

**Form 120**  
**JOB CREATION INFORMATION INSTRUCTIONS**

**I. INTRODUCTION**

The U.S. Department of Housing and Urban Development (HUD) allocates Community Development Block Grant funds to the state of Arkansas on an annual basis. The Arkansas Economic Development Commission sets aside a portion of this allocation to provide grants to cities or counties for the purpose of creating job opportunities for low to moderate income persons in their jurisdiction. This is accomplished by providing assistance to for-profit businesses which agree to create a specific number of jobs, of which at least fifty-one percent (51 percent) will be filled by or made available to persons qualifying as low or moderate income (LMI) at the time of hire, as defined by the program.

By accepting the benefits of funding through the Economic Development Set-Aside Program (EDSA), the benefiting business is required to document job creation activities on behalf of the sponsoring city or county (the "grantee").

While funds may be used in a variety of ways, the fundamental basis for determining eligibility to receive funds is the extent to which the grantee, through the company, can document that jobs are filled by or made available to LMI persons. Consequently, documentation of employment is crucial to establishing that the legal requirements of the program have been satisfied. Failure to meet and/or document performance will result in either declaration of default, penalties or sanctions.

**II. PURPOSE**

This information is intended to provide basic guidance and forms necessary to satisfy the reporting requirements for job creation resulting from the project. Specific instructions and the forms used in documenting job activity are included. An overview of the purposes, uses and need for this packet is provided below:

- A. To provide local government officials and businesses with a method for reviewing progress toward job creation expectations, the grantee is encouraged to establish its own procedure for quarterly review of progress;
- B. To provide the Arkansas Economic Development Commission with a quarterly performance review of the activities to help resolve problems when and if they occur; and
- C. To insure compliance with HUD and Arkansas Economic Development Commission requirements. The general requirements are:
  1. All positions claimed must be "**permanent.**"
  2. Fifty-one percent of **all** positions created must be filled by or made available to persons qualifying as low and moderate income at the time of hire (based on family income). This applies to all jobs created as a result of the project even if the total number exceeds that listed in the grant agreement.
  3. Documentation must be on file for each person identified as low and moderate income. Such documentation is the responsibility of the grantee and may be retained at their site, the business, or at a referring agency.

- 4 The claimed positions must be reported on a "full time equivalency" (FTE) basis, i.e. part-time positions must be converted to full time equivalents for reporting purposes.

### III. JOB CREATION GUIDELINES

In order to clarify the expectations of the Arkansas Economic Development Commission with regard to job creation, following is a list of general guidelines outlining the requirements of the program and the methods that will be used to determine compliance with these requirements:

- Jobs filled by persons transferring in from another of the company's facilities are not to be counted toward either the total jobs projected to be created for the project nor the percentage filled by LMI persons;
- Only those jobs generated as a result of the specific project financed with grant funds can be counted in the job creation total. For example, if a company is putting in an additional production line, only those workers that work on the line and any others that are needed to support that line, i.e., shipping, maintenance or inventory, can be claimed as benefiting from the project.
- It is expressly understood that all jobs must be new jobs created as a result of the project. Retained jobs will not be counted in the job creation totals for the project.

### IV. JOB CREATION DOCUMENTATION

The process for documenting job creation can be divided into three phases: start-up, hiring and close-out.

#### A. Project Start-up

The totals established in the “**Job Creation Plan**” (Form \_\_\_\_ ) will be utilized on the quarterly reporting document, the “**Job Status Report**” (Form \_\_\_\_ ), so that the business, the grantee and the department can easily assess job creation progress in relation to the plan. Any modification to the plan requires written approval from the department. If an amended plan is approved, the grant agreement and loan documents, if applicable, will also have to be amended to reflect the changes in the terms and conditions of the project.

**A completed and approved Job Creation Plan must be on file prior to the Arkansas Economic Development Commission approving the first draw of grant funds for the project.**

#### B. Hiring New Employees

There are two methods of qualifying job recipients for the program. These methods may be used individually or in conjunction with any of the other methods.

The two methods for determining the low or moderate income (LMI) status of new employees hired by the company are self- certification, and Employment Security Division referrals. Each of these methods is described in more detail below and the required forms are provided for use by the company in order to facilitate the recordkeeping requirements of the program.

## 1. Self-Certification

The Arkansas Economic Development Commission will accept a written certification by a person of his or her family income and size to establish the low or moderate income status of that person. The certification simply states that the applicant's family income is at or below that required to be low or moderate income in that area. The form for such certification includes a statement that the information is subject to verification.

When making judgments about whether an individual is low or moderate income, both family size and income of the entire family must be considered. This is because a low or moderate income person is defined as a member of a low or moderate income family. Title I of the Housing and Community Development Act of 1974, as amended, defines "persons of low and moderate income" as families and individuals whose incomes do not exceed 80 percent of the median income of the area involved or 80 percent of the statewide median income, whichever is higher.

A copy applicable income limits will be provided to the company at the beginning of the project. These income limits must be used by the company when screening applicants for jobs.

A sample copy of the Income Certification Form is provided (Form 98). **This form is to be completed on each and every applicant (unless the other method of certification is used) who applies for a job resulting from a project funded, in whole or in part, by the Arkansas Economic Development Commission.**

## 2. Employment Security Division

The only other acceptable screening agency that a company may utilize for referrals is the local office of the Arkansas Employment Security Department (ESD). A business planning to accept referrals from ESD must enter into a written agreement with the local ESD office that outlines the requirements of the referrals and the services to be provided. The income qualification criteria must meet the ACEDP limits set forth in the grant agreement.

The agreement must contain the following information:

- a. The number of positions by title for which recruitment will occur;
- b. The minimum number of low and moderate income persons that will be referred to the employer;
- c. When recruitment and referrals will occur; and
- d. Responsibilities of the parties.

If this method of certification is used to qualify LMI hires, a copy of this agreement must be submitted with the Job Creation Plan prior to initiating hiring for the project.

## C. Closeout

It is the grantee's responsibility to initiate close-out of a project funded through the Arkansas Economic Development Commission. When the assisted company has met its job creation requirements and does not anticipate any further hires resulting from the project funded through the department or when the performance period for job

creation has lapsed, the grantee is responsible for securing a Final Job Creation Report, a copy of the most recent payroll from the company, and an “Equal Opportunity Direct Benefit Form” from the company. These documents are to be submitted to the department to confirm the benefit derived from funding the project through the Economic Development Set-Aside.

The Final Job Creation Report (Form 101) summarizes the job creation activity for the performance period. It also includes a certification from the company that the project is complete and that no additional jobs are anticipated in the foreseeable future. A copy of the Final Job Creation Report is included (Form 101).

The Equal Opportunity Direct Benefit Form (Form \_\_\_\_\_) provides statistical data on the beneficiaries reported on the Final Job Creation Report.

## V. REPORTING REQUIREMENTS

In order to accurately track job creation and report results to the Arkansas Economic Development Commission, the “Job Activity Log” (Form \_\_\_\_\_) and the “Job Status Report” (Form \_\_\_\_\_) have been developed. These forms are to be used by the company and grantee to give the department a quarterly assessment of the progress of the project.

### A. Job Activity Log

The Job Activity Log is designed as an example of a cumulative report of all job creation activity from the beginning of the project to the most current quarterly reporting period. A company may use a similar log or payroll to reflect job activity throughout the life of the grant, but it is suggested that the provided log is used.

Specific characteristics of every individual in a job created as a result of ACEDP grant assistance can be reported on this log. The log also identifies which of the employees are low and moderate income persons.

At the end of each calendar quarter, information from this log can be compiled for entry on the Job Status Report. The total number of jobs filled, terminated, and the number of low and moderate income persons employed, as reported on the Job Status Report, should reconcile with the entries on the Job Activity Log or similar form.

### B. Job Status Report

The Job Status Report (Form 100) provides a quarterly analysis of the actual accomplishments against quarterly planned accomplishments. The planned entries are taken from those listed on the “Job Creation Plan”, which was submitted at the beginning of the project, or a modified “Job Creation Plan”, which has been approved by the Arkansas Economic Development Commission.

The “Job Status Report” is submitted quarterly, **no later than the 20<sup>th</sup> day after each calendar quarter**. It is updated every quarter to reflect job activity throughout the life of the grant.

The actual entries are compiled using the “Job Activity Log” and entered on the report under the appropriate quarter ending column.