

July 9, 2012

DIRECTIVE:	PROGRAM INSTRUCTION NOTICE NO. 12-01
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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 OUTREACH, ADMISSIONS, AND CTS CONTRACTORS

FROM: EDNA PRIMROSE
National Director
Office of Job Corps

SUBJECT: Program Year (PY) 2011 Closeout and Program Year (PY) 2012 Spending

1. Purpose. To provide information related to the PY 2011 June spending plans, and PY 2012 spending, including additional federal oversight and monitoring of operator expenses.
2. Background. In order to meet the operational needs of the program through the end of PY 2011, the Office of Job Corps worked with center, Outreach and Admissions, and Career Transition Services operators to reduce spending in June 2012. Spending reductions were identified in non-mission-critical areas of administrative expense, such as purchasing supplies, staff travel and training, and hiring new staff in the month of June.
3. PY 2011 June Spending Plans. The Employment and Training Administration (ETA) would like to clarify guidance regarding allowable costs for June 2012. Previous guidance may have inadvertently suggested that any costs incurred in a particular line item, which exceeded the June 2012 agreed-upon spending plan, would be deemed unallowable. However, contractors performing under a cost-reimbursement type contract are permitted to exceed line items on their June spending plan, provided that costs are allowable, allocable and reasonable.

As a whole, however, contractors were instructed to remain within their June spending plans. Thus, if a contractor exceeds the June spending plan in one line item, the expectation was that another line would realize savings.

It is critical that contractors remain within the June spending plans, to the greatest extent possible, as these plans were the basis for providing final program year funding to each operation. Exceeding the plans' amounts would translate to exceeding available funding.

However, given that the contracts are cost-reimbursement type contracts, ETA recognizes that, despite the contractor's best efforts, additional unforeseen June costs may be realized. If, during the process of accounting for all June costs, the contractor identifies any unexpected June

costs that will cause the contractor to exceed the June spending plan amount, the contractor should immediately notify the Contracting Officer (CO) and Contracting Officer's Representative (COR).

4. PY 2012 Spending. With the exception of hiring and travel, spending restrictions applied to June 2012 have been lifted, effective immediately, and regular business operations should resume.

However, operators should be advised that all areas of operations are being reviewed for potential cost savings and the ETA will be discussing long-term cost savings measures with all operators in the coming weeks. Federal staff will closely monitor expenditures in all line items to ensure prudent spending and fiscal integrity. In areas in which cost overruns are identified, the CO and COR will work with the contractor to develop a corrective action plan to ensure the contractor remains within budget.

Contractors must continue to exercise fiscal responsibility and should not assume that savings in June may be used for costs in July or subsequent months. Instead, contractors should work with CORs and COs to determine the amount of June savings that will result in a decrease in the estimated cost of the contract, as opposed to the amount of savings that were a deferment of costs until later months (i.e., supply orders).

While the ETA is continuing to analyze the PY 2011 closeout, only mission-critical vacancies may be filled until further notice. Contractors must submit hiring requests to their CORs for review, to include a justification outlining the mission-critical nature of the position. CORs will provide a decision within 1 week of the request.

Restrictions to travel have also been lifted. Contractors may incur travel costs that are critical to successful contract performance. However, contractors shall exercise fiscal discipline, and shall engage in only travel that is critical to successful contract performance. Thus, contractors shall minimize the number of off-center recreational trips, and shall use the most economical mode of travel. CORs will review contractors' travel costs to ensure that the contractor is engaging the most economical mode of travel.

5. Expiration Date. Until superseded.

6. Inquiries. Inquiries should be directed to Margaret Carson at (202) 693-2741 or carson.margaret@dol.gov, or to Jillian Matz at (202) 693-2836 or matz.jillian@dol.gov.