

APPENDIX 501e

**POLICIES AND PROCEDURES
FOR PROGRAM YEAR (PY) 2019
PERFORMANCE IMPROVEMENT PLAN
(PIP) SYSTEM**

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I. PERFORMANCE IMPROVEMENT PLAN (PIP) SYSTEM FOR PY 2019

- A. **Overview.** The Workforce Innovation and Opportunity Act (WIOA) <https://www.congress.gov/113/bills/hr803/BILLS-113hr803enr.pdf>, requires Job Corps to develop and implement a performance improvement plan for Job Corps centers that fail to meet expected levels of performance. As a result, Job Corps designed a new Performance Improvement Plan (PIP) system released July 1, 2016. The PIP was subsequently revised and re-released on December 21, 2016 through PRH Change Notice 16-08. The PIP system provides performance improvement assistance and increased oversight to the lowest performing centers that fail to meet Job Corps' expected levels of performance. The PIP system uses Outcome Measurement System (OMS) data to determine if centers are meeting performance goals; place the lowest performing centers on a PIP and provide guidance; communicate consequences for not meeting established performance goals within a defined time period; and takes corrective actions if centers on PIPs do not improve performance and meet performance criteria. Under the transition authority provided by Section 503 (a) of WIOA, Job Corps will use PY 2018 OMS performance results to identify centers that will be placed on a PIP for PY 2019.

The new PIP system is nationally administered, implemented annually, and directed at center-level accountability, whether operated by private contractors or the U.S. Department of Agriculture, Forest Service (USDA FS). The new PIP system also defines the consequences for failing to perform or make progress to improve performance at a Center.

WIOA requires that all youth training programs, including Job Corps, use six primary performance measures to evaluate contractors' performance. In PY 2016, Job Corps established a new system to collect and report WIOA program outcomes, and began collecting data through this new reporting system. Job Corps did not set targets for the new measures because there was no sufficient annual data on the new measures. In PY 2017 and PY 2018, Job Corps adjusted the WIOA reporting system to align with other ETA training programs and began collecting performance data. Until the new WIOA performance system has been fully implemented, stabilized, and targets have been set, Job Corps will continue to use OMS reports for decision making on such things as contract and option year awards, past effectiveness scores, incentive fees, performance assessments, and PIP placement and graduation evaluations.

- B. PIP Entry Criteria.** The PIP system has two entry criteria for Job Corps centers to be placed on a PIP. If both of the criteria are met, the center is placed on a PIP.
1. **OMS Ranking.** A center is first identified as ranked among the bottom ten (10) percent of Job Corps centers on the OMS-10R report for the most recent full PY year-end report.
 2. **Overall OMS Rating Score.** After a center is identified as ranked among the lowest 10 percent of centers, a second criterion is applied. If a center ranked in the bottom 10 percent has an end-of-PY overall OMS score that is at 88% or less of the year's OMS national average, the center is placed on a PIP.
- C. PIP Graduation Criteria.** To graduate from a PIP, a center's performance must demonstrate OMS ranking in the top two quartiles on the mid-year (PY based) or year-end OMS-10R report.
- D. Probationary Period**
1. Each center that is placed on a PIP will serve a minimum of twelve months on that PIP, with evaluations against graduation criteria conducted at mid-PY (mid-year) and end of PY (year-end). The Department of Labor (DOL) reserves the right to end this process at any point if it determines that it is in the best interest of the Government to do so.
 2. When a PIP center meets the graduation criterion at mid-year or year-end, the center enters a probationary period lasting six (6) additional months. The probationary period is to ensure the center's improved performance can be maintained. If the center continues to meet the graduation criterion by the end of the six-month probationary period, the center will formally graduate from the PIP.
- E. Sources for PIP Performance Measures.** The following Outcome Measurement System reports will be used in the mid-year and year-end PIP assessments.
1. **OMS-10R Report** from 7/1/20xx to 12/31/same year – To evaluate mid-year performance outcomes for graduation consideration.
 2. **OMS-10R Report** from 7/1/20xx to 6/30/next year – To assess centers for placement on a PIP, and evaluate PY year-end performance outcomes for graduation consideration.

F. Time Limitation for PIP Status

1. The minimum period for a center to serve on a PIP is 12 months, or six months plus a six-month probation period. As noted above, DOL reserves the right to end the PIP prior to this time period if it determines that it is in the best interest of the Government to do so.
2. The maximum period for a center to serve on a PIP is 42 months, or three full program years plus a six-month probation period.

G. Timeline for Placing Centers on a PIP

1. **September:** The National Office will identify new centers for placement on a PIP using finalized end of PY OMS report data. The finalized PY 2018 OMS10 Report Card will be used for identification of PIP centers for PY 2019. The National Director of Job Corps shall formally notify centers of their PIP status and request a comprehensive Performance Improvement Plan from their operators. In the case of contracted centers, the National Director's notification will be co-signed by the Contracting Officer. That joint correspondence will convey to the operators the possible contractual implications of being on a PIP, and explain that each contractor's progress on its PIP will be considered in the Contracting Officer's determination of whether to award an option or short-term sole source contract under the current contract. The circumstances leading to the PIP and subsequent improvement or lack thereof may also be considered in evaluations of that contractor's Past Performance in a competitive procurement for a follow-on contract or any other center operation contract.
2. **October:** The Regional Office (RO) will review and either reject, in whole or in part, or accept the center operator's proposed PIP. If the PIP is rejected in whole or in part, it will be returned to the operator for appropriate revision. If accepted, the Regional Office signs and submits the PIP to the National Director. The National Office may request revisions to the center PIPs. The Contracting Officer will send correspondence to the center operator, indicating that the PIP is approved, and it will be incorporated into the contract requirements.

H. Timeline for PIP Graduation Evaluations

1. **February:** The National Office will conduct the mid-PY PIP graduation evaluation, using the PY mid-year (7/1/20xx – 12/31/same year) OMS 10-R report. If a PIP center meets the graduation criterion based on this evaluation, the center will enter the six-month probationary period. If a PIP center that entered the probationary period six months earlier has met the graduation criterion again based on this evaluation, the center will officially graduate from the PIP. In either case, the center will receive an official notification from the National Director of Job Corps. The Contracting Officer will also send correspondence to the center operator, denoting that the center has either entered the probationary period or graduated from the PIP.
2. **October:** The National Office will conduct the end-of-PY PIP graduation evaluation, using the finalized PY end-of-year (7/1/20xx – 6/30/next year) OMS10-R report. If a PIP center meets the graduation criterion based on this evaluation, the center will enter the six-month probationary period. If a PIP center that entered the probationary period six months earlier has met the graduation criterion again based on this evaluation, the center will officially graduate from the PIP. In either case, the center will receive an official notification from the National Director of Job Corps. The Contracting Officer will also send correspondence to the center operator, denoting that the center has either entered the probationary period or graduated from the PIP.

I. Deciding Sanctions for Not Graduating from a PIP

For centers that have not graduated from the PIP, there will be correspondence from DOL regarding the actions that will be taken. This notification will inform the operator (USDA/private contractor) of the necessary steps that it must take and/or the actions that DOL will be taking to address the performance concerns at the center. This notification does not preclude DOL from taking actions at different points in the process and does not have any impact on DOL's ability to take any and all actions that it believes are appropriate regarding these performance concerns or matters unrelated to the performance problems.

J. General PIP Policy and Sanctions. It is Job Corps' intent that no center remain on a PIP beyond three program years. A center on a PIP must manage to meet the graduation criterion by the 36th month after being placed on a PIP. This aligns with the statutory three-year limitation for under-performance for the USDA Forest Service Civilian Conservation Centers (CCC) in Section 159(f)(4) of WIOA.

Job Corps will not accept prolonged or permanent underperformance, and expects all centers placed on a PIP to demonstrate substantial and sustained performance improvement and graduate as soon as possible, but no longer than 42 months after serving on a PIP (including the six-month probationary period). Under Section 159(f)(2) of WIOA, Job Corps can take any of the following actions to help centers on a PIP to improve performance and graduate from the PIP:

1. Providing technical assistance to the center;
2. Changing the vocational training offered at the center;
3. Changing the management staff of the center;
4. Replacing the operator of the center;
5. Reducing the capacity of the center;
6. Relocating the center; or
7. Closing the center.

Although DOL reserves the right to take any appropriate measure to address performance concerns at a Center at any time, Job Corps intends to have a progressive application of such sanctions to allow operators time to improve performance. The process described below generally describes how the approach will be implemented, and should not be viewed as requiring that the available actions provided in Section 159(f)(2)

be taken in a specific sequence. When taking corrective action, the National Office will give due consideration to factors that are beyond the control of the center(s) on a PIP that significantly contributed to the underperformance, such as natural disasters, epidemics, drastic changes in the local economic environment, etc. All mitigating factors must be thoroughly documented, substantiated, and submitted to the National Office through the related Regional Office. The existence of a PIP does not affect the Contracting Officer's discretion to decline to exercise an option or to terminate a contract center operator for reasons related or unrelated to imposition of the PIP in accordance with the Federal Acquisition Regulations.

1. First Program Year on a PIP

This is the program year that a center is officially placed on a PIP, based on its underperformance in the previous program year. During this year, the Regional Office will provide technical guidance and support, including actions to assist the operator in meeting the PIP graduation requirements. These potential actions should be outlined in the fully executed Performance Improvement Plan.

- (a) During the first year, the National Office of Job Corps, in consultation with the related Regional Office, may opt to change the center's career technical training offerings and/or suggest other changes in the center's operation. If a center's performance shows measurable improvement at the sixth month or 12th month, however, the National Office may choose not to exercise these options.
- (b) From the day a center is placed on a PIP until its graduation from the PIP, the related Regional Office will enhance its oversight activities, including but not limited to: more frequent communications with the center management, more frequent monitoring trips (announced and unannounced), and more frequent Regional Office Center Assessments (ROCA). The Contracting Officer, in consultation with the Regional Office and the National Office, may also send correspondence to the center operator about the underperformance, including Letters of Concern, Cure Letters, and other devices through, and within the boundaries of, the existing contract. The Contracting Officer may consider this information as part of the decision about whether to exercise the option year for continued performance by the operator at the center.

2. Second Program Year on a PIP

If a center enters the second year on a PIP, in addition to the actions previously taken during the first year, the National Office may exercise more serious sanctions, including

reduction of the center's On-Board Strength (OBS), terminating the contract, or competing a USDA FS center through the procurement process required by WIOA. While deciding whether continued operation by a contract center is in the best interest of the Government, the Contracting Officer will consider the fact that a center remained on a PIP for a second year. If a center's performance shows measurable and sustained improvement during the course of the second year, however, the National Office may choose not to apply any of these sanctions.

3. Third Program Year on a PIP

This is the last program year any center is allowed to remain on a PIP. If a center does not meet the graduation criterion after two years on a PIP, in addition to the actions described above, the National Office, in consultation with the Office of Contracts Management (OCM), the related Regional Office, and the USDA Forest Service, as applicable, may impose the most serious sanctions, including relocating the center, replacing the operator, and/or closing the center.

If a center meets the graduation criterion by the middle or the end of the third program year on a PIP and enters the six-month probation period, the National Office may choose not to exercise any new sanctions beyond those previously executed in the first or second PIP year.

If a center fails to meet the graduation criterion by the end of the third year (36 months), the National Office, in consultation with the OCM, the related Regional Office, and the USDA Forest Service, as applicable, will impose the most serious sanctions, including relocating the center, re-competing the center, and/or closing the center.

Centers that have graduated from a PIP but later fall back into PIP status will go through the PIP process again and may face increasingly escalating sanctions as needed.

It is important to note that while implementation of a national PIP system provides a concrete process for improving performance at low-performing Job Corps centers, the Department of Labor reserves the right to decline to exercise an option, terminate an operation contract, or close centers at any time when it deems that doing so is in the best interest of the program. This new PIP system should not be construed as the only process through which a Job Corps center operator can be replaced or a center can be closed.

II. ROLES AND RESPONSIBILITIES

A. **National Office.** The National Office will be responsible for:

1. Providing oversight and managing the PIP system in close collaboration with related Regional Offices and OCM;
2. Designing and revising the PIP system based on valid feedback from the Regional Offices and the Job Corps community;
3. Reviewing, approving or disapproving PIPs submitted by centers and accepted by related Regional Offices.
4. Conducting PY end-of-year data analyses to identify centers for placement on a PIP and sharing results with related Regional Offices and OCM;
5. Conducting PY mid-year and PY year-end data analyses to evaluate graduation qualifications, and sharing results with related Regional Offices and OCM;
6. Consulting with OCM and related Regional Offices regarding appropriate actions and effective sanctions for centers that do not meet graduation criterion at the end of each year on a PIP, as well as those that fall back into PIP status; and
7. Making final determinations regarding sanctions for centers failing to meet graduation criterion at the end of each year.

B. **Regional Offices.** Job Corps Regional Offices routinely provide oversight and support to all centers to include on-site ROCAs; targeted monitoring visits to low-performing centers; and on-going direct communication with centers regarding improvements in all deficient areas. For centers on a PIP, Regional Offices will commit additional resources, as needed, to conduct more frequent visits, audits, and technical support activities in order to assist centers in graduating from a PIP within one program year.

With regard to the PIP system, Regional Offices will be responsible for:

1. Working closely with the National Office on data analyses to identify centers to be placed on a PIP, evaluating PIP graduation status, and recommending appropriate and effective sanctions;
2. Requesting each PIP center to submit a PIP in the template provided; Reviewing, revising, and accepting the initial PIP plans

from centers placed on a PIP, and forwarding to the National Office;

3. Integrating any existing corrective actions that are already in place for centers, if applicable, into the PIP and submitting the final signed copy to the National Office;
4. Working closely with center operators and their center management teams to implement the fully executed PIP;
5. Monitoring and conducting frequent site visits to evaluate and assess, in detail, specific performance issues to be addressed by the PIP centers;
6. Providing regular updates to the National Office to assist with the PY mid-year and PY year-end evaluations;
7. Collaborating with the Contracting Officer and the National Office to take appropriate contract actions against the operator of the PIP center (e.g. Letter of Concern, Cure Notice); and
8. Implementing sanctions imposed by the National Director for centers that fail to graduate by the end of their PIP period or fall back into PIP status after graduation.

C. Office of Contracts Management (OCM). OCM will be responsible for:

1. Determining, based on collaboration with the National Office of Job Corps and Regional Offices, what and if any contract management tools should be used against the operators of PIP contract centers, including formal contractual action, as warranted.
2. Determining and executing, if appropriate, based on collaboration with the Job Corps National and Regional Offices, the more serious sanctions within the parameters of the existing contracts, such as termination of a contract for default, not renewing an option year, converting a USDA FS center into a contract center through procurement, reducing OBS, relocating a center, and closing a center.

D. Centers and Operators. Centers and Center Operators will be responsible for:

1. Assessing and monitoring center performance monthly to identify areas that need improvement prior to PIP actions by the National and Regional offices;

2. Developing a detailed and measurable plan to address all problem areas that caused or contributed to the center being placed on a PIP, with specific goals and completion deadlines;
3. Submitting the proposed performance improvement plan on the provided template in a timely fashion to the Regional Office for review;
4. Adhering to the terms of the executed PIP;
5. Implementing PIPs in accordance with Appendix 501e and following directions from the National Office and related Regional Offices;
6. Working collaboratively with related Regional Offices to make timely, substantial, and sustained improvements in problem areas in order to graduate from a PIP within one year; and
7. Working collaboratively with related Regional Offices to implement sanctions imposed by the National Director.

E. Job Corps Data Center (JCDC). JCDC will be responsible for:

1. Ensuring that the OMS-10R reports related to the PIP system are issued in accordance with the target release dates;
2. Coordinating specifications of the OMS-10R reports with National Office staff and ensuring that the data generated in the reports accurately reflect the policy and programming design; and
3. Providing Help Desk services regarding data necessary for the PIP system (identification and graduation of centers), and for monitoring and oversight of PIP centers.