THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

June 24, 2009

The Honorable Nancy Pelosi
Speaker of the House of Representatives
Washington, DC 20515

Dear Madam Speaker:

I am pleased to transmit to Congress the first of five reports required by Section 1201(c) of the American Recovery and Reinvestment Act of 2009 (Recovery Act) detailing our progress, as of April 30, 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.
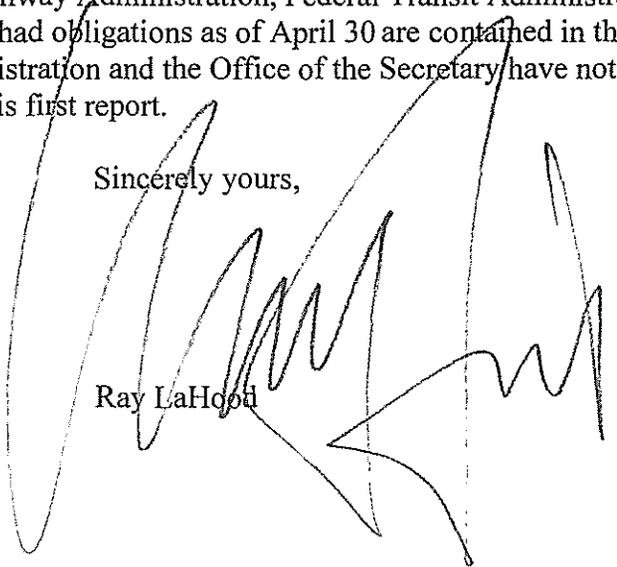
These periodic reports are a snapshot in time that can help us appreciate how rapidly the Recovery Act is being implemented. The first projects started in April, employing 1,555 people. Today, over 1,900 separate projects are underway across the nation. These projects alone will create 70,000 jobs.

In the interests of transparency, we believe it may be beneficial to post this report on the departmental Recovery Act Web site, but we plan to consult with the committees involved before taking this step.

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 that had obligations as of April 30 are contained in this first report. The Federal Maritime Administration and the Office of the Secretary have not made awards, so they are not included in this first report.

Sincerely yours,

Ray LaHood

Enclosure

Section 1201(c) 90-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.

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 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. For example, DOT awarded the bulk of the ARRA highway appropriation by formula to the States (in the table, Highway Infrastructure Investment grant amounts incorporate transfers to FTA). In the case of discretionary grant programs, the award reflects the presentation of a grant to the recipient, as with FAA's airport construction grant program.

Funds are 'Committed' when a contract is awarded or a decision is made by the grant recipient to undertake the work in-house (using its own employees). A grant recipient commits funds when it allocates resources to various projects. In the case of highways, States may commit ARRA funds to projects through the State and local planning process, and this allocation does not trigger a Federal obligation. The Federal obligation does not occur until the highway project award is completed (see 'Projects Awarded' below).

'Outlays' are the amount of funds that have been disbursed by Federal programs to grant recipients. For highway infrastructure investment the total expenditure comes from the Fiscal Management Information System (FMIS) when States file to obligate the funds. This could impose a one to two month lag in the reporting due to the time to receive final invoices from contractors and for the States to enter data into FMIS. For the other programs, the expenditures are reported by the grant recipient as an expenditure on a contract or in-house work that carries-out projects or procurements funded by the award.

'Projects Out to Bid' 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. 'Projects out to bid' is cumulative of all American Recovery and Reinvestment Act contracts out to bid since February 17, 2009

'Projects Awarded' represents the subset of all award actions where a contract is used as the vehicle to perform the project work. The project award represents the point where grantees solidify their commitments. It is also marks when DOT approves this commitment and records an obligation of Federal funds for a project. 'Projects awarded' is cumulative of all American Recovery and Reinvestment Act contracts awarded since February 17, 2009.

'Projects Under Way' is the subset of projects 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. 'Projects under way' is cumulative of all American Recovery and Reinvestment Act contracts initiated since February 17, 2009.

'Projects 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.

Employment

Employment reporting for the 90 day report utilizes a 'job-month.' Job reporting utilizes 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 is calculated as 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 - April 30, 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 utilize the more standard 'job-year' for measurement. A 'job-year' is 40 hours per week for 52 weeks. Using the 'job-year' methodology it is equivalent to having two people working half time or one person working full time.

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

An indirect employment estimate (associated with materials and services provided to the job site), as requested in Section 1201(c), is not available for this first 90-day report because the projects are so early in their start-up phase that any estimate of indirect employment impacts would be unreliable. An estimate of indirect employment will be provided in the second section 1201 report in August 2009. 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.

However, the report does include an estimate of direct and indirect jobs under the 'Total employment' column. This estimate includes direct, indirect, and induced employment using the May 11, 2009, Guidance from the Council of Economic Advisers (CEA). CEA estimates that $92,000 in expenditures results in 1 job-year of employment. Induced jobs include employment that is generated when the direct and indirect employees spend their salaries on goods and

services. DOT restated the CEA estimate to $7,667 in expenditures ($92,000 divided by 12 months), which results in 1 job-month of employment, or one monthly full-time-equivalent job.

Note that Louisiana has direct employment at the State Department of Transportation that is directly funded by the American Recovery and Reinvestment Act and therefore accurately reports its direct employment.

State Funding

This data measures 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. DOT has reviewed the certifications on planned State expenditures as to form, meaning that the certification on its face meets the statutory requirements. 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.