Congressional Research Service
Informing the legislative debate since 1914

Recent Developments in the Job Corps Program: Frequently Asked Questions

Adrienne L. Fernandes-Alcantara
Specialist in Social Policy

February 5, 2015

Congressional Research Service
7-5700
www.crs.gov
R43611

CRS REPORT
Prepared for Members and
Committees of Congress

Summary

The Job Corps program is a job training and academic program for youth ages 16 to 24 who are low-income and have a barrier to employment, such as having dropped out of high school. It is administered by the Employment and Training Administration's (ETA's) Office of Job Corps in the U.S. Department of Labor (DOL). Job Corps seeks to provide disadvantaged youth with the skills needed to obtain and hold jobs, enter the Armed Forces, or enroll in advanced training or higher education. The program was established under the Economic Opportunity Act of 1964 (P.L. 88-452), and was most recently reauthorized under the Workforce Innovation and Opportunity Act (WIOA, P.L. 113-128) through FY2020. The provisions of the law generally go into effect on July 1, 2015. Until then, the Workforce Investment Act (WIA, P.L. 105-220) specifies how the program is carried out. The FY2015 appropriation was $1.69 billion.

This Frequently Asked Questions (FAQ) report provides an overview of recent developments in the program, including a gap in program funding, a proposal to close a limited number of centers, and changes in procurement practices for the operation of Job Corps centers:

Gap in Program Funding: Congress appropriates funding for Job Corps under three accounts: Administration; Operations; and Construction, Rehabilitation, and Acquisition (CRA). Appropriations for the program have been approximately $1.6 billion to $1.7 billion in each year since FY2007. Of the three accounts, Operations is the largest, with funding ranging from $1.46 billion to $1.58 billion annually. Job Corps operates on a program year (PY) basis, which runs from July 1 through the following June 30. In both PY2011 and PY2012, the operations account experienced a funding shortfall. Congress authorized the transfer of funds from the CRA account and other ETA accounts to close funding gaps of $39 million in PY2011 and $64.6 million in PY2012. In addition, ETA implemented cost-saving measures such as suspending enrollment of new students for nearly three months in PY2012. A May 2013 DOL Office of Inspector General (OIG) performance audit examined the reasons for the shortfall in PY2011, and found that several factors contributed. These factors included not planning for costs associated with three new Job Corps centers, and lack of consistent monitoring of costs throughout the program year.

Job Corps Center Closure: As part of the budget request for FY2013, DOL proposed to close a small number of Job Corps centers. This proposal was also included in the FY2014 and FY2015 budget requests. The congressional justification for FY2015 cited that some centers are "chronically low-performing" based on students' educational and employment outcomes and have been among the lowest-ranked centers in multiple years. In January 2013 and July 2014, DOL published a proposed methodology and a revised methodology, respectively, for selecting centers for closure. The methodologies included the following three primary criteria: performance rating, the extent to which centers operate at full capacity in regard to student enrollment, and the condition of facilities at each center. The notices specified that some centers would be exempt from closure, such as those that are the only center in a state. In August 2014, DOL published its final methodology, which was the same as the revised methodology, and proposed to close the Treasure Lake Job Corps center in Oklahoma. In October 2014, DOL issued a final decision to close the center.

Job Corps Contracting and "Rule of Two:" DOL uses cost-reimbursement contracts for the operation of Job Corps centers. Such contracts are commonly described as placing the risk of increases in the costs of performance upon the government, as opposed to the contractor. The term "Rule of Two" is commonly used as shorthand in discussing federal laws governing "set-

asides" for small businesses. A set-aside is a competition in which only small businesses may participate, and ETA has recently begun to set aside Job Corps center contracts when the Rule of Two is satisfied. This shift in DOL's procurement practices has prompted challenges from several incumbent large businesses that operate Job Corps centers, which would be ineligible for any set-aside contracts. In litigation, these contractors have generally alleged that DOL is prohibited from setting aside contracts for the operation of Job Corps centers because WIA specifies that DOL "shall select on a competitive basis" entities to operate centers. To date, however, federal courts have uniformly rejected this argument on the grounds that federal contracting law characterizes small business set-asides as "competitive procedures."

Contents

Tables

Appendixes

Contacts

Introduction

The Job Corps program is administered by the Office of Job Corps (OJC) in the Department of Labor's (DOL's) Employment and Training Administration (ETA). The program consists primarily of 125 residential centers throughout the country that provide employment and academic training to disadvantaged youth ages 16 to 24.[1] Of the 125 centers, 28 are known as Civilian Conservation Centers (CCCs), which are operated by the U.S. Forest Service, an agency within the U.S. Department of Agriculture (USDA). DOL transfers funding for these centers to USDA under an interagency agreement. Job Corps has been most recently authorized by the Workforce Innovation and Opportunity Act (P.L. 113-128) through FY2020. The provisions of the law generally go into effect on July 1, 2015. Until then, the Workforce Investment Act (P.L. 105-220) specifies how the program is carried out.[2] Funding for Job Corps in FY2014 is $1.69 billion.[3]

The purpose of Job Corps is to provide disadvantaged youth with the skills needed to obtain and hold jobs, enter the Armed Forces, or enroll in advanced training or higher education. Job Corps participants must be ages 16 through 24, low-income, and facing one or more of the following barriers to education and employment: (1) basic skills deficient; (2) being a school dropout; (3) homeless, a runaway, or a foster child; (4) a parent; or (5) in need of additional education, vocational training, or intensive counseling and related assistance in order to participate in regular schoolwork or to secure and maintain employment.[4] In addition to receiving academic and employment training, young people also engage in social and other services to promote their overall well-being. The program has enrolled approximately 32,000 to 43,000 participants annually in recent years.[5] Job Corps centers are mostly operated for DOL by private companies through selective competitive contracting processes.

This Frequently Asked Questions (FAQ) report provides responses to questions about three recent developments in the program:

- gap in funding,
- a proposal to close centers (unrelated to the funding gap), and
- Job Corps contracting practices.

---

[1] These centers are operated in 48 states, the District of Columbia, and Puerto Rico. The U.S. Department of Labor (DOL) anticipates that a center will be opened in each of the only two states that do not have centers (New Hampshire and Wyoming) in 2015. DOL, Employment and Training Administration (ETA), *FY2015 Congressional Budget Justification: Job Corps*, pp. JC-28 to JC-31 (hereinafter DOL, ETA, *FY2015 Congressional Budget Justification: Job Corps*); and CRS correspondence with DOL, ETA, December 5, 2015.

[2] Other program requirements are found at 20 C.F.R. §670 (Job Corps) and DOL, ETA, Office of Job Corps, *Policy and Requirements Handbook*, http://www.jobcorps.gov/libraries/pdf/prh.sflb.

[3] U.S. Congress, House Committee on Rules, 113th Cong., 2nd sess., Committee Print 113-32 to the Senate Amendment to the Consolidated Appropriations Act, 2014 (H.R. 3547), which was enacted as P.L. 113-76.

[4] Under WIOA, a veteran will be eligible if he or she meets the eligibility criteria, except that the income requirement would not apply if income earned from the military within the six-month period prior to applying for the program would exceed the income limit.

[5] DOL, ETA, *FY2015 Congressional Budget Justification: Job Corps*, p. JC-22; and CRS correspondence with DOL, ETA, December 5, 2014.

For further background about the Job Corps program and the new program requirements under WIOA, see CRS Report R40929, *Vulnerable Youth: Employment and Job Training Programs*.

Gap in Funding

How Is Funding Appropriated for Job Corps, and What Are the Program's Recent Funding Levels?

Congress appropriates funding for Job Corps under three accounts—Administration; Operations; and Construction, Rehabilitation, and Acquisition (CRA). Administration funding provides for the salary, travel, and training for staff in the Job Corps national office and six regional offices. Operations funds are used to operate Job Corps centers, including academic and career training, student stipends, and center staff salary, among other items. This account also provides funding for outreach and admissions activities to recruit new students and career transition services to assist students leaving the program. CRA funding provides for the rehabilitation of current facilities; modernization of classroom and training buildings; repair (including emergency repairs) of building deficiencies to address life, safety, and health; the construction of new buildings when further repair is not cost effective; and, as directed by Congress, the acquisition of sites and construction of buildings for new centers.

Table 1 includes Job Corps appropriations, with applicable rescissions, for FY2007 through FY2015. Appropriations increased over this period, from $1.61 billion in FY2007 to $1.70 billion in FY2015, an increase of 5.0%; however, appropriations were reduced in four years (FY2008 and FY2011 through FY2013) from the previous year's appropriation. Of the three accounts, Operations is the largest, with funding ranging from $1.46 billion to $1.58 billion annually (and $35 million under the American Recovery and Reinvestment Act [ARRA, P.L. 111-5]).[6] The CRA account received an annual appropriation of $80 million to $115 million (except that it received $212 million under ARRA). Finally, the appropriation for Administration was approximately $28 million to $32 million in each year over the period (and $2.5 million appropriated under ARRA).

Table 1. Final Appropriations for Job Corps, FY2007-FY2015, and Funding Under the American Recovery and Reinvestment Act (ARRA P.L. 111-5)

(Dollars in thousands)

Fiscal Year	Administration	Operations	CRA	Total
FY2007	$28,579	$1,470,357	$107,920	$1,606,855
FY2008	28,079	1,459,408	110,947	1,598,434
FY2009	28,662	1,540,276	115,000	1,683,938
ARRA (FY2009 & FY210)	2,500	35,854	211,646	250,000
FY2010	29,190	1,574,015	105,000	1,708,205

[6] ARRA provided additional funding to job training and employment programs, including Job Corps. Funding was available for FY2009 and FY2010.

Fiscal Year	Administration	Operations	CRA	Total
FY2011	29,132	1,570,049	104,801	1,706,171
FY2012	29,077	1,569,078	104,792	1,702,946
FY2013	27,556	1,487,006	99,310	1,613,872
FY2014	30,147	1,578,008	80,000	1,688,155
FY2015	32,330	1,580,825	75,000	1,688,155

Source: Compiled by CRS based on DOL, ETA, *FY2015 Congressional Budget Justification: Job Corps*, FY2009-FY2015; *Operating Plan*, FY2011-FY2014; and Consolidated and Further Continuing Appropriations Act, 2015 (P.L. 113-235).

Notes: Includes applicable rescissions, and for FY2013, sequestration pursuant to the Budget Control Act of 2011 (P.L. 112-25), as amended by the American Taxpayer Relief Act of 2012 (P.L. 112-240).

When Did Job Corps Have a Gap in Funding and How Large was the Shortfall?

Job Corps operates on a program year basis, which starts on July 1 and ends the following June 30. The program had a funding gap in its Operations account in both Program Year 2011 (July 1, 2011-June 30, 2012) and Program Year 2012 (July 1, 2012-June 30, 2013). The shortfall in PY2011 was $39.0 million and the shortfall in PY2012 was $64.6 million. The program did not have a shortfall in PY2013 (July 1, 2013-June 30, 2014).

PY2011

As part of the FY2011 appropriations law (P.L. 112-10), Congress appropriated $1.7 billion, including $1.6 billion to the Operations account. The law authorized DOL to transfer up to 25% of appropriated funds from the CRA account to "meet the operational needs of such centers or to achieve administrative efficiencies."[7] According to DOL, the Office of Job Corps first anticipated in July 2011 that the Operations account faced a shortfall, and it would need to use a "substantial portion" of the authority in P.L. 112-10 to transfer funds from the CRA account.[8] By April 2012, ETA recognized that the entire authorized amount (i.e., $26.2 million = 25% of CRA appropriations) would need to be transferred. On June 4, 2012, the Office of Management and Budget (OMB) approved the transfer of $26.2 million from the CRA account to the Operations account.

[7] U.S. House of Representatives, H.Rept. 112-331, *Military Construction and Veterans Affairs and Related Agencies Appropriations Act, 2012 Conference Report to Accompany H.R. 2055*, committee print, 112th Cong., 1st sess., December 15, 2011. CRS reviewed appropriation laws for FY1999 through FY2015. During this period, Congress has authorized DOL to transfer funds in each of FY2011 through FY2015 from the CRA account or other accounts specifically to the Operations or Administration accounts.

[8] Letter from Brian V. Kennedy, DOL Assistant Secretary for Congressional and Intergovernmental Affairs, to The Honorable Tom Harkin and The Honorable Richard Shelby, United States Senate, July 20, 2012. (Hereinafter Letter from Brian V. Kennedy, DOL Assistant Secretary for Congressional and Intergovernmental Affairs, July 20, 2012.) Available upon request.

Despite reductions in spending by centers and contractors, the Operations account continued to have a shortfall. DOL then received authorization from OMB to transfer up to $5.4 million from the ETA/Training and Employment Services (TES) and ETA/State Unemployment Insurance and Employment Service Operations (SUIESO) accounts to the Operations accounts.[9] DOL ultimately transferred $2.2 million from the Dislocated Worker National Reserve account in the TES appropriation. In total, DOL transferred $28.4 million to the Operations account to shore up its funding for PY2011. The cost-saving measures DOL put into place (discussed later in this section) equaled another $17.9 million. Together, the transfers and cost-saving measures recovered $46.3 million. At the end of PY2011, $7.5 million remained in the Operations account. In total, then, the funding gap was $38.8 million. **Table 2** summarizes this information below.

Table 2. Efforts to Close Funding Gap for PY2011 in the Job Corps Operations Account

Efforts to Close Funding Gap	Amount Saved
Transfer from the Job Corps Construction, Rehabilitation, and Acquisition (CRA) account to the Operations account	$26.2 million
Transfer from the Dislocated Worker National Reserve Account in ETA/Training and Employment Services (TES)	$2.2 million
Cost-Saving Measures	$17.9 million
Total Amount Used to Cover Funding Gap	*$46.3 million*
Amount Remaining in Operations Account	*$7.5 million*
Shortfall Amount	***$38.8 million ($46.3 million - $7.5 million)***

Source: CRS, based on correspondence with DOL, Office of Congressional and Intergovernmental Affairs, April 30, 2014.

PY2012

Job Corps also experienced a shortfall in the Operations account during FY2012. The final FY2013 appropriations law (P.L. 113-6) authorized DOL to transfer up to $30 million of unobligated funds—from previous appropriations laws or P.L. 113-6, as of March 26, 2013 (the date of the law's enactment)—to the Operations account from other ETA accounts. Notably, these funds could be used to fund operations in program year (PY) 2012 (which ended June 30, 2013) and possibly PY2013 (which ends June 30, 2014). The law required that of any amount transferred, a minimum of $10 million must be transferred to support PY2012 operations within 30 days of enactment of the law. It further required that within 15 days of the transfer, DOL was to submit a report to the appropriations committees including (1) the source of the transferred funds; (2) Job Corps programs, projects, or activities for which funds will be used; (3) a detailed

---

[9] DOL's authority to transfer funds from the TES and SUIESO accounts is derived from the FY2011 appropriations law (P.L. 112-10), which, as a continuing resolution, incorporated provisions from the FY2010 appropriations law (P.L. 111-117). Section 102 of P.L. 111-117 authorized the transfer of up to 1% of any discretionary funds for the DOL between a program, project, or activity, but "no such program, project, or activity shall be increased by more than 3 percent by any such transfer."

explanation of the need for the transfer; and (4) cost saving measures implemented in PY2012 and PY2013, as well as the savings gained by implementing each initiative.

On May 7, 2013, DOL submitted letters to the Committees on Appropriations to indicate that $10 million was transferred from the ETA Training and Employment Services (TES) account to the Job Corps Operations account for PY2012.[10] Specifically, the funds used were from the Dislocated Worker National Reserve Pilots and Demonstration funding. The letter also included information that responded to the other requirements in the appropriations law. The cost-saving measures (discussed later in this section) achieved $54.6 million in savings.[11] Combined with the transferred amount of $10 million, the Operations account recovered $64.6 million for PY2012.

What Caused the Gap in Funding?

In May 2013, the DOL Office of Inspector General (OIG) released a performance audit report that discussed the cause of the PY2011 shortfall and addressed whether DOL management had implemented adequate internal controls over Job Corps funds and expenditures during the first five months of PY2012 (July 1, 2012 through November 30, 2012).[12]

PY2011

The report found that the PY2011 shortfall was due to

- initial planning for costs that did not account for increased expenditures for three new centers;
- untimely communication about projected costs that exceeded appropriations for the program;
- inaccurate accounting for projected obligations; and
- lack of consistent monitoring of costs throughout the program year.

According to the report, ETA developed two initial spending plans for the program at the beginning of PY2011, one of which projected spending for Operations to be $1.61 billion. This projected level was higher than the Operations appropriations by approximately $38 million. A second spending plan provided projected Operations costs within the appropriated amounts; however, ETA could not confirm for the DOL OIG whether either plan was the initial PY2011 Operations spending plan. The report also explained that as the year progressed, projected Operations costs (under either spending plan) increased over the appropriation level primarily because ETA did not account for $18 million of estimated costs for three Job Corps centers. In

[10] Letter from Seth Harris, DOL Acting Secretary to The Honorable Barbara Mikulski and The Honorable Richard Shelby, United States Senate, and The Honorable Harold Rogers and The Honorable Nita M. Lowey, U.S. House of Representatives, May 7, 2013.

[11] Letter from DOL Acting Secretary Harris to Senators Mikulski and Shelby and Representatives Rogers and Lowey, May 7, 2013.

[12] DOL, Office of Inspector General, Office of Audit, *The U.S. Department of Labor's Employment and Training Administration Needs to Strengthen Controls Over Job Corps Funds,* Report No. 22-13-015-03-370, May 31, 2013, http://www.oig.dol.gov/public/reports/oa/2013/22-13-015-03-370.pdf. (Hereinafter DOL, Office of Inspector General, Office of Audit, *The U.S. Department of Labor's Employment and Training Administration Needs to Strengthen Controls Over Job Corps Funds*.)

April 2012, an ETA budget analyst communicated to ETA management (which then communicated to DOL management) that there were not enough funds available to cover Operations for the last quarter of PY2011 (April 2012 through June 2012). In response, DOL transferred $28.4 million and implemented cost saving measures in June 2012, as discussed earlier. The OIG report found that ETA ultimately did not develop and implement policies that required the agency to retain all records of the initial PY2011 spending plan.

PY2012

Separately, the OIG report examined whether DOL management implemented controls over Job Corps funds and expenditures, including contracting activities, for the first five months of PY2012. The report discussed concerns about program management across four issue areas: (1) policies, procedures, and communication of information; (2) budget execution; (3) data supporting spending projections and monitoring; and (4) monitoring of projected to actual costs. The report found deficiencies with internal controls in each of these areas. **Table 3** summarizes these findings.

Table 3. Summary of Findings from DOL OIG Report on Program Management Issues in PY2012

Issue Area	Findings
Policies, procedures, and communication of information	(1) ETA lacks procedures requiring that financial and program risks are communicated to appropriate personnel. According to the DOL OIG, this may result in appropriate personnel not being aware of such risks, and corrective actions may not be implemented in a timely manner. (2) ETA lacks procedures to address unique aspects of Job Corps activities, such as monitoring over the six regional offices. In addition, existing procedures are outdated and do not accurately reflect current processes or responsibilities with regard to Job Corps funds management, contracting, and expenditure activities. (3) ETA does not have assessments to address whether the agency has adequate personnel with the appropriate skills sets to effectively manage the Job Corps program.
Budget Execution	(4) ETA did not develop the initial PY2012 Operations spending plan using key assumptions that may have assisted them with accurately managing Job Corps funds. (5) ETA does not maintain documentation to demonstrate that proper analysis is completed to show that the amount of funds apportioned to the program on a quarterly basis was based on projected operational needs. According to the DOL OIG, this could cause funds for Operations to not be appropriately and efficiently allocated throughout the year.
Data supporting spending projections and monitoring	(6) ETA established policies for developing cost models in 1986, and did not have procedures in place to monitor and update this policy so that it would incorporate more current guidance and assumptions for the Job Corps program since 1986. According to the DOL OIG, this could result in outdated cost estimates that are not adequate for assessing whether contract award amounts are acceptable. (7) DOL does not dedicate resources to routinely reconcile data in three information systems. According to the DOL OIG, this may lead to incomplete and inaccurate information that is used to make program and financial decisions. (8) ETA lacks policies and procedures to specify the timeframe for processing vouchers that are submitted by Job Corps contractors for payment of reimbursable costs. According to the DOL OIG, this could lead ETA to record expenditures in the improper period, and could lead to cash flow issues for contractors.

Issue Area	Findings
Monitoring of projected to actual costs	(9) ETA did not monitor total projected Job Corps contract costs against actual contract costs over the period analyzed (July 1, 2012, through September 30, 2012) in PY2012. ETA also did not implement required procedures to evaluate variance of planned to actual contract costs if the variance exceeds a certain threshold. According to the DOL OIG, this could lead to ETA not properly analyzing spending trends and therefore not implementing corrective actions in a timely manner. (10) ETA lacks procedures that require contractors to explain variation between actual and planned expenses in their cost reports. In addition, established procedures do not address how contracting officers should address cost variance that exceeds an established threshold and how their actions should be documented.

Source: CRS, based on DOL, Office of Inspector General, Office of Audit, *The U.S. Department of Labor's Employment and Training Administration Needs to Strengthen Controls Over Job Corps Funds,* Report No. 22-13-015-03-370, May 31, 2013.

What Cost-Saving Measures Did DOL Adopt to Close the Gap in Funding?

DOL put into place both short-term and long-term cost saving measures to prevent further shortfalls in the Operations account in both PY2011 and PY2012.[13] **Table A-1** in the **Appendix** describes the cost-saving measures; when each measure went into effect; and the sources of information about these measures. DOL has provided varying level of detail about the measures, and therefore the description in the table may not fully describe each measure. Cost estimates for some measures are available, though these estimates may have been revised by DOL. Further, the table may not capture all the measures adopted by DOL.

A small number of changes were effective in June 2012, the final month of PY2011, and applied primarily to PY2011 spending.[14] The changes in PY2011 included (1) modifying contracts to temporarily cut spending in non-mission critical areas such as administrative expenses, purchasing, and staff travel; (2) adjustment of the start of the summer break by three days so it commenced in PY2012, and therefore PY2012 funds were used to transport students home; (3) temporarily suspending student enrollment in June 2012; (4) enrolling new students after the summer break, thereby beginning these new enrollments in PY2012. DOL explained that the adjustment to the start of the summer break and delayed enrollment of new students eliminated transportation costs at the end of PY2011. These cost-saving measures achieved $17.9 million in savings.[15]

The remaining cost-saving measures were implemented in PY2012, and apply either to a portion of the program year or indefinitely. For example, such changes included (1) suspending all new enrollments except for selected populations, from January 28 through April 22, 2013; (2)

[13] Information about the cost-saving measures was communicated to congressional staff via listserv email notices from DOL's Office of Congressional and Intergovernmental Affairs, congressional briefings, and in letters. Letters were from Seth Harris, DOL Acting Secretary to The Honorable Barbara Mikulski and The Honorable Richard Shelby, United States Senate, and The Honorable Harold Rogers and The Honorable Nita M. Lowey, U.S. House of Representatives, May 7, 2013; and Letters from Brian V. Kennedy, DOL Assistant Secretary for Congressional and Intergovernmental Affairs, to Senators Tom Harkin and Richard Shelby, July 20, 2012.

[14] Letter from Brian V. Kennedy, DOL Assistant Secretary for Congressional and Intergovernmental Affairs, to Senators Tom Harkin and Richard Shelby, July 20, 2012.

[15] Based on CRS correspondence with DOL, Office of Congressional and Intergovernmental Affairs, April 30, 2014.

implementing a new policy that winter and summer breaks no longer qualify for paid leave; (3) revising the structure and payment amounts for clothing allowances to students; and (4) revising and updating policies on health and wellness; among other changes. As discussed previously, these and other cost-saving measures achieved $54.6 million in savings.[16]

How Has Student Attendance Been Affected by the Gap in Funding?

DOL first became aware of the gap in funding in April 2012, which was in the final quarter of PY2011. As previously discussed, DOL suspended student enrollment in the last month of PY2011 and for approximately four months in PY2012. **Table 4** includes the number of students who attended a Job Corps center (i.e., "on board") in each of PY2007 through PY2013. The table shows that the number of students on board over the course of each year from PY2007 through PY2011 was approximately 41,000 to 43,000. PY2012 and PY2013 had lower numbers of students on board, at 37,609 and 31,746, respectively. In most years, the share of students enrolled was 94% to 98% of total capacity (or "average on-board strength," OBS) for the program; however, capacity was at 84% in PY2012 and 89% in PY2013.

DOL restructured contracts with center operators to reduce budgets that reflected lower levels of on-board strength. All centers had reductions in planned OBS. According to DOL, "[r]educing OBS was a critical step in ensuring that Job Corps' total financial and budgetary commitments aligned with the appropriation."[17]

Table 4. Student "On Board," Program Years 2007-PY2013

"On Board" refers to students who attended a Job Corps center

Measure	PY2007	PY2008	PY2009	PY2010	PY2011	PY2012	PY2013
Students Attended (On-Board Strength)	41,017 (94% of capacity)	41,853 (96% of capacity)	43,201 (99% of capacity)	42,793 (98% of capacity)	42,982 (97% of capacity)	37,609 (84% of capacity)	31,746 (89% of capacity)

Source: CRS, based on DOL, ETA, Office of Job Corps, *Quarterly Highlights Report*, Fourth Quarter of Program Year 2007-2012, http://www.jobcorps.gov/AboutJobCorps/performance_planning.aspx; and DOL, ETA, *FY2015 Congressional Budget Justification: Job Corps*, p. JC-22; and CRS correspondence with DOL, ETA, November 13, 2014.

Note: OBS refers to the extent to which a center operates at full capacity in terms of student enrollment. For example, if a center achieved 100% OBS in a given program year, the center operated at full capacity.

[16] Letter from DOL Acting Secretary Harris to Senators Mikulski and Shelby and Representatives Rogers and Lowey, May 7, 2013.

[17] DOL, ETA, *FY2015 Congressional Budget Justification: Job Corps*, p. JC-21.

What Steps Did DOL Take to Improve Financial Oversight Within the Program?

In response to the OIG's work on the funding shortfall in the Job Corps program, ETA provided information about the action it took beginning in PY2011 to correct financial and other issues that contributed to the shortfall. According to ETA, the Secretary of Labor instituted a managerial oversight process that involved routine meetings among a DOL oversight committee—made up of ETA executive management and representatives from the Office of the Chief Financial Officer (OCFO), the Office of the Assistant Secretary for Administration and Management (OASAM), the Office of the Solicitor (SOL), and other departmental offices[18]—to address budget, contracting, and operational issues. The oversight committee instituted improvements that included increasing coordination between the Office of Job Corps, ETA, and the oversight committee; created a weekly process beginning in May 2012 to generate and review analyses of cost-saving measures and/or cost-saving projections; instituted investigations into the usefulness and availability of Job Corps Data Center (JCDC) information, and integrated this information into cost projects for the PY2012 spending plan; initiated and reviewed the development of a cost-prediction model for use in budgeting and cost saving; and conducted and published a skill assessment for all DOL financial personnel in December 2012.

In addition, DOL consolidated the financial management functions of ETA and the ETA Office of Contracts Management (OCM)[19] into a new Office of Financial Administration (OFA) within ETA. OFA was created to strengthen internal controls over the program, including controls to monitor planned versus actual costs. It took over the Job Corps budget and accounting roles and responsibilities that had previously been carried out by the Office of Job Corps. OFA also assumed responsibility from the Office of Job Corps of approving spending plans for operations and construction funds. OFA works with OCM staff to ensure that Job Corps more timely and accurately accounts for costs incurred in its cost-reimbursement contracts. In addition, OFA works with personnel in the OJC regional offices to monitor costs.[20]

Further, ETA is in the process of taking corrective action on each of the following six recommendations made in the OIG report to improve oversight of Job Corps:

- establish criteria and thresholds for detecting potential financial and program risks to be routinely documented and communicated;
- develop and implement formal procedures or enhance existing policies and procedures in various areas;
- conduct a formal assessment of human capital resource needs for processes and internal controls over Job Corps funds;

---

[18] The OCFO is responsible for the financial leadership of DOL and its primary duty is to uphold strong financial management and accountability. The OASAM provides the infrastructure and support that enables DOL to perform its mission, including providing leadership and support for budget and finance and information technology. SOL's mission is to meet the legal service demands of the entire department.

[19] The ETA Office of Contract Management awards contracts, and works with contract officials in the Office of Job Corps regional offices throughout the presolicitation to proposals phases of each contract.

[20] DOL, Office of Inspector General, Office of Audit, *The U.S. Department of Labor's Employment and Training Administration Needs to Strengthen Controls Over Job Corps Funds*.

- periodically review and update the policy for independent government cost estimates used in Job Corps center contracting activities;
- formally reconcile data on a routine basis; and
- evaluate the cost-benefit of creating system interfaces for three information systems used primarily in supporting Job Corps operations.

As part of the Senate report (S.Rept. 113-71) to accompany the Labor-Health and Human Services-Education appropriations bill for FY2014 (S. 1284), Congress directed DOL to provide a report on the department's progress in implementing the OIG recommendations.[21] DOL provided this report to Congress in September 2014, noting that the department has instituted several initiatives to strengthen and coordinate existing controls to ensure that obligations stay within budget and to track contractor expenditures.[22] The status of the corrective action steps is tracked on the Job Corps website.[23]

In addition, the explanatory statement to accompany the FY2015 appropriations law (H.R. 83, signed into law as P.L. 113-235) directs DOL to provide seminannual updates to the House and Senate Committees on Appropriations on implementation of the recommendations in the OIG report.[24] As discussed in a following section, the Workforce Innovation and Opportunity Act (WIOA) calls for additional financial oversight.

Was There a Funding Gap in Program Year (PY) 2013?

There was not a gap in funding for PY2013 (July 1, 2013-June 30, 2014).[25] According to the FY2015 DOL budget justification, expenditures by contractors in PY2012 were less than the amounts obligated to the contracts due to the cost-saving measures and lower student enrollment than expected after the enrollment suspension was lifted in April 2012. As a result, some funds remained available for obligation on those contracts at the end of PY2012. The budget justification explained that just over $40 million has been reallocated in PY2013. According to DOL, these funds were allocated to increase student enrollment and revising the Job Corps Policy and Requirements Handbook (PRH).[26]

---

[21] U.S. Congress, Senate Committee on Appropriations, *Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Bill, 2014*, 113th Cong., 1st sess., July 11, 2013, 113-71. The report directed DOL to provide the report to Congress by December 31, 2013; however, the final FY2014 appropriations law (P.L. 113-76) was enacted on January 17, 2014.

[22] DOL, *Progress on Implementing the Recommendation in Inspector General Report, The U.S. Department of Labor's Employment and Training Administration Needs to Strengthen Controls Over Job Corps Funds*, September 3, 2014.

[23] DOL, ETA, Office of Job Corps, "OIG Report Responses and Updates," http://www.jobcorps.gov/AboutJobCorps/performance_planning/oigreport.aspx.

[24] "Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83," *Congressional Record*, daily edition, vol. 161, part 2 (December 11, 2014), p. H9827. The Explanatory statement also directs DOL to provide semiannual updates that respond to a separate OIG report, in April 2014, on oversight of student travel funds. See, Office of Inspector General, Office of Audit, *Job Corps Needs to Improve Controls Over Student Travel Funds*, Report No. 26-14-001-03-370, April 29, 2014.

[25] Based on CRS correspondence with the DOL, Office of Congressional and Intergovernmental Affairs, November 11, 2014.

[26] Ibid. Funds were also used to modernize equipment and technology at centers and to provide support for closing out contracts.

On February 21, 2014, DOL conducted a conference call to invite comments from operators and other Job Corps stakeholders on its proposal to allocate additional student slots to high-performing Job Corps centers. On May 5, 2014, DOL announced the criteria it is applying to determine which centers are high-performing and to allocate slots among these centers. This is based on PY2010 through PY2012 Center Report Card data, which ranks each center based on factors primarily related to student outcomes.

DOL subsequently increased student slots at 65 centers based on their performance.[27] Among the 65 centers, a high-performing career technical training (CTT) program, or trade, was expanded. Such CTT programs include electrical, computer technician, and weatherization, among others. Increases at the centers were implemented via modifications to center contracts and (for centers operated by USDA) memorandum. The cost of the OBS increase totaled $23.3 million ($12.0 million in PY2013 funds and $11.3 million in PY2014 funds). This funding has been provided to centers to cover expansion costs, including salaries and equipment.[28] The explanatory statement to accompany the FY2015 appropriations law (H.R. 83, signed into law as P.L. 113-235) states that in light of additional funding that remained in PY2012, Congress "places a high priority on maximizing student enrollment within the appropriation provided, and directs the Secretary to provide a report on the policies and procedures in place to address this priority within 60 days of enactment of this act" (the law was enacted on December 17, 2014).[29]

Separately, DOL is in the process of reviewing the Job Corps Policy and Requirements Handbook (PRH) to identify potential areas for additional cost savings and improve management of the program. The PRH includes extensive guidance on the various requirements of the program. DOL identified earlier cost-saving measures by assessing whether PRH requirements were necessary or could be modified to reduce cost. In response to the FY2014 appropriations language, DOL submitted a report to Congress to describe its progress on reviewing and updating the PRH.[30] The report explained that DOL is engaging stakeholders to make changes to the PRH, and plans to meet several objectives through the revision process. Such objectives include enhancing the delivery of job-based training to students; promoting stronger connections with employers to determine hiring needs and designing programs to be responsive to those needs; and providing work-based learning opportunities, among others.

---

[27] For further information about performance management, see DOL, ETA, Office of Job Corps, "Job Corps Performance Management System Overview Guide," http://www.jobcorps.gov/Libraries/pdf/jc_performance_management_system_overview_guide.sflb. (Hereinafter DOL, ETA, Office of Job Corps, "Job Corps Performance Management System Overview Guide.") Performance data are not available for the Denison (Iowa) and Pinellas (Florida) centers because they are part of the "Centers for Excellence," which exempted them from the performance rankings.

[28] Based on CRS correspondence with DOL, Office of Congressional and Intergovernmental Affairs, November 11, 2014.

[29] "Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83," *Congressional Record*, daily edition, vol. 161, part 2 (December 11, 2014), p. H9827.

[30] DOL, ETA, *FY2015 Congressional Budget Justification: Job Corps*, pp. JC-9 and JC-21. S.Rept. 113-71 to accompany the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2014 (S. 1284) directed DOL to prepare the report. S.Rept. 113-71 noted that the Senate Appropriations Committee supports DOL's efforts to revise the PRH and encouraged DOL to seek input from all stakeholders in Job Corps. See DOL, ETA, *Report to House and Senate Appropriations Committees on the Efforts of the Department of Labor to Improve and Update the Policy and Requirements Handbook for the Job Corps*, no date.

To What Extent Does WIA and WIOA Address Financial Oversight?

WIA does not require reporting on financial oversight measures specifically for Job Corps; however, the Workforce Innovation and Opportunity Act (WIOA) will require DOL, beginning with PY2015 (July 1, 2015-June 30, 2016), to prepare and submit reports to Congress that include information about implementing financial oversight measures suggested in the 2013 DOL IG report about oversight of Job Corps funding, a description of any budgetary shortfalls in the period covered by the report, and an explanation for approving contract expenditures that are in excess of the amount specified under a contract. The reports must be submitted to Congress every six months, beginning on the date of the enactment of the act for a three-year period and annually for the two-year period that follows. WIOA will further require DOL to submit an additional report to Congress if the program has a budget shortfall, including an explanation of how the shortfall will be addressed. The report must be submitted within 90 days after the shortfall is identified.[31]

Closure Proposal

Why Did DOL Propose to Close Some Job Corps Centers?

DOL first proposed to close a small number of Job Corps centers as part of the budget request for FY2013. This proposal was also included in the FY2014 and FY2015 budget requests. The congressional justification for FY2015 cited that some centers are "chronically low-performing" based on their educational and employment outcomes and have been among the lowest ranked centers in multiple years despite DOL interventions. The justifications went on to say that "it should no longer continue to expend resources on the small number of chronically low-performing centers that have repeatedly failed to provide participants with the highest quality of Job Corps programming."[32]

How Does DOL Currently Monitor Center Performance, and Under Which Circumstances Can DOL Close a Center Due to Performance?

Section 159(c) and Section 159(d) of WIA require Job Corps to establish more than 20 core performance and related metrics.[33] These measures cover a range of outcomes, including whether a participant entered employment, average wage, and retention in postsecondary education or employment, among others. In addition, DOL has implemented an additional 33 performance metrics to assess the program's performance. These measures were developed from DOL policy and the Government Performance and Results Act (GPRA), which established requirements in

[31] Section 161(a) of WIOA.

[32] DOL, ETA, *FY2015 Congressional Budget Justification: Job Corps*, pp. JC-17 and JC-22.

[33] Under the Workforce Innovation and Opportunity Act, Job Corps will have both similar and new performance measurements. For further information, see CRS Report R40929, *Vulnerable Youth: Employment and Job Training Programs*, by Adrienne L. Fernandes-Alcantara.

statute for most agencies to set performance goals, measure performance, and report the information to Congress for potential use.[34] According to DOL, Job Corps has intensified and reinforced federal oversight of operations and performance outcomes for all centers. Federal program managers supervise centers through monitoring visits, desk audits, and Contractor Performance Assessment Reports (CPAR) during each contractor's performance period.[35] Job Corps regional offices also conduct the Regional Office Center Assessments.[36]

Section 159(f)(2) of WIA specifies that a Job Corps center failing to meet expected performance levels (as specified in the law) can be placed under a performance improvement plan (PIP). PIPs are documented plans that outline deficiencies in program performance, corrective actions, and targets for improvement. Under WIA, the plan must encompass certain actions taken by DOL, including providing technical assistance to the centers; changing the vocational training offered at the center; changing the management staff of the center; replacing the operator of the center; reducing the capacity of the center; relocating the center; or closing the center. Section 159(f) also enables DOL to establish a PIP when a Job Corps center fails to meet additional criteria established by the Secretary. These discretionary PIPs must include the actions described above.

Some civilian conservation centers operated by USDA's Forest Service are under PIPs.[37] Only Corrective Action Plans (CAPs) had been used with other centers. CAPs address specific aspects of operations, such as career technical training. DOL has explained that these centers have not been placed under PIPs because DOL can replace low-performing operators via the contracting process.[38] As mentioned above, the PIP process also allows for a center to be closed.[39]

---

[34] DOL, ETA, Office of Job Corps, "Performance Management System Overview Guide." A September 2011 report by the DOL Office of the Inspector General raised concerns about how Job Corps has implemented its performance metrics. The report specifies that the Office of Job Corps reported inaccurate results for some metrics; did not establish results and/or targets for other metrics; did not publicly publish required results; and miscalculated the cost of each program participant. See dol Office of the Inspector General, *Job Corps Needs to Improve Reliability of Performance Metrics and Results*, Report No. 26-11-004-03-370.

[35] Federal staff conduct a desk audit of each Job Corps center monthly. This includes a review of management and financial reports in all areas of program operations. Desk audits identify trends in student outcomes and center performance, contractor finances, outreach and recruitment efforts, and placement services to graduates. These audits may prompt federal staff to conduct additional monitoring and oversight in targeted areas, including follow-up site visits, as needed. Each Job Corps center also receives a Contractor Performance Assessment Rating (CPAR) annually. CPARs provide the government's "official" rating of a contractor's performance in operation of a Job Corps center. In response, contractors provide corrective action plans to address low-rated areas of operations. CPARs are the official score used to rate a contractor's past performance when evaluating proposals for new procurements. Based on CRS correspondence with DOL, Office of Congressional and Intergovernmental Affairs, July 10, 2012.

[36] Regional Office Center Assessments (ROCA) are the most comprehensive and intensive evaluation tool used by DOL to oversee Job Corps center program operations and initiate corrective action. Every 24 months, a team of federal staff conduct this on-site, week-long compliance assessment, covering all aspects of center operations. Federal staff use the ROCA report and contractor response to identify and prioritize concerns in each specific area, provide technical assistance and recommendations for corrective action, and conduct regular follow-up via monitoring trips and desktop monitoring of center performance. Based on CRS correspondence with DOL, Office of Congressional and Intergovernmental Affairs, July 10, 2012.

[37] As of April 2014, nine USDA centers are on PIPs, one of which is expected to soon graduate from the PIP. Section 147(c)(2) of WIA enables the Secretary to select an entity to operate a CCC on a competitive basis, if the center fails to meet national performance standards established by the Secretary; however, DOL has not used this authority to convert a USDA center into a contract center. Based on CRS correspondence with DOL, Office of Congressional and Intergovernmental Affairs, April 2, 2014.

[38] DOL may take such action under its contract authority. Most Job Corps center contracts are structured with a two-year base period and three one-year options, exercised at the government's discretion. DOL has the authority to not exercise an option, or may, through the competitive procurement process, select a different operator upon the expiration (continued...)

Section 159(g) of WIA requires certain action by the Secretary of Labor prior to the closure of any Job Corps center. The Secretary must ensure (1) that the proposed decision to close the center is announced in advance to the general public through publication in the *Federal Register* or other appropriate means; (2) that a reasonable comment period, not to exceed 30 days, is established for interested individuals to submit written comments to the Secretary; and (3) that the Member of Congress who represents the district in which a center is located is notified within a reasonable period of time in advance of any final decision to close the center.

What Steps Has DOL Taken to Close Centers?

DOL first proposed to close a "small number" (not specified) of Job Corps centers as part of the budget request for FY2013. This proposal was also included in the FY2014 and FY2015 budget requests. The congressional justification for FY2015 cited that some centers are "chronically low-performing" based on their educational and employment outcomes, and that these centers have been among the lowest-ranked centers in multiple years despite DOL interventions.

On August 14, 2012, DOL held a webinar with the Job Corps community to solicit input on factors for closing centers. According to DOL, more than 100 Job Corps stakeholders participated in the session and provided suggestions on the criteria that should be used. The suggestions focused on performance, geographic location, local economic impact, contract budgets, facilities, and the time period for evaluating chronic low performance.

On January 10, 2013, DOL published a request for comment in the *Federal Register* on its methodology for selecting "a small number of chronically low-performing centers" for closure.[40] The comment period ended on February 11, 2013. DOL received 18 comments about the closure proposal. On June 30, 2014, DOL published a request for comments in the *Federal Register* about a revised methodology for selecting Job Corps centers for closure. The revised methodology was in response to the comments DOL received to the original proposal.[41] The deadline for submitting comments to the revised proposal was July 21, 2014. DOL received 11 comments about the revised methodology. On August 27, 2014, DOL published a third request for comments about the closure proposal. In the notice, DOL noted that it will not make changes to the revised methodology. Further, it went on to say that based on this methodology, the Treasure Lake Job Corps Center in Indiahoma, OK, was selected for closure. DOL requested public comment on the selection of this center for closure.[42] On October 9, 2014, DOL issued a final notice to close the Treasure Lake Center.[43]

(...continued)

of the five-year contract. It may also cancel or terminate the contract prior to its expiration. Terminations can be partial, affecting only certain requirements under the contract, or total.

[39] DOL, ETA, *FY2015 Congressional Budget Justification: Job Corps*, p. JC-17.

[40] DOL, "Methodology for Selecting Job Corps Centers for Closure; Comments Request," 78 *Federal Register* 2284, January 10, 2013.

[41] DOL, "Revised Methodology for Selecting Job Corps Centers for Closure; Comments Request," 79 *Federal Register* 36823, June 30, 2014.

[42] DOL, "Final Methodology for Selecting a Job Corps Center for Closure and Center Selected for Closure; Comments Request," 79 *Federal Register* 51198, August 27, 2014.

[43] DOL, "Final Notice of Job Corps Center for Closure," 79 *Federal Register* 61099, October 9, 2014.

Both of the first two notices explained that the proposal to close centers was part of DOL's "ambitious reform agenda" to improve the performance of centers, including federal oversight of operations and performance outcomes for all centers. The notices further explained DOL's performance oversight procedures that had been in place:

> Job Corps has intensified and reinforced federal oversight of operations and performance outcomes for all centers. Federal program managers supervise centers through monitoring visits, desk audits, and Contractor Performance Assessment Reports during each contractor's performance period. Job Corps regional offices also conduct the Regional Office Center Assessments. Through these oversight activities, Job Corps federal program managers develop Performance Improvement Plans (PIPs) for entire centers that need improvement, or Corrective Action Plans (CAPs) to address specific aspects of operations, such as career technical training. Both PIPs and CAPs are used for continued monitoring and implemented for USDA and contract centers respectively. These oversight actions have strengthened collaboration between Job Corps, contractors, and the USDA to rectify deficiencies, and improve policy compliance and performance outcomes.[44]

While cost does not appear to be cited in the closure notices as a driving factor for proposing the closures, the notices stated that "current budgetary constraints make it even more critical to ensure the program's resources are deployed in a way that maximizes results to students and taxpayers." The FY2015 budget justifications for the program included similar statements. The justifications asserted that DOL "should no longer continue to expend resources on the small number of chronically low-performing centers that have repeatedly failed to provide participants with the highest quality of Job Corps programming."[45] According to the justifications, DOL anticipated that the student slots at the centers that are closed would be reallocated to centers that perform well; and that any savings would be reinvested into the program primarily to serve the most students possible and to enhance education programs.

In its January 10, 2013, *Federal Register* notice, DOL included a methodology for selecting centers for closure. DOL maintained much of the same methodology in the June 30, 2014, notice; however, it proposed a few revisions. The methodology under both the original and revised methodologies included the following three primary criteria:

- Performance rating (Outcome Measurement System [OMS] Center Report Card): This refers to the overall performance of the center, based on the Center Report Card. The Center Report Card ranks each center based on three sets of factors primarily related to student outcomes.[46] According to DOL, the Center Report Card was the guiding factor in selecting centers for closure because it allows for comparison of performance among centers. This factor accounted for the large majority of a center's score under both proposals.
- On-board strength (OBS): This refers to an efficiency rating that demonstrates the extent to which a center operates at full capacity in terms of student enrollment. According to DOL, OBS is already measured as part of efforts to assess center performance.

[44] DOL, ETA, Office of Job Corps, "Job Corps Performance Management System Overview Guide."

[45] U.S. DOL, ETA, *FY2015 Congressional Budget Justification: Job Corps*, pp. JC-17 and JC-22. The justifications also cited that by the end of FY2014, DOL anticipated that three fewer centers would be in operation (122 centers total).

[46] Ibid.

- Facility condition (FCI): This refers to the condition of residential and learning facilities at the centers. According to DOL, the facility condition affects the outcome of the program because it contributes to a safe learning environment.

Under this criteria, DOL used five recent years of data, PY2008 to PY2012, to assess each of these measures. This was compared to PY2007-PY2011 in the original proposal.[47] In addition to the three major criteria, DOL took into account other factors for both proposals. For example, the notices discussed that at least one center would remain in each state, the District of Columbia, and Puerto Rico. Currently, two states do not have Job Corps centers, New Hampshire and Wyoming. DOL anticipates that a center will open in each of these states in 2015.[48] The District of Columbia and 16 states—Alaska, Colorado, Delaware, Hawaii, Idaho, Indiana, Kansas, Minnesota, Nebraska, Nevada, New Jersey, North Dakota, Rhode Island, South Carolina, South Dakota, and Vermont—each have one Job Corps center.[49] In addition, DOL excluded six centers from consideration because data were not available to evaluate each center over the full five-year period: Long Beach in California, Pinellas in Florida, Denison and Ottumwa in Iowa, New Orleans in Louisiana, Gulfport in Mississippi, and Milwaukee in Wisconsin.[50] (Both of Iowa's two centers were excluded from consideration.) Data for Ottumwa and Milwaukee were not reported for much of this period because the centers were opened between PY2009 and PY2011. Further, DOL noted that the Gulfport site was closed in PY2007 through PY2009 because of Hurricane Katrina; the New Orleans center was also closed for the same reason, in PY2007. Denison, Long Beach, and Pinellas were exempt because as pilot sites in the Job Corps' Center for Excellence initiative, they were not required to report performance data for one year (PY2010).[51]

DOL stated in the first two notices that it would consider whether closure of a center would have a disproportionate impact on students in any one state. The final proposal also incorporated additional considerations that were not discussed in the January 2013 notice, such as exempting centers that were in the top half of performance for PY2013, which ended on June 30, 2014.

DOL applied the revised criteria to determine that the Treasure Lake center would be closed.

Which States Have Centers That Were Subject to Closure Under the Final Proposal?

Table 5 lists states and jurisdictions with centers that were subject to closure (32 in total) or not subject to closure (18 in total) under the final methodology. It does not account for the two states, New Hampshire and Wyoming, where a center is expected to open in 2015. This classification is based on the number of centers in each state, except that Iowa has two centers and both were exempt from consideration. DOL also stated in the first two *Federal Register* notices that it could have taken into consideration any disproportionate impact that a center closure would have on a

[47] The PY2013 ended on June 30, 2014 and the revised proposal would not use these data.

[48] CRS correspondence with DOL, ETA, December 5, 2014.

[49] Based on CRS review of DOL, ETA, "Job Corps Locations," http://www.jobcorps.gov/centers.aspx.

[50] Both Iowa and Wisconsin each have two centers, and the other states have more than two centers.

[51] This initiative introduced a new Standards-Based Education & Training Model, and the three centers initially involved—Denison, Long Beach, and Pinellas—were exempt from reporting certain data. Based on CRS correspondence with DOL, Office of Congressional and Intergovernmental Affairs, March 19, 2013.

certain subpopulation of students. The August 2014 notice, announcing the proposed closure of the Treasure Lake center, noted that DOL expected to maintain the overall level of enrolled students in the program. In addition, students at the Treasure Lake center would have the opportunity to either complete their training and graduate while the center remains open or transfer to high-performing centers if additional time is needed to complete their training.

Table 5. Status of States and Jurisdictions Under Job Corps Closure Proposal

States and Jurisdictions With Centers That Were Subject to Closure (32)	States and Jurisdictions With Centers That Were Not Subject to Closure (20)
Alabama, Arkansas, Arizona, California, Connecticut, Florida, Georgia, Illinois, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, and Wisconsin.	Alaska, Colorado, Delaware, District of Columbia, Hawaii, Idaho, Indiana, Iowa, Kansas, Minnesota, Nebraska, Nevada, New Jersey, North Dakota, Rhode Island, South Carolina, South Dakota, and Vermont.

Source: Congressional Research Service (CRS).

Notes: DOL sought to ensure that at least one center remained in each state, the District of Columbia, and Puerto Rico. The categorization in this table is based primarily on the number of centers in each state. States that were exempt from closure have no centers or one center; however, Iowa has two centers and both were exempt from consideration because data were not available over the five-year period under which DOL would evaluate program performance, on-board strength, and facility conditions. States that were not exempt from closure include any state with two or more centers, except Iowa. The table does not account for the two states, New Hampshire and Wyoming, where a center is currently under development in each state.

What Are the Center Scores Under the Final Methodology?

DOL provided CRS with the overall rating for each of the three primary closure criteria—performance, on-board strength (OBS), and facilities condition index (FCI)—in each of PY2008 through PY2012. The scores were normalized for performance and OBS for each of the five program years. As described in DOL correspondence with CRS, normalized in this case means that the center with the highest score over 100 is assigned a value of 100 and all other scores are divided by the highest number, so that no score exceeds 100.[52] DOL developed a ranking of the centers by assigning weights in each of the five years (i.e., PY2007 = 10%, PY2008 = 15%, etc.) and normalizing those weights on a 100-point scale. The scores for each of the criteria were then weighted (i.e., performance = 70%; OBS = 20%; FCI = 10%) on a 100-point scale. Total scores range from 74.2% to 98.1%, and several centers had similar scores. Further, nearly 50 centers had scores that are 88.0% or greater, suggesting that performance is fairly even across centers.

The explanatory statement to accompany the FY2015 appropriations law (H.R. 83, signed into law as P.L. 113-235), enacted on December 17, 2014, directs DOL to submit in its fiscal year 2015 operating plan a detailed and comprehensive estimate of all costs and savings related to the closure of the Treasure Lake Center. This estimate must be submitted in coordination with the USDA, which operates the center via the U.S. Forest Service.[53]

---

[52] Based on CRS correspondence with DOL, Office of Congressional and Intergovernmental Affairs, June 30, 2014.

[53] "Explanatory Statement Submitted by Mr. Rogers of Kentucky, Chairman of the House Committee on Appropriations Regarding the House Amendment to the Senate Amendment on H.R. 83," *Congressional Record*, daily (continued...)

Job Corps Contracting and Rule of Two

How Are Job Corps Contracts Awarded?

Section 147(a)(1)(A) of WIA directs the DOL Secretary to enter into an agreement with a "Federal, State, or local agency, an area vocational education school or residential vocational school, or a private organization" to operate each Job Corps center. Section 147(a)(2)(A) directs the DOL Secretary to select "on a competitive basis" an entity to operate a center. In addition, Section 147(d) authorizes the DOL Secretary to enter into agreements with Indian tribes to operate Job Corps centers for Indian youth.

Job Corps centers are currently operated by a variety of entities. Of the 125 centers, 28 are civilian conservation centers. The remaining 97 centers are operated by private organizations through competitive contracting processes. Of these private organizations, 18 are operated by small businesses; 2 are operated by Native American tribes; 2 are operated by not-for-profit organizations; and 75 are operated by other entities whose revenue exceed the threshold to be considered "a small business."[54]

What is a Small Business?

The Small Business Act defines a small business as one that is "independently owned and operated"; is "not dominant in its field of operation"; and meets any size standards established by the Administrator of the Small Business Administration (SBA). The Administrator has established standards which specify firm size by North American Industrial Classification System (NAICS) code. Job Corps is classified under a NAICS code for other technical and trade schools, and limits annual receipts (averaged over three years) to $35.5 million.

15 U.S.C. §632(a)(1)-(2); 13 C.F.R. §§121.101-121.201.

Unlike many other employment and job training programs, which are awarded via competitive grant or formula, DOL uses cost-reimbursement contracts for the operation of Job Corps centers.[55] With a cost-reimbursement contract, the government assumes the risk of increases in performance costs because it agrees to repay the contractor for allowable, reasonable, and allocable costs of performing certain work, up to a total cost specified in the contract. Additionally, under certain types of cost-reimbursement contracts, the contractor may be entitled to profit in the form of fixed fees or incentive or award fees.[56] Job Corps cost-reimbursement contracts are awarded with fixed and incentive fees. The fees are intended to encourage better-than-average performance in student training and employment goals.[57]

(...continued)

edition, vol. 161, part 2 (December 11, 2014), p. H9827.

[54] Based on CRS correspondence with DOL, Office of Congressional and Intergovernmental Affairs, on January 8, 2015.

[55] U.S. DOL, ETA, *FY2015 Congressional Budget Justification: Job Corps*, p. JC-16.

[56] See CRS Report R41168, *Contract Types: Legal Overview*, by Kate M. Manuel.

[57] Ibid.

What Is the Rule of Two?

The term "Rule of Two" is commonly used as shorthand in discussing federal laws governing "set-asides" for small businesses. A set-aside is a competition in which only small businesses may participate.[58] Various laws contemplate set-asides whenever the contracting officer reasonably expects that (1) offers will be obtained from at least two responsible[59] small businesses offering products, and (2) the award can be made at fair market price.[60] These two preconditions for set-asides are generally known as the Rule of Two because of the reference to offers from at least two small businesses.

The executive branch initially articulated the Rule of Two as a means of implementing Section 15(a) of the Small Business Act of 1958.[61] Regulations implementing Section 15(a) as to the procurements of civilian agencies initially provided for set-asides whenever offers were expected from a "sufficient number of small business concerns so that awards will be made at reasonable prices."[62] However, defense agencies later adopted regulations that, among other things, called for set-asides whenever offers were expected from at least two small businesses.[63] The latter language was incorporated in the Federal Acquisition Regulation (FAR) when the FAR was promulgated in 1983. Congress also later included the Rule of Two in statutes authorizing set-asides for particular types of small businesses (i.e., disadvantaged, woman-owned, service-disabled veteran-owned, Historically Underutilized Business Zone (HUBZone)).[64]

---

[58] For more on small business set-asides generally, see CRS Report R42981, *Set-Asides for Small Businesses: Legal Requirements and Issues*, by Kate M. Manuel and Erika K. Lunder.

[59] The word *responsible* is a term of art when used in reference to federal contractors, indicating that the contractor, among other things, has adequate financial resources to perform, or the ability to obtain them; is able to comply with the required or proposed delivery or performance schedule; and has a satisfactory performance record. See 48 C.F.R. §9.104-1. However, agencies do not have to make an actual determination of responsibility with respect to prospective small business offerors when determining whether the Rule of Two is satisfied. Rather, they need only make an "informed business judgment" that there are at least two small businesses expected to submit offers which are capable of performing. See, for example, Six3 Sys., Inc., B-404885.2 (October 20, 2011) ("[I]n making set-aside decisions, agencies need not make either actual determinations of responsibility or decisions tantamount to determinations of responsibility with regard to prospective offerors; they need only make an informed business judgment that there are small businesses expected to submit offers that are capable of performing.").

[60] The Federal Acquisition Regulation (FAR) defines *fair market price*, for purposes of small business programs, as "a price based on reasonable costs under normal competitive conditions and not on lowest possible cost," and prescribes two different methods of assessing it, one used with set-asides for small disadvantaged businesses participating in the "8(a) Program" ("8(a) firms") and the other, with set-asides for non-8(a) firms. 48 C.F.R. §19.001 (fair market price); 48 C.F.R. §19.202-6(b) (set-asides for 8(a) firms); 48 C.F.R. §19.202-6(a) (set-asides for non-8(a) firms).

[61] P.L. 85-536, §15, 72 Stat. 395 (July 18, 1958) (codified, as amended, at 15 U.S.C. §644(a)).

[62] 41 C.F.R. §1-1 706-5(a) (1962) (procurements of civilian agencies).

[63] See *Examining the Rule of Two: Hearings before the Subcommittee on Procurement, Innovation, and Minority Enterprise Development of the Committee on Small Business, House of Representatives*, 100th Cong., 1st sess., May 7 & 13, 1987, at 37-38.

[64] It should also be noted that, while §19.502-2(b) of the FAR (discussed below) requires agencies to set aside contracts for small businesses generally if the Rule of Two is satisfied, the FAR gives set-asides for specific types of small businesses precedence over set-asides for small businesses generally. See 48 C.F.R. §19.203(a) & (c). In other words, agencies must at least "consider" using a set-aside for HUBZone, disadvantaged, woman-owned, or service-disabled veteran-owned small businesses *prior to* using a set-aside for small businesses generally. However, assuming none of these other types of set-asides is used, a set-aside for small businesses generally is required if the Rule of Two is satisfied.

Another provision of the Small Business Act—Section 15(g)—establishes goals for the percentage of federal contract and subcontract dollars awarded to small businesses generally, as well as to particular types of small businesses.[65] These goals generally serve to ensure that small businesses receive a "fair proportion" of federal contracts, and setting aside contracts for small businesses is one way an agency can meet its goals. However, the goals are focused on the agency (or components thereof) as a whole, while set-aside determinations are made as to individual contracts.

How Does Rule of Two Apply to Job Corps Procurements?

The current version of the original Rule of Two regulation—codified in Section 19.502-2(b) of the FAR—provides that "[t]he contracting officer shall set aside any acquisition over $150,000 for small business participation when there is a reasonable expectation that (1) [o]ffers will be obtained from at least two responsible small business[es] ...; and (2) [a]ward will be made at fair market prices."[66] Because this provision uses the word "shall," it has been construed as mandatory, meaning that procurements subject to Section 19.502-2(b) of the FAR must be set aside for small businesses if the Rule of Two is satisfied.[67]

The FAR generally governs the procurements of executive branch agencies, including DOL. There is nothing in the FAR that would suggest that either DOL or procurements for the operation of Job Corps centers are exempt from Section 19.502-2(b). However, DOL historically did not use set-asides when procuring the operation of Job Corps centers, and only recently began setting aside such contracts when the Rule of Two is satisfied.[68]

What Recent Litigation Involves DOL Set-Asides for Small Businesses?[69]

The change in DOL's procurement practices has prompted challenges from several incumbent large businesses, which would be ineligible for any set-aside contracts. In litigation, these contractors have generally alleged that, notwithstanding Section 19.502-2(b) of the FAR, DOL is prohibited from setting aside contracts for the operation of Job Corps centers. They point out that the Workforce Investment Act, which imposes certain requirements upon Job Corps procurements, states that, "[e]xcept as provided in subsections (c) and (d) of Section 303 of the Federal Property and Administrative Services Act [(FPASA)]," the Secretary of Labor "shall

[65] 15 U.S.C. §644(g)(1)-(2).

[66] 48 C.F.R. §19.502-2(b).

[67] See, for example, DNO Inc., B-406256, B-406256.2 (March 22, 2012) ("Contracting officers generally are required to set aside for small business all procurements exceeding $150,000 if there is a reasonable expectation of receiving fair market price offers from at least two responsible small business concerns."); Metasoft, LLC, B-402800 (July 23, 2010) ("Under FAR sect. 19.502-2(b), a procurement with an anticipated dollar value of more than [$150,000] must be set aside for exclusive small business participation when there is a reasonable expectation that offers will be received from at least two responsible small business concerns and that award will be made at a fair market price.").

[68] ETA's Office of Contracts Management began implementing the Rule of Two in the latter part of 2011. Based on CRS correspondence with DOL, ETA, February 4, 2015.

[69] See also CRS Report WSLG738, *Appeals Court Finds Set-Asides for Small Businesses Not Barred by Workforce Investment Act*, by Kate M. Manuel.

select on a competitive basis" entities to operate centers.[70] According to the challengers, this language means that contracts for center operations cannot be set aside because set-asides do not involve selections on a "competitive basis," and are not authorized by Subsections 303(c) and (d) of FPASA.[71]

To date, however, federal courts have uniformly rejected this argument on the grounds that FPASA, as amended by the Competition in Contracting Act (CICA), characterizes small business set-asides as "competitive procedures."[72] Thus, according to the courts, even if set-asides do not constitute "full and open competition" under CICA, they qualify as selections on a "competitive basis" for purposes of WIA because they are "competitive procedures."

The courts have also rejected protesters' arguments that set-asides of procurements for the operation of specific Job Corps centers were impermissible because DOL did not determine whether a "fair proportion" of its contracts had been awarded to small businesses prior to using a small business set-aside. According to the protesters, prior to determining whether the Rule of Two is satisfied, the procuring activity must first determine, pursuant to Section 15(a) of the Small Business Act, that a set-aside is necessary to maintain a "'fair proportion' of small-business participation in any industry."[73] The courts disagreed, however, finding that the "fair proportion determination" required by Section 15(a) is "not made in the context of individual contracts, but is reflected in high level policy judgments made on an ongoing and iterative basis by the President and the heads of agencies."[74] The courts have further noted that the Rule of Two itself is one means by which the executive branch has chosen to satisfy the obligation to award a "fair proportion" of contracts to small businesses,[75] and that agencies effectively comply with the requirements of Section 15(a) by complying with the Rule of Two.

It should be noted, however, that in at least one decision, the court explicitly referenced material in the administrative record showing "a pattern of set-asides [for the operation of Job Corps centers] made in reliance on expressions of interest from a relatively limited pool of small businesses."[76] Assuming that there is a small number of potential small businesses that can compete for Job Corps contracts, it would appear that, at some point in the future, DOL might be able to conduct only unrestricted competitions for the operation of a Job Corps center. This is because offers might no longer be reasonably expected from at least two small businesses. Individual small businesses are effectively limited in the number of centers they may operate (and

[70] 29 U.S.C. §2887(a)(2)(A). While the FAR typically governs the procurement of goods and services by executive branch agencies, it would generally not supersede any procurement-related requirements specifically imposed on an agency by statute. See generally CRS Report R42826, *The Federal Acquisition Regulation (FAR): Answers to Frequently Asked Questions*, by Kate M. Manuel et al.

[71] Instead, small business set-asides are authorized by Subsections 303(a) and (b) of FPASA.

[72] Adams & Assocs., Inc. v. United States, 109 Fed. Cl. 340 (2013), aff'd, 741 F.3d 102 (Fed. Cir. 2013); Res-Care, Inc. v. United States, 107 Fed. Cl. 136 (2012), aff'd, 735 F.3d 1384 (Fed. Cir. 2013); Mgmt. & Training Corp. v. United States, 115 Fed. Cl. 26 (2014); Mgmt. & Training Corp. v. United States, No. 12-561C, 2012 U.S. Claims LEXIS 1580 (November 29, 2012).

[73] *Adams & Assocs.*, 109 Fed. Cl. at 352.

[74] Ibid at 353.

[75] Ibid.

[76] Ibid at 357.

other work they may perform) because they cease to qualify as "small" if their annual receipts (averaged over three years) exceed $35.5 million.[77]

In the FY2014 appropriations law (P.L. 113-76), Congress emphasized the importance of awarding contracts to high-performing incumbent contractors: "When evaluating contract renewals or re-bids, due consideration should be provided to the federal investment already made in high performing incumbent contractors as a part of a full, fair, and open competitive process. As part of this process, [DOL] should consider documented past performance of student outcomes and cost-effective administration as important factors in Job Corps procurements." In response, DOL has explained that it considers past performance during the procurement process, including how it evaluates the initial contract award and subsequent awards.[78] In a complaint filed against DOL on December 4, 2014, one Job Corps contractor asserts that the department has wrongly excluded high-performing entities that are not small businesses from participating in Job Corps center contracts, thereby violating Congress's directive in the FY2014 appropriations law.[79]

[77] 13 C.F.R. §121.201 (size standard for operators of Job Corps centers).

[78] U.S. DOL, ETA, *FY2015 Congressional Budget Justification: Job Corps*, p. JC-8.

[79] Rebecca McCray, "DOL Accused of Ignoring Congress in Job Corps Solicitation," *Law360*, December 5, 2014.

Appendix. Cost-Savings Measures

Table A-1. Cost-Savings Measures Implemented in the Job Corps Program, PY2011 and PY2012

The table may not capture all cost-saving measures implemented by the Department of Labor (DOL).

Cost-Saving Measure (and Time Frame, if Specified)	Description	Source
Changes Effective in Program Year 2011 (July 1, 2011-June 30, 2012)		
Suspension of activities in non-mission critical areas through reductions in center contracts (June 2012).	Temporary reduction in spending on administrative expenses, purchasing, and staff travel. In addition, operators were asked to report all bus and airfare travel directly to the National Office of Job Corps, prior to arranging travel with ticketing agencies. This was to allow for full, near real-time accounting of travel costs in June.	July 20, 2012, letter to Senators Harkin and Shelby; Program Instruction Notice (PIN) 11-28 on June 2, 2012; and PIN 11-33 on June 12, 2012.
Deferred enrollment of students (June 2012).	Center operators were directed not to enroll new students in June 2012, just prior to the annual summer break, except for homeless students.	July 20, 2012, letter to Senators Harkin and Shelby.
Deferred summer breaks and transportation costs (June 2012).	The summer break for current students was moved so that it would commence in early July instead of June, thereby eliminating transportation costs at the end of PY2011. These transportation costs were shifted to PY2012.	July 20, 2012, letter to Senators Harkin and Shelby; and September 14, 2012, briefing to congressional staff.
Reductions to Funding for Civilian Conservation Centers	This was a reduction in funding at the end of the program year.	April 30, 2014, CRS correspondence with the DOL Office of Congressional and Intergovernmental Affairs.
Changes Effective in Program Year 2012 (July 1, 2012-June 30, 2013)		
Center safety inspection.	The center safety inspection is conducted simultaneously with the center site visit, which is every 24 months, rather than as a separate visit.	September 14, 2012, congressional briefing.
Discontinued lease of site for Los Angeles Job Corps center.	The center now has a new, permanent building that is owned outright, and the center no longer needs to lease part of its site.	September 14, 2012, congressional briefing.
Conversion of Job Corps accounting contracts.	Previously some of the work associated with the Operations account had been charged as ongoing normal operations activity. This practice has been discontinued as federal staff now perform the accounting functions for Job Corps.	September 14, 2012, congressional briefing; and May 7, 2013, letter to Senators Mikulski and Shelby and Representatives Shelby and Lowey.
Reduction in the Job Corps Data Center contract.	This decreased spending in specific labor categories.	May 7, 2013, letter to Senators Mikulski and Shelby and Representatives Shelby and Lowey.

Cost-Saving Measure (and Time Frame, if Specified)	Description	Source
Reductions in General Service Administration (GSA) fleet (effective as of October 2012).	GSA now bills DOL directly for all vehicles leased by centers under one contract, rather than the centers paying GSA directly. DOL no longer funds contracts for regular-leased vehicle charges. This applies to charges including monthly lease charges, special equipment, mileage charges, and other fees.	October 19, 2012, listserv email to congressional staff and CRS from the DOL Office of Congressional and Intergovernmental Affair; and September 14, 2012, congressional briefing.
Reduction in new student biweekly stipend and graduate transition pay (effective November 1, 2012).	This policy applies to new students enrolled on or after November 1, 2012. Previously, students received a biweekly stipend of $25-$50, with higher amounts based on length of stay in the program. Currently, the biweekly stipend is paid at two levels: $25 per pay period for students with minimum paid days 1-182; and $35 per pay period for students with 183 paid days or more. Job Corps graduates also receive transition pay upon program separation. The transition pay is based on academic and career technical training (CTT) achievement. Under the new system, transition pay is as follows: (1) Graduate with GED or high school diploma completion only, while attained at Job Corps: $200 (was $250); (2) Graduate with CTT completion only: $500 (was $750); and Graduate with combination GED or high school diploma and Job Corps CTT completion: $1,000 (was $1,200).	October 19, 2012, listserv email to congressional staff and CRS from the DOL Office of Congressional and Intergovernmental Affairs; *Job Corps Program and Requirements Handbook* Change Notice 12-10; and September 14, 2012, congressional briefing.
Updated policies regarding recreation and leisure time activities.	Centers are directed to consider cost efficiency when planning recreational activities outside of the center.	October 31, 2012, listserv email to congressional staff and CRS from the DOL Office of Congressional and Intergovernmental Affairs; *Job Corps Program and Requirements Handbook* Change Notice 12-05; and September 14, 2012, congressional briefing.
Temporary suspension of enrollments in November and December 2012 (November 26 through December 31, 2012).	New student enrollments were suspended at all centers, except for homeless youth, runaways, and youth involved in foster care.	October 19, 2012, listserv email to congressional staff and CRS from the DOL Office of Congressional and Intergovernmental Affairs.

Cost-Saving Measure (and Time Frame, if Specified)	Description	Source
Summer and winter break no longer count as paid leave (as of December 10, 2012).	Students are no longer paid during their summer and winter breaks because they are not receiving training during this time. The summer break includes 10 non-training days, the Fourth of July, and three weekends. The winter break includes 10 non-training days, two federal winter holidays, and three weekends.	December 10, 2012, listserv email to congressional staff and CRS from the DOL Office of Congressional and Intergovernmental Affairs; and *Job Corps Policy and Requirements Handbook* Change Notice 12-07.
Academic teacher-to-student ratio may be increased (as of December 11, 2012).	The teacher-to-student ratio for academic instructional services is 18:1. Previously, it was 15:1.	*Job Corps Policy and Requirements Handbook* Change Notice 12-09.
Student clothing allowances reduced (as of January 1, 2013).	Students receive a clothing allowance for uniforms, specialized and safety equipment, and clothing necessary for them to participate in training. The schedule and amount for the clothing allowance has changed. The new schedule provides for $100 within the 30 to 90 days of program enrollment; $125 for graduates within 90 days of graduation; and $100 for students enrolling in advanced training (AT)/advanced career training (ACT). Students previously received $100 within the 30 to 90 days of their enrollment; an additional $100 within 90 to 270 days; an additional $117 within 270 to 365 days; an additional $103 within 14 to 18 months; and an additional $103 dollars within 26 to 30 months.	December 12, 2012, listserv email to congressional staff and CRS from DOL Office of Congressional and Intergovernmental Affairs; and *Job Corps Policy and Requirements Handbook* Change Notice 12-09.
Health and Wellness Program revised (January 14, 2012).	Each Job Corps center provides a wellness program, which includes access to basic medical, dental, and mental health services for all students from the date of enrollment until separation from the program. Changes were made to health staffing requirements; the dental exam schedule; and immunizations. The health staffing requirements include reducing the number of hours, correlating hours with expected caseloads, and substituting physicians with mid-level practitioners for part of the time. In addition, students no longer have a cursory dental examination within 48 hours of the students' arrival. Rather, they receive a dental readiness inspection to determine which dental services are needed. All new enrollees will no longer receive vaccines automatically within 14 days of arrival. The Outreach and Admissions agency must first determine whether students have current immunization records.	October 31, 2012, listserv email to congressional staff and CRS from the DOL Office of Congressional and Intergovernmental Affairs; PIN No. 13-04; and *Job Corps Program and Requirements Handbook* Change Notice 12-10.
Temporary suspension of enrollments (January 28, 2013-April 22, 2013).	New student enrollments were suspended at all centers, except for homeless youth, runaways, and youth involved in foster care. This was accomplished through a partial stop-work order[a] issued to Outreach and Admissions (OA) contractors, and modifying contracts with center operators that reflected lower levels of on-board strength.[b]	Program Instruction Notice (PIN) 12-25 on January 18, 2013; and PIN 12-28 on April 22, 2013.

Cost-Saving Measure (and Time Frame, if Specified)	Description	Source
Conversion to electronic records.	DOL is carrying out the Electronic Management Initiative, which involves converting students' career technical training program records—known as the Training Achievement Record (TAR)—from paper to electronic format. According to DOL, this will reduce costs for copying, papers, folders, and staff time. DOL is working with the regional offices, selected centers, and Outreach and Admissions (OA) contractors on an E-Folder Pilot. E-Folder is a new application to replace the current paper-based student records management. Center staff can scan the required student documents directly into a secure centralized database. According to DOL, centers will now transmit their records to DOL via electronic systems and not via the mail system.	October 31, 2012, listserv email to congressional staff and CRS from the DOL Office of Congressional and Intergovernmental Affairs; September 14, 2012, congressional briefing; and *Job Corps Policy and Requirements Handbook* Change Notice 12-04.
Reduction in media buy about Job Corps.	Job Corps is restructuring its media buy strategy to include more digital marketing approaches. According to DOL, these are less costly than television broadcast and can be better targeted to potential enrollees. In addition, Job Corps is expanding its outreach to community colleges, employers, and apprenticeship partners.	November 28, 2012, listserv email to congressional staff and CRS from the DOL Office of Congressional and Intergovernmental Affairs; September 14, 2012, congressional briefing; May 7, 2013, letter to Senators Mikulski and Shelby and Representatives Shelby and Lowey; and April 30, 2014, CRS correspondence with DOL Office of Congressional and Intergovernmental Affairs.

Source: Congressional Research Service (CRS).

Note: DOL has provided varying level of detail about the measures, and therefore the discussion in the table may not fully describe the measure.

a. A standard stop-work order generally gives agencies the right to "require the Contractor to stop all, or any part, of the work called for by the contract for a period of 90 days after the order is delivered to the Contractor, and for any further period to which the parties may agree." 48 C.F.R. §52.242-15.

b. "On-board strength" references the extent to which a center operates at full capacity in terms of student enrollment.

Author Contact Information

Adrienne L. Fernandes-Alcantara
Specialist in Social Policy
afernandes@crs.loc.gov, 7-9005

Acknowledgments

The section on Job Corps contracting is based on previous work completed by the author and Kate Manuel, Legislative Attorney.