

August 17, 2012

<b>DIRECTIVE:</b>	<b>PROGRAM INSTRUCTION NOTICE NO. 12-05</b>
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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) 2012 Administrative Cost Savings Measures

- Purpose.** To solicit administrative cost savings plans from Center, Outreach and Admissions (OA), and Career Transition Services (CTS) operators to ensure the Job Corps program remains within appropriated funding levels in PY 2012.
- Background.** Job Corps contractors and the USDA Forest Service were instrumental in the cost savings efforts implemented in PY 2011. Over the past two months, Employment and Training Administration (ETA) officials have had the opportunity to discuss the PY 2011 budget with operators and solicit feedback regarding costs savings measures for PY 2012. Further, two workgroups have been formed to develop cost savings measures in the areas of health care and center staffing.
- Action.** To ensure that the Job Corps program does not experience a shortfall in PY 2012, and to allow operators to implement cost savings in a flexible and innovative manner, ETA is requesting that operators review their budgets and submit PY 2012 cost savings plans that reduce those lines items below by the corresponding percentage. Contractors should also provide their Contracting Officer (CO) and Contracting Officer's Representative (COR) with feedback on what, if any, impact these cost savings have on contract performance, as defined by the Policy and Requirements Handbook and the Statement of Work, as well as contractors' proposed and accepted technical proposals.

### **Expense Categories Targeted for Annualized Reduction**

#### **Center Operations**

Line 6	Other Career Success Expense	5% reduction
	<i>(note: reductions in this line reflect a reduction in off-center recreation activities)</i>	
Line 16	Other Administrative Expense	30% reduction
Line 22	Communications Expense	30% reduction
Line 26	Motor Vehicle Operating Expense	10% reduction

Line 27            Travel and Training Expense            30% reduction

**OA and CTS Operations**

Line 2            Travel and Training Expense            30% reduction

Line 8            Other Operating Expense                30% reduction

As noted in the instructions below, contractors will submit the attached spreadsheet to calculate cost savings **and** a narrative outlining the actual expenses to be saved in each line.

**Note prior to beginning exercise:** This exercise requires contractors to use up-to-date budget figures, for each expense category, to calculate PY 12 savings. This likely means that contractors will need to use the approved budget figures resulting from the recent exercise which reconciled each contract's estimated costs from the June spending plan reductions.

- 1) Using the contract's approved 2181 Budget *or budgeted amounts resulting from the recent exercise reconciling estimated cost based on June spending plans*, populate Column C.
  - 2) Column D will automatically calculate anticipated cost savings in the targeted lines, as well as a total minimum cost savings, highlighted in yellow. **This is the amount that must be reduced from the contract in Program Year 2012.**
  - 3) In Column F, contractors will enter the amount of cost savings to be achieved in each line. Contractors may accept the targeted reductions amount by entering the amount from Column C into Column D, **or may propose a different mix of cost savings, both in the affected categories and other categories, with the understanding that:**
    - a. cost savings must not negatively impact the health, life safety, and security of students and staff; and,
    - b. the sum of cost savings in all lines must meet the minimum cost savings highlighted in yellow.
  - 4) Contractors should also prepare a narrative that outlines the specific savings in each line and explains the impact, if any, the cost savings have on contract performance, as defined by the PRH and the Statement of Work, as well as contractors' proposed and accepted technical proposals. The narrative should be detailed enough to understand the performance area affected (ex. Career Development Period, Career Preparation Period, etc.), the impact on performance (i.e., what the contractor will not be able to perform or supply to students in the affected performance area), and the contractor should explain the link between the cost savings and affected performance (e.g., due to the cut in travel expenses, students will take part in 50% fewer off center trips to places such as the movies, recreational parks, etc.).
  - 5) Please submit the spreadsheet, including any narrative to explain the cost savings as well as the narrative that explains what impact these cost savings have on the contractor's performance, to the CO and COR **no later than Friday August 31, 2012.**
5. Listening Session. The Employment and Training Administration will hold a listening session regarding these costs savings the week of August 20, 2012. A separate notice will be released for participants to register for this session.

6. Expiration Date. Until superseded.
7. Inquiries. Contractors may direct inquiries to the cognizant CO and COR.

Attachment