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February 1, 2013

Dear Job Corps Contractor:

The House Committee on Education and the Workforce is conducting a comprehensive fiscal review of the Job Corps program authorized under Title I, Subtitle C, of the Workforce Investment Act of 1998 (P.L. 105-220). This ongoing review includes a financial accounting of program funds managed by the Office of Job Corps and relevant contractors, including the U.S. Department of Agriculture Forest Service's Civilian Conservation Corps, and a recent examination of the \$60 million budget shortfall for program year 2012.

The Department of Labor's (DOL) recent announcement they will freeze student enrollments at all 125 centers raises questions that need to be addressed. Despite the department knowing the program faced a shortfall since fiscal year 2011, the department failed to anticipate and address the specific causes or take action to stabilize the financial condition of the program. Instead, it continues to take temporary steps to achieve savings to cover the shortfall, estimated at more than \$100 million over the last two program years. The department's lack of action is even more concerning considering the impending sequestration. The committee is growing increasingly concerned with the ability of the department and its contractors to manage the program's budget in the short and long term.

To examine the Job Corps operators' role in administering the nation's largest at-risk youth program, we request the following information no later than February 15, 2013:

- 1) Job Corps Center operators are required to report actual expenses on a monthly basis using the Job Corps Contract Center Financial Report (ETA Form 2110) according to the Job Corps Policy and Requirements Handbook, Appendix 502. Please provide a copy of each of your center's/centers' monthly 2110 reports submitted for program years 2011 and 2012.
- 2) Please provide a detailed description of the official feedback your center(s) received from DOL, including program officers at regional offices, on each monthly financial report, if any.

February 1, 2013

Page 2

- 3) According to DOL, it collaborated with center operators and Outreach and Admissions/Career Transition Service contractors to revise their June 2012 spending plans. Despite these reductions in spending by centers and contractors, the operations account continued to have a shortfall. Please provide a copy of your center's/centers' original and revised spending plans for program years 2011 and 2012. Was your center able to meet the savings in targeted areas included in your revised spending plans? If not, please explain why not?
- 4) Please provide a detailed description of any additional steps, including any renegotiation of contracts, the department has taken since May 2012 to reduce costs at your center(s) and the savings achieved, if any.
- 5) Please provide a detailed description of the steps your center(s) has/have undertaken proactively to reduce program costs to address the budget shortfall and the savings that have been achieved, if any.
- 6) (To be answered by contractors with multiple centers), please describe the cost efficiencies your organization has put in place to centralize program activities. For example, is there a centralized staff responsible for tracking center expenditures or providing ongoing professional development to instructors? If not, why not?
- 7) DOL has attributed the shortfall in program year 2011 to trends in student enrollment, length of stay, and academic achievement. However, participant outcomes show average length of stay for graduates and all students decreased from program years 2010 to 2011. What is the average length of stay for graduates and/or non-graduates at your center(s) for each of the last five program years?
- 8) What is the On-Board Strength for your center(s) for each of the last five program years?
- 9) Please provide a detailed breakdown of the average program costs per student, including transportation costs (for in-state and out-of-state students), stipend, clothing allowance, training costs, room and board, instructional services, and other services. What percentage of your student population classifies as out-of-state?
- 10) Please provide a list of the meetings or phone calls between your center(s) and DOL, including but not limited to May 31, 2012 and June 8, 2012, to discuss the budget shortfall, a description of any cost saving measures offered by your center (including a short description of why the measure was not adopted), and any other relevant information from the meetings.
- 11) Please provide a list of all grants or contracts your organization (including parent organization and any subsidiaries) received from the department and other federal agencies over the last five fiscal years; a list of funds received from entities supported, in whole or in part, by federal funds; a list of current and former staff who have worked at the department; and a list of current and former staff who have participated in reviewing or assisting with the writing of contracts and applications, if any.

February 1, 2013

Page 3

We respectfully request your staff contact our staff to schedule a briefing to be held no later than February 7, 2013, to discuss your response to this letter. Thank you for your attention to this matter. If you have additional questions regarding this request, please contact Rosemary Lahasky or Mandy Schaumburg of the committee staff at (202) 225-6558.

Sincerely,

JOHN KLINE
Chairman
Committee on Education and the Workforce

VIRGINIA FOXX
Chairwoman
Subcommittee on Higher Education and
Workforce Training