CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
915 CAPITOL MALL, ROOM 485
P.O. BOX 942809
SACRAMENTO, CA 94209-0001
TELEPHONE: (916) 654-6340
FAX: (916) 654-6033

William J. Pavão
  Executive Director

MEMBERS:
Bill Lockyer, Chair
  State Treasurer

Ana Matosantos, Director
  Department of Finance

John Chiang
  State Controller

DATE: August 31, 2010

TO: American Recovery and Reinvestment Act (ARRA) Funds Recipients

FROM: William J. Pavão, Executive Director

SUBJECT: Section 1602 and TCAP Monthly Report

As a sub-awardee, you were awarded ARRA funds (in the form of loans or grants) from the California Tax Credit Allocation Committee (TCAC) to develop affordable rental housing. On June 16, 2010, TCAC began to request monthly progress reports from sub-recipients of Section 1602 and Tax Credit Assistance (TCAP) awards. Information submitted to TCAC has been compiled and reported to the Office of Management and Budget (OMB) and to the Department of Housing and Urban Development (HUD).

Please use the following instructions to complete the attached Monthly ARRA Report.

For <u>ALL</u> TCAP and Section 1602 Sub-recipients:

Please provide the following information:

- Percentage of Total Development Budget expended as of the last day of the reporting month
- Percentage of Construction complete as of the last day of the reporting month
- Please sign the statement at the bottom of the spreadsheet that states the project owner has posted the required ARRA signage at the project construction site.

For TCAP Sub-recipients ONLY:

Please provide the following additional information:

- **The number of direct jobs funded by ARRA during the reporting month.**

  - <u>Definition of Direct Jobs</u>: Direct jobs are those jobs that are compensated directly through ARRA funds. Indirect jobs such as material suppliers or central service providers should **not** be included. Therefore, employees who deliver materials to a project site or clerical staff who prepare reports should **not** be included in the reported jobs data.

- o The numeric job data should be reported on a **Full Time Equivalent (FTE)** basis.
- o To calculate the portion of a Full Time Equivalent (FTE), sub-recipients will need the total number of hours worked by ARRA compensated employees during the reporting month. The sub-recipient will also need the number of hours in a full-time schedule for the month. For instance, if a full-time schedule is 2,016 hours/year, the number of hours in a full-time schedule for a month is 168 (2,016 hours/12 months = 168). The formula for reporting can be represented as:

$$\frac{\text{Total Number of ARRA Funded Hours Worked during the Month}}{\text{Total Number of Hours in a Full Time Schedule}} = \text{FTE}$$

Example: Assume that a sub-recipient's ARRA funds paid for two full-time employees and one part-time employee working half days for the quarter. Also assume that the sub-recipient's full-time schedule for the month is 168 hours (2,016 hours in a work-year divided by 12). To convert hours worked to number of FTE for the monthly report, aggregate all hours worked and divide by the number of hours in a full-time schedule for the month. In this example, two full-time employees each worked 168 hours (336 hours combined) + one employee worked half-time or 84 hours for a total of 420 hours worked. Divide total number of hours worked by the number of hours in a full-time schedule for the month: 420 ÷ 168 = 2.5 FTE for the month.

- **A description of the types of direct jobs funded by ARRA.**

  - o In narrative form, briefly describe the types of jobs funded by your ARRA award. The description may include job titles, broader labor categories or the sub-recipient's existing practice for describing jobs.
  - o Use terms that are widely understood and describe the general nature of the work.
  - o In the narrative, please note whether you estimated or used actual job data for your calculations. TCAC expects that the job data will be generated with actual data and extrapolation. Under limited circumstances, you may use a statistical methodology to estimate the number of jobs created and/or retained.

- **Provide the Name <u>and</u> Headquarter zip code + 4 digits for each Vendor.**

  - o <u>Definition of a Vender</u>: A vendor is a dealer, distributor, merchant or other seller providing goods or services that are required for the conduct of a Federal program.
  - o Characteristics of a Vendor:
    - ▪ Provides the goods and services within normal business hours.
    - ▪ Provides similar goods or services to many different purchasers.
    - ▪ Operates in a competitive environment.
    - ▪ Provides goods and services directly to the construction contractor
    - ▪ Is a sub-contractor hired by the construction contractor

- **Please sign the statement at the bottom of the spreadsheet that states the project owner is compliant with Davis-Bacon prevailing wage requirements.**

Key Provisions of TCAP Job Counting:

- Sub-recipients must include only created or retained jobs that are funded by the TCAP award.
  - If you know exactly which jobs TCAP is funding because there is an accounting system in place that tracks the billing of workers' hours to TCAP and non-TCAP funds, then you should only count those jobs.
  - If **all** work is completed on the project **prior** to the TCAP executed written agreement then there are no jobs to report.
  - If **all** the funds for a specific project are used strictly to purchase land or a building, then you cannot attribute TCAP funds to paying for jobs and would therefore count zero jobs for that project.
- Jobs funded with non-Recovery Act funds will not be counted unless they will be reimbursed with Recovery Act funds.
  - If TCAP funds are being used to pay down a construction loan **and** there is construction work occurring after the date of the TCAP executed written agreement, jobs should be counted based on a proportionate share.
  - For example, if 80% of the project construction is completed prior to the TCAP executed written agreement but TCAP funds will be used to pay down the construction loan – the remaining 20% of the construction work should be counted on a proportionate share basis.
- Jobs funded partially with TCAP funds will only be counted on the proportion funded by TCAP. As the sub-recipient you may know the overall portion of TCAP funds used to pay for the salary of employees, but don't have information for each individual employee, proportionate job counting should be used.
- If TCAP funds are used to reimburse for jobs or take out a construction loan and/or you do not know which jobs are paid specifically with TCAP funds because the TCAP funds are comingled with other funds for the project then you use the proportionate share process. Count the total number of hours for all the job hours for all people directly related to the project, divide by 520, then multiply by the percentage of TCAP funds to the total project costs.

NOTE: If you are reporting zero jobs because TCAP funds are strictly used for acquisition of land or buildings, please include this explanation in the "Sub-recipient Description of Jobs" field.

Monthly ARRA Reports are due on the 5th business day of every month.

Please email your July and August Monthly Reports to ARRA@treasurer.ca.gov by 5:00pm (PST) on Wednesday, September 8th.

Should you have any questions, please do not hesitate to contact Tiffani Armstrong at (916) 653-4367 or via email at tarmstrong@treasurer.ca.gov.

Sincerely,

William J. Pavão
Executive Director