

September 5, 2012

DIRECTIVE:	PROGRAM INSTRUCTION NOTICE NO. 12-08
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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: Update to Program Year (PY) 2012 Administrative Cost-Savings
Measures and Approval to Hire

1. Purpose. To provide additional information regarding administrative cost-savings measures, and a revised attachment to collect additional budget detail. Also, this notice provides additional information about approval of vacant contract staff positions.
2. Background. Job Corps contractors and the USDA Forest Service were instrumental in the cost-savings efforts implemented in PY 2011. For the past 2 months, Employment and Training Administration (ETA) officials have discussed the PY 2011 budget with operators, and solicited feedback regarding costs-savings measures for PY 2012. Further, two workgroups were formed to develop cost-savings measures in the areas of health care and center staffing.

On August 17, 2012, the Office of Job Corps released Program Instruction Notice 12-05 requiring contractors to submit cost-savings plans. Cost-savings measures and feedback from operators was collected during a conference call August 22, 2012. Given that feedback, the Office of Job Corps has revised the data collection tool.

In addition, contractors have been instructed to obtain approval before filling all staff vacancies. This PIN provides additional information to assist contractors throughout the approval process.

3. Action. ***Additional Guidance Regarding Requests to Fill Vacancies:*** Before submitting a request to the Office of Job Corps for approval to fill a vacancy, the contractor should determine whether or not the contract is currently in cost-overrun status on the line item under which that the hire will occur. If the contractor is in overrun status, the request for approval must

explain the reason for the overrun. In addition, the contractor should either describe the plan for mitigating overrun in the future, or explain the reason the overrun cannot be mitigated.

Additional Guidance Regarding Administrative Expense Savings: The initial primary objective of this exercise was to require contractors to propose administrative cost savings through the end of PY 2012, which will reduce the estimated cost of each center, OA, and CTS contract. However, these cost savings will be ongoing, even into all remaining years of the contract. Therefore, the collection tool has been revised to include three additional columns, requiring contractors to break out the cost savings for the remainder of the program year, and each remaining year on the contract.

Below are the revised instructions from PIN 12-05, using the collection tool. Steps 4 and 5 have been added to provide the program year and contract year breakouts.

To ensure that the Job Corps program continues to operate at its funded level, and to allow operators to implement cost savings in a flexible and innovative manner, ETA is requesting that operators review their budgets and submit cost-savings plans that reduce those line items below by the corresponding percentage. Contractors must 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.

Once the contractor submits a completed spreadsheet, the COR and CO will review the spreadsheet and e-mail a response to the contractor indicating that either the savings have been approved, or additional negotiations or discussions are needed. Once savings amounts are approved by the CO and COR, the CO will award a modification that reduces the contract's total estimated cost for the current and all subsequent contract years. The modification will revise Section G of the contract to reflect the new total estimated cost amounts.

Once the contract has been modified, contractors are required to submit revised 2181s. The Office of Job Corps and the Office of Contract Management are in the process of revising the PRH to require the contractor to submit a 2181, which shows a monthly detail for the current contract year and the next contract year. Collecting this data will give ETA a greater ability to look at total program year costs by month. Therefore, the 2181 submission will require contractors to provide 2contract years of data, broken out by months.

In addition, the Office of Job Corps and the Office of Contracts Management recognize that reducing costs may result in increased indirect cost rates under the contract. Each CO will address any changes to indirect rates at the time the contractor is required to submit its indirect cost documentation to the Division of Cost Determination or other cognizant auditor.

Expense Categories Targeted for Annualized Reduction

Center Operations

Line 6	Other Career Success Expense <i>(note: reductions in this line reflect a reduction in off-center recreation activities)</i>	5% reduction
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 2012 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 PY 2012.**
- 3) In Column F, contractors will enter the amount of cost savings to be achieved through June 30, 2013, 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) Using Columns G and H, contractors should break out the cost savings in Column F by the amount that will be saved from the date of implementation through the end of the

contract year (Column G), and by the amount that will be saved from the start of the next contract year through June 30, 2013 (Column H).

- 5) Using Column I, contractors should project the savings for the period July 1, 2013, through the end of the next contract year.
- 6) Using Columns J and K (as applicable), contractors should project the savings for each of the remaining years of their contracts.
- 7) 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, and the contractors' proposed and accepted technical proposals.

The narrative should be detailed enough to explain 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 (i.e., due to the cut in travel expenses, students will take part in 50 percent fewer off-center trips to places such as the movies, recreational parks, etc.).

- 8) Please submit **by Wednesday September 12, 2012**, to the CO and COR: the spreadsheet, including any narrative explaining the cost savings; and the narrative explaining the impact these cost savings have on the contractor's performance.
5. Expiration Date. Until superseded.
 6. Inquiries. Contractors may direct inquiries to the cognizant CO and COR.

Attachment

Revised CY Breakout