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## **JOB REPORTING AS A COMPONENT OF FEDERAL SPENDING TRANSPARENCY**

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A substantial portion of federal spending results in the creation of jobs in the private and non-profit sectors of the economy. Some forms of spending are explicitly intended to generate jobs, such as the American Recovery and Reinvestment Act (ARRA) and economic development programs such as Community Development Block Grants. Other programs such as federal highway spending are often justified in terms of their employment impact. Federal contract awards of all kinds end up creating large numbers of jobs.

The federal government has generally not put much emphasis on measuring the direct employment effects of its spending. Agencies such as the Council of Economic Advisors and the Bureau of Economic Analysis use macroeconomic models to assess (among other things) the overall employment impact of government as well as private spending in assessing the state of the entire economy, but they do not look at specific jobs.

ARRA, on the other hand, has given rise to a system in which tens of thousands of contract and grant recipients must report the number of jobs being supported by Recovery Act funds. The system is not flawless, but it is an important step forward in disclosing a key impact of federal spending.

The ARRA system can serve as a stepping stone to broader job reporting for federal spending. The goals of such a system would include:

- An enhanced ability to evaluate program performance;
- A higher level of accountability among contract and grant recipients; and
- An ability to do equity analyses.

To achieve these goals, a broad job reporting system would have to provide even more job data than is currently mandated by ARRA. The main categories would be:

- Data on the number of jobs created by direct recipients of contracts and grants;
- Data on the quality of those jobs, especially average/median wage rates and the portion of workers receiving key benefits such as healthcare coverage; and
- Demographic information on the workers hired for those jobs, including gender, race and age as well as nine-digit residential Zip code (with the privacy of individuals protected).

This kind of reporting system is meant to cover only direct employment impacts at companies and other organizations receiving contracts and grants. It would not deal with indirect job creation at firms that supply goods and services to contract or grant recipients, nor other jobs resulting from the overall improvement in economic conditions that the contract or grant may help bring about.

The system, to the extent possible, should build on existing reporting requirements faced by employers, such as the Bureau of Labor Statistics Establishment Survey and the Equal Employment Opportunity Commission's EEO-1 Survey.

## **KEY STEPS**

- I. *Enhancing ARRA job reporting.* Because many thousands of employers are already reporting job numbers to the federal government under ARRA, it makes sense to start with expanding this system to cover job quality and worker demographics. OMB could revise its ARRA guidance to require these additional data fields beginning with one of the upcoming quarterly data rounds (of which there are five remaining).
- II. *Extending to economic development programs.* Over a period of about two years, the federal government could adapt the ARRA reporting system to key economic development programs such as Community Development Block Grants, the Commerce Department's Public Works and Economic Development Program, Empowerment Zones and the New Markets Tax Credit.
- III. *Extending to all direct contracts and grants to employers.* Over a longer period of five to ten years, the federal government could extend the system to all for-profit and non-profit employers who receive direct contracts and grants.