



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

September 30, 2009

The Honorable Joseph R. Biden, Jr.  
President of the Senate  
Washington DC 20510

Dear Mr. President:

I am pleased to transmit to Congress the second of five reports required by Section 1201(c) of the American Recovery and Reinvestment Act of 2009 (Recovery Act) detailing our progress, as of July 31, in awarding the funding made available to the Department.

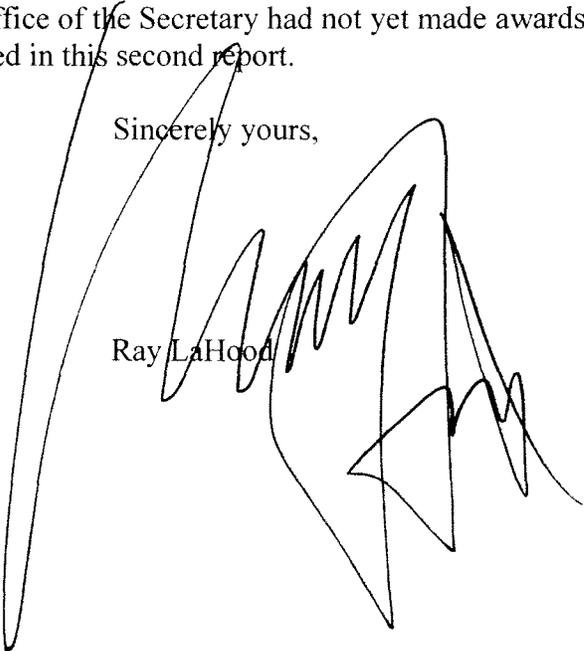
Congress is to be commended for its foresight in demanding a high level of accountability in the expenditure of the funds under the Recovery Act to make certain that the expenditures result in jobs for Americans and a rapid revival of economic activity. This series of five periodic reports ensures that the recipients of transportation funding provide transparency and accountability for their Federal funds.

Since our last report in June, the scale of the Department's Recovery Act program has grown dramatically. From the roughly 1,000 people our programs directly employed in April, jobs have grown to over 5,000 in May, almost 15,000 in June, and over 60,000 jobs in July. These jobs numbers are for direct onsite or equipment manufacturing jobs only. Because of inconsistencies in different data sources we have not estimated indirect or induced employment. We are actively working on these estimates and hope to get that information to you soon.

We made every effort to assist the award recipients in meeting their reporting obligations under section 1201(c), by providing online reporting tools to facilitate data entry and working with recipients to help them understand the reporting requirements. Grantees from the Federal Aviation Administration, Federal Highway Administration, Federal Transit Administration, and Federal Railroad Administration with obligations as of July 31 are contained in this report. The Maritime Administration and the Office of the Secretary had not yet made awards as of the July cut-off dates, so they are not included in this second report.

Sincerely yours,

Ray LaHood

A large, stylized handwritten signature in black ink, which appears to be 'Ray LaHood', is written over the typed name and extends upwards and to the left, crossing over the 'Sincerely yours,' text.

Enclosure

## **Section 1201(c) 180-Day Report Terms and Definitions**

The column headings in the attached table match the various terms listed in section 1201(c), on which grant recipients must report to DOT. Some terms do not have common definitions, so to guide the reporting DOT has developed standard meanings, which are presented below. Because of differences in the design of DOT's Recovery Act programs (formula versus discretionary grants, for example), some terms may have more than one meaning. The information is organized according to three general areas: project and funding status, employment, and State funding.

Data gathered in this report come directly from grantees and may not be consistent with other data sources due to timing differences. Section 1201(c) requests that grant recipients submit the required information to DOT.

### **Project and Funding Status**

“Award Recipient” is the entity that receives ARRA funding directly from DOT. In the case of the Highway Investment Grants program, FHWA has provided most funding to States by formula. For Federal Aviation Administration capital grants, airports authorities receive funding via discretionary grants from the FAA. For transit grants, award recipients are typically local or regional transit authorities that receive funding through either formula or discretionary grant programs from the Federal Transit Administration.

“Amount Awarded” represents the amount made available by DOT for use by the award recipient.

Funds are typically “Committed” when a contract is awarded by a grant recipient (and the recipient is legally bound to make future expenditures) or a decision is made by the grant recipient to undertake the work in-house (using its own employees). From the recipient perspective, a number of events can trigger such a commitment. As examples of an amount committed, it can be when (1) an airport has obtained a bid for an approved FAA project and signed the contract based on that bid; (2) a firm decision is made by a transit operator to undertake the project or a portion of it using its own employees (i.e., "in-house") rather than contracting for the work; or (3) a State DOT commits ARRA funds to a highway project through the State and local planning process, in advance of registering the decision through a transaction that registers an obligation by the Federal government. Note that the Federal Government does not record “commitments” per se through its grants and financial systems. Rather, it tracks Federal obligations, which are not necessarily the same as commitments made by grant recipients.

“Outlays” are the amount of funds that have been disbursed by Federal programs to grant recipients. For highway infrastructure, investment in the total expenditure comes from the Fiscal Management Information System (FMIS) when States file to draw down obligated funds. There can be a one to two month lag between when funds are spent in the field and when Federal outlays are recorded. This is due to the time to receive final invoices from contractors and for

grant recipient as an expenditure on a contract or in-house work that carries-out projects or procurements funded by the award.

“Contract Solicitations” represents the subset of all award actions where bids are solicited in advance of awarding contracts. Bids may not be necessary when an award may be made from an existing contractual arrangement or in-house work is being performed. “Contract Solicitations” is cumulative of all American Recovery and Reinvestment Act contracts out to bid since February 17, 2009. Note that “Contract Solicitations” replaces the term “Projects out to Bid” used the previous 1201(c) report.

“Contracts Awarded” represents the subset of all award actions where a contract is used as the vehicle to perform the project work. The contract award represents the point where grantees solidify their commitments. “Contracts Awarded” is cumulative of all American Recovery and Reinvestment Act contracts awarded since February 17, 2009. Note that “Contract Awarded” replaces the term “Project Awarded” used in the previous 1201(c) report.

“Contracts Under Way” is the subset of all award actions that are actively progressing after bids have been let and funds awarded. For example, projects are considered underway when orders are placed for materials or work is commenced at the worksite. “Contracts Under Way” is cumulative of all American Recovery and Reinvestment Act contracts initiated since February 17, 2009. Note that “Contract Underway” replaces the term “Projects Underway” used in the previous 1201(c) report.

“Contracts Completed” is based on the State or other grant recipient reports of 100 percent completion. For projects in this category, it is possible that final bills are still being processed to completion. Note that “Contract Completed” replaces the term “Projects Completed” used in the previous 1201(c) report.

## **Employment**

Employment reporting for the 180 day report uses a “job-month.” Job reporting uses 1 “job-month” to employ an easy-to-understand variation on the standard “job-year” usually used by economists. A monthly full-time-equivalent job is one person working full time for 1 month. This rounds to 173 hours of work (40 hours per week times 52 weeks divided by 12 months). DOT is employing monthly data for this report because the reporting period February 17 – July 31, 2009, is less than 1 year. Grant recipients report job hours and DOT then translates that into a standard “job-month.” Reports required under 1201(c) beginning February 17, 2010, will use the more standard “job-year” for measurement. A “job-year” is 40 hours per week for 52 weeks. Using the “job-year” methodology, two people working half time or one person working full time produce the same number of “job-years.”

“Direct On-Site Jobs” information is based on recipient reports on hours worked, provided by contractors or direct employment measured by grantees. Direct jobs include on-site employment and others directly working on the project, such as managers and engineers.

“Indirect Jobs and Total Employment” An indirect employment estimate (associated with materials and services provided to the job site) and a total employment estimate (including jobs in the general economy as the direct and indirect workers spend their income), as requested in

Section 1201(c), are not available for this 180-day report. The estimates will soon follow but DOT is examining the estimation techniques and will provide the indirect and induced employment estimates at a later date. DOT requested grant recipients not to estimate indirect employment, and DOT has undertaken research to provide a unified estimation of the indirect employment, as opposed to having grant recipients design methods and report their estimates. Additional information on jobs will be available in the Section 1512 report.

### **State Funding**

These data measure maintenance of effort by ARRA grant recipients, particularly States. “Planned” funding refers to the dollars (from state sources only) that the grant recipient had planned (as of February 17, 2009) to expend for the types of projects funded by the American Recovery and Reinvestment Act during the period from February 17, 2009, to September 30, 2010. “Actual” refers to state-source expenditures that occur during the reporting period. Both planned and actual funding information is reported by the grant recipients to DOT. The DOT has reviewed the certifications on planned State expenditures as to form, meaning that the certification on its face meets the statutory requirements. The FHWA is currently conducting an assessment of how each State calculated the highway component of its planned and actual expenditures. The purpose of the assessment is to ensure that there is a fair and equitable starting point for measuring whether States have met their level of effort.

The information reported by each State will be examined in order to make decisions about redistribution of limitation on Federal-Aid highway and highway safety funding after August 1, 2011, as specified by section 1201(b) of the Recovery Act.