example: A State uses Recovery Act monies to fund a rebate program for installation of residential and commercial solar PV. Recovery funding goes solely to create the pool of rebate money. The State dedicates existing personnel (1.5 FTE funded from State revenues) to the task of managing the expansion in rebate program. This contribution by the State of in-kind labor would count as direct jobs created from non-federal funds. DOE neither expects nor requires that the State attempt to capture job creation through contribution of funds (for the balance of the solar PV project) from Homeowners or Business Owners.

³ If no Non-federal funds are used towards the Recovery Act-supported project, Non-federal project funds would be 0 and Cost-Share would be 0%, meaning all FTEs are Recovery Act FTEs.

The previous distinction between jobs created and jobs retained (as explained in Section 5.3 of the OMB guidance) is no longer required. Recipients will be required to report aggregate numbers concerning jobs created and/or retained through Recovery Act funds and Non-federal funds as appropriate.

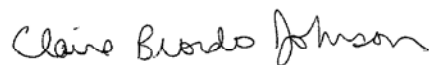
5.3 Reporting jobs creation

Jobs creation metrics will be reported to OMB and DOE as follows:

- Reporting of Job Creation to OMB via Federal Reporting.gov quarterly
OMB guidelines dictate the quarterly reporting of only Recovery Act FTEs via FederalReporting.gov. The numerator of the Recovery Act FTEs metric reported to OMB should be equivalent to the hours worked through Recovery Act funds reported to DOE.
- Reporting of Job Creation to DOE via PAGE quarterly
DOE requires the quarterly reporting of Recovery Act hours worked and non-federal hours worked.

6.0 CONCLUSION: The funds provided through the Recovery Act to WAP, SEP, and EECBG represent an unprecedented investment of federal funds in energy efficiency and renewable energy activities at a local level. In addition to energy savings, cost savings, and emissions reductions, the number of jobs created and retained is a central metric that will be used to determine the economic impact of Recovery Act-supported projects. Furthermore, transparency and accountability in the methodology used to determine job creation will be vital to ensuring the integrity of the data and underwriting the success of the Recovery Act.

DOE is committed to working in partnership with grant recipients to ensure that Recovery Act funds are used effectively and expeditiously and that resulting metrics are fully captured and reported as efficiently as possible.



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Attachment 1: Job definition examples

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DEFINITION EXAMPLES: WAP

- Direct job: A weatherization crew member who is to do the air sealing and insulating of houses that are funded by Recovery Act and/or associated non-federal funds.
- Full-Time Equivalent (FTE): The same crew member works 78 hours using Recovery Act funds in a reporting quarter. Assuming a full time schedule of 520 hours in the quarter (40 hours/week x 13 weeks/quarter), the crew member would be reported as 0.15 FTE (78 hours/520 hours).
- Hours worked (through Recovery Act funds): In the FTE example above, 78 Recovery Act hours worked would be reported to DOE for that quarter.
- Hours worked (through non-federal funds): If the grantee contributes municipally-funded labor towards the weatherization of homes or leverages other non-federal funding to do the same, those hours worked would be reported to DOE for that quarter.
- Indirect Job (not reported): The vendor of the insulation materials increases the hours of the customer service agent from a part-time position to a full-time position to help handle the increased workload. Indirect job creation is exceedingly difficult for recipients to determine and **IS NOT TO BE INCLUDED** in jobs figures reported to either DOE or OMB.
- Induced Job (not reported): The crew member uses his or her income to purchase an automobile for personal use, marginally stimulating jobs at car dealerships and production facilities. Indirect job creation is exceedingly difficult for recipients to determine and **IS NOT TO BE INCLUDED** in jobs figures reported to either DOE or OMB.
- Non-federal funds: A Grantee or subgrantee leverages funds from a utility company wherein the refrigerator replacement on the same Recovery Act job was paid by the utility, not from Recovery Act funds. This contribution would count as Non-Federal funding and any labor paid by the utility for the installation of this measure would be counted as non-federal job creation/retention.

DEFINITION EXAMPLES: SEP & EECBG

- Direct job: An electrician installing solar PV panels on a project funded by Recovery Act funds and/or associated non-federal funds.
- Full-Time Equivalent (FTE): The same electrician works 78 hours on the project in a reporting quarter. Assuming a full time schedule of 520 hours in the quarter (40 hours/week x 13 weeks/quarter), the electrician would be reported as 0.15 FTE (78 hours/520 hours).

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- Hours worked (through Recovery Act funds): *In the FTE example above, 78 Recovery Act hours worked would be reported to DOE for that quarter.*
- Hours worked (through non-federal funds): *A Public Works electrician on the municipal payroll is directed to work for twenty hours on a solar PV installation. 20 non-federal hours worked would be reported to DOE for that quarter.*
- Indirect Job (not reported): *The vendor of solar PV panels who supplied the project converts a customer service representative from a part-time position to a full-time position to help handle the increased workload. Indirect job creation is exceedingly difficult for recipients to determine and **IS NOT TO BE INCLUDED** in jobs figures reported to either DOE or OMB.*
- Induced Job (not reported): *The electrician uses his or her income to purchase an automobile for personal use, marginally stimulating jobs at car dealerships and production facilities. Indirect job creation is exceedingly difficult for recipients to determine and **IS NOT TO BE INCLUDED** in jobs figures reported to either DOE or OMB.*
- Non-federal funds: *A Public Works electrician on the municipal payroll is directed to work for twenty hours on a solar PV installation. This contribution by the municipality, of municipally-funded labor, would count as non-federal funding.*