

REVISED INFORMATION NOTICE

January 31, 2008

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| DIRECTIVE: | JOB CORPS INFORMATION NOTICE NO. 07-20 |
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TO: ALL JOB CORPS NATIONAL OFFICE STAFF
ALL JOB CORPS REGIONAL OFFICE STAFF
ALL JOB CORPS CENTER DIRECTORS
ALL JOB CORPS CENTER OPERATORS
ALL NATIONAL TRAINING AND SUPPORT CONTRACTORS
ALL OUTREACH, ADMISSIONS, AND CTS CONTRACTORS
ALL OASAM CONTRACTING OFFICERS

FROM: ESTHER R. JOHNSON, Ed.D.
National Director
Office of Job Corps

SUBJECT: Performance-Based Service Contracting for Outreach/Admissions
Contracts

1. Purpose. To announce Job Corps' plan to implement performance-based service contracting for Outreach/Admissions (OA) contracts.
2. Background. In May 2002, Job Corps began implementing its Performance-Based Service Contract (PBSC) initiative by incorporating incentive-fee provisions into all new contracts and option-year awards for center operations. In October 2003, PBSC incentive-fee provisions were introduced for Career Transition Services (CTS) contracts.

Job Corps will continue to expand its use of performance-based contracting by incorporating PBSC incentive-fee provisions into all new OA contracts.

The approach will be consistent with the method used for CTS contracts and will include the following features:

- a. new procurements issued as performance-based contracts;
- b. fee structure including both a base fixed fee and an incentive fee;
- c. incentive-fee payments earned based on performance as measured by the Outcome Measurement System;

- d. performance range established each program year (PY) based on analysis of previous performance for all OA contracts;
- e. incentive fee billed at the average fee level during the contract year and reconciled at the contract year end; and
- f. performance excellence bonus earned by contracts exceeding the established performance range.

OA PBSC provisions will be consistent with the PBSC provisions for CTS contracts, in that no grace period will be allowed for contractors taking over a new contract, and no contracts will be designated as ‘historically poor performing’.

3. **Fee Structure.** The fee structure for OA contracts will be set consistent with the structure currently used for CTS contracts, in that the stand-alone OA contracts will have a slightly higher fee structure than those that are operated as a component of a center operations contract. The fee limitations for stand-alone and center-operated contracts will be as follows:

| Stand-Alone OA or OA/CTS Contracts | |
|--|---|
| | % of Total Direct and Indirect Costs |
| PBSC Fixed-Fee Cap | 4.32% |
| Average Incentive Fee | 1.44% |
| Maximum Incentive Fee (average incentive fee * 2) | 2.88% |
| Total Fixed + Maximum Incentive Fee | 7.2% |
| Performance Excellence Bonus | (Maximum Incentive Fee + Fixed Fee) * 10% |

| Center-Operated OA Contracts | |
|--|---|
| | % of Total Direct and Indirect Costs |
| PBSC Fixed-Fee Cap | 3.6% |
| Average Incentive Fee | 1.2% |
| Maximum Incentive Fee (average incentive fee * 2) | 2.4% |
| Total Fixed + Maximum Incentive Fee | 6.0% |
| Performance Excellence Bonus | (Maximum Incentive Fee + Fixed Fee) * 10% |

4. **Action.** Implementation of incentive-fee provisions for OA contracts is planned to begin February 7, 2008.

- a. An update to the model OA/CTS RFP will be distributed to the field no later than February 7, 2008.
- b. All new OA contract procurements in progress that have not received proposals will have RFPs amended to reflect incentive-fee provisions and requirements immediately upon receipt of the updated model OA/CTS RFP.

- c. All new RFPs for Outreach/Admissions Services issued after release of this Information Notice will reflect incentive-fee provisions and requirements.
 - d. The Performance Range for OA for PY 2008 will be issued prior to the beginning of the program year.
5. Expiration Date. Until superseded.
6. Inquiries. Inquiries should be directed to Renee Evans at evans.renee@dol.gov or Peni Webster at webster.peni@dol.gov.