



Report to the Republican Leader,
Committee on Education and Labor,
House of Representatives

August 2019

JOB CORPS

Actions Needed to Improve Planning for Center Operation Contracts

GAO Highlights

Highlights of [GAO-19-326](#), a report to the Republican Leader, Committee on Education and Labor, House of Representatives

Why GAO Did This Study

Job Corps' 119 centers, which are operated primarily by contractors, provide an array of services to help low-income youth find a job, go to college, or enter the military. ETA is generally required to award competitive contracts, but can award noncompetitive contracts in certain instances. Some noncompetitive contracts act as bridge contracts—which can be a useful tool to avoid a lapse in service but, when used frequently and for prolonged periods, can increase the risk of the government overpaying for services.

This report examines (1) the extent to which ETA used bridge contracts to operate Job Corps centers in program year 2016; (2) strategies ETA used to decrease the use of noncompetitive bridge contracts; and (3) how ETA monitored contractor performance at selected Job Corps centers. GAO analyzed data from program years 2016 and 2017 (the most current data available at the time we began our review) from the Federal Procurement Data System-Next Generation, and reviewed contract documents. GAO also conducted an in-depth review of 10 centers that reflected a mix of contractor performances and at least one center from Job Corps' six regions, and interviewed ETA officials.

What GAO Recommends

GAO is making two recommendations, including that ETA develop (1) a comprehensive strategy to account for workforce needs and future center contracts, and (2) a coordinated and documented process for sharing information on incentive fees paid to contractors. DOL agreed with GAO's recommendations.

View [GAO-19-326](#). For more information, contact Cindy S. Brown Barnes at (202) 512-7215 or brownbarnesc@gao.gov; or Timothy J. DiNapoli at (202) 512-4841 or dinapolit@gao.gov

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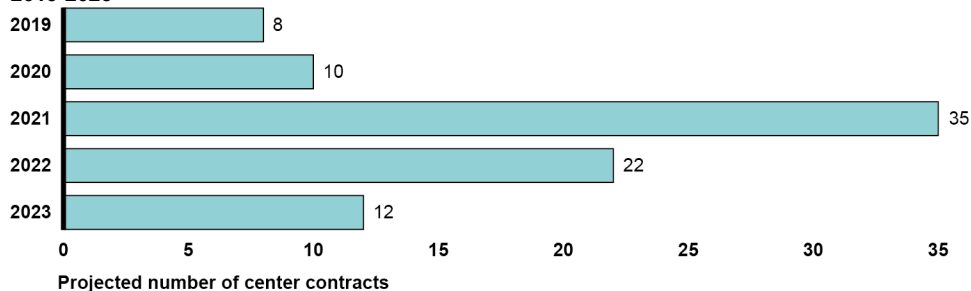
Actions Needed to Improve Planning for Center Operation Contracts

What GAO Found

In program year 2016, the Department of Labor's (DOL) Employment and Training Administration (ETA) operated 68 of its 97 Job Corps centers using bridge contracts. GAO has generally defined a bridge contract as an extension to an existing contract or a new noncompetitive contract awarded to the current contractor to avoid a lapse in service. GAO found that ETA operated most of these Job Corps centers (49 of 68) under bridge contracts for at least a year, with over a third operating under bridges for 2 years or potentially longer. ETA cited workforce challenges such as staff vacancies and the need to address issues raised in protests as contributing to its use of bridge contracts.

ETA officials said they used various strategies to decrease their use of noncompetitive bridge contracts, including prioritizing efforts to award more contracts competitively. By the end of program year 2017, most of the centers operating under bridge contracts during program year 2016 (48 of 68) had transitioned to competitive contracts. Despite these efforts, ETA continues to face workforce challenges. Contracting officials expressed concern about having sufficient staff to award a large group of contracts that will begin to expire in program years 2021 and 2022 (see figure). ETA officials said it takes about 8 to 12 months from solicitation to contract award for new 5-year competitive procurements. Therefore, acquisition planning for a center contract set to expire in January 2021 would usually need to begin early 2020. However, ETA does not have a comprehensive workforce strategy to address its workforce challenges or support these new contract awards. As a result, ETA risks relying on noncompetitive bridge contracts again in the future.

The Number of Job Corps Centers GAO Projected to Need New Contracts in Program Years 2019-2023



Source: GAO analysis of data from the Federal Procurement Data System-Next Generation and information provided by officials at the Department of Labor's Employment and Training Administration. | GAO-19-326

Note: Centers are operated on a program year basis, which runs from July 1 of a given year to June 30 of the following year.

ETA used various strategies to monitor and incentivize contractor performance at the 10 centers GAO reviewed, including conducting onsite visits to Job Corps centers and paying incentive fees to contractors. However, contracting and program officials GAO interviewed had limited or no insight into how ETA calculates and pays incentive fees. Without coordinating and documenting the process for calculating incentive fees, ETA's program and contract officials may lack key information regarding contractor performance.

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Abbreviations

CPARS	Contractor Performance Assessment Reporting System
DOL	Department of Labor
ETA	Employment and Training Administration
FAR	Federal Acquisition Regulation
FPDS-NG	Federal Procurement Data System-Next Generation
IDIQ	Indefinite Delivery / Indefinite Quantity
OFPP	Office of Federal Procurement Policy
OMB	Office of Management and Budget
USDA	U.S. Department of Agriculture
WIOA	Workforce Innovation and Opportunity Act

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August 8, 2019

The Honorable Virginia Foxx
Republican Leader
Committee on Education and Labor
House of Representatives

Dear Dr. Foxx:

For over 50 years, Job Corps has provided a comprehensive array of services to help low-income youth, generally between the ages of 16 and 24, obtain the skills they need to find a job, go to college, or enter military service.¹ The Job Corps program is administered by the Department of Labor's (DOL) Employment and Training Administration (ETA). In fiscal year 2018, Job Corps was appropriated approximately \$1.7 billion in funding.² As of February 2019, the program enrolled over 30,000 students at 119 centers in all 50 states, the District of Columbia, and Puerto Rico, according to ETA officials.³ Most Job Corps centers (94 of the 119 centers) are operated under contracts with various service providers—including businesses, Native American tribes, and nonprofit organizations. The remaining 25 Job Corps centers are operated by the U.S. Department of Agriculture (USDA) through an interagency agreement.

¹Job Corps was originally established by the Economic Opportunity Act of 1964, and was most recently reauthorized by Title I, Subtitle C of the Workforce Innovation and Opportunity Act (WIOA), Pub. L. No. 113-128, 128 Stat. 1425 (2014) (codified at 29 U.S.C. § 3191 *et seq.*). In general, individuals must be 16 to 21 at the time of enrollment to be eligible for the Job Corps program. While the law makes an exception to allow individuals who are ages 22 to 24 at the time of enrollment to participate in the program, it limits their participation to 20 percent of Job Corps participants. The age limits may be waived by DOL, in accordance with DOL regulations, for individuals with a disability. See 29 U.S.C. § 3191 *et seq.*

²Congress appropriates funding for the Job Corps program annually in DOL's fiscal year appropriations acts. However, Job Corps is operated on a program year basis, which runs from July 1 of a given year to June 30 of the following year. For example, program year 2018 ran from July 1, 2018, through June 30, 2019.

³ETA officials said they planned to enroll additional Job Corps students during the remainder of program year 2018. However, final program year 2018 data was not publicly available at the time of our review. In program year 2017, the program enrolled approximately 43,000 students.

In recent years, questions have been raised about Job Corps' contracting practices, including how ETA awards and monitors contracts to service providers to operate Job Corps centers. Particular interest has been expressed in Job Corps centers that operate under noncompetitive contracts that act as bridge contracts. Federal agencies are generally required to award contracts competitively but are permitted to award contracts noncompetitively under certain circumstances, such as when a particular contractor is the only source that can meet the need. Currently, no government-wide definition for bridge contracts exists. However, GAO has defined them as an extension to an existing contract beyond the period of performance (including base and option years), or a new noncompetitive short-term contract awarded to an incumbent contractor to avoid a lapse in service.⁴ Although ETA officials stated that they do not consider extensions of existing contracts to be bridge contracts, neither DOL nor ETA have a documented definition of bridge contracts.

Bridge contracts can be useful and appropriate tools to ensure the continuity of services and are typically envisioned as short-term.⁵ However, in October 2015 and again in December 2018, we reported some bridge contracts used by other federal agencies spanned multiple years, potentially without the knowledge of approving officials.⁶ When noncompetitive bridge contracts are used frequently or for prolonged periods, the government is at risk of paying more than it should for products and services.⁷ In addition, they may lead to an inefficient use of staff and resources because contracting officials have to devote their time to preparing to award a follow-on contract while concurrently overseeing the bridge contract.

In this report, we examine: (1) the extent to which, and why, ETA used bridge contracts to operate Job Corps centers during program year 2016; (2) the strategies ETA used to decrease its use of noncompetitive bridge

⁴GAO, *Sole Source Contracting: Defining and Tracking Bridge Contracts Would Help Agencies Manage Their Use*, [GAO-16-15](#) (Washington, D.C.: Oct. 14, 2015), and GAO, *Information Technology: Agencies Need Better Information on the Use of Noncompetitive and Bridge Contracts*, [GAO-19-63](#) (Washington, D.C.: Dec. 11, 2018).

⁵For example, an extension using the "option to extend services" clause can be exercised more than once, but the total extension of performance to an existing contract cannot exceed 6 months. Federal Acquisition Regulation (FAR) 52.217-8.

⁶[GAO-16-15](#) and [GAO-19-63](#).

⁷[GAO-19-63](#).

contracts; and (3) how ETA monitored contractor performance at selected Job Corps centers.

To address all three objectives, we reviewed relevant federal laws and regulations, agency policies and procedures, and past GAO reports related to the use of bridge and noncompetitive contracts and the evaluation of contractor performance.⁸ In addition, we interviewed program and contracting officials in all six Job Corps regional offices and national officials in key ETA offices.

To identify the extent to which ETA used bridge contracts to operate Job Corps centers, we analyzed data from the Federal Procurement Data System-Next Generation (FPDS-NG) for center contracts that were in effect—that is, contracts that were newly awarded or ongoing—at some point in program year 2016, which ran from July 1, 2016, through June 30, 2017.⁹ We selected this program year because it reflected the most recent year with complete available data at the time we began our review. We did not review data for centers operated by USDA because they are operated through an interagency agreement between DOL and USDA and are therefore not relevant for the purpose of this review. We also used FPDS-NG data to identify centers that appeared to have operated under bridge contracts in program year 2016, and verified our contract selections with ETA officials to ensure these contracts were in effect during this time frame. To calculate the length of time ETA used bridge contracts to operate Job Corp centers, we included those centers that had a bridge contract in place at some point during program year 2016. We report the length of time that ETA used bridge contracts to operate Job Corps centers as the minimum amount of time these contracts were in use. We did not review bridge contracts that were completed prior to program year 2016 because it was outside the scope of our review. Therefore, our analysis may underestimate the length of time that ETA operated some centers under such contracts. Based on our electronic testing, review of contract documentation, and discussions with ETA officials, we determined that the data were sufficiently reliable for the purposes of our reporting objectives.

⁸For a complete list of the GAO reports reviewed, see the related products identified at the end of this report.

⁹FPDS-NG is the government's database of federal procurement actions.

To identify why ETA used bridge contracts, we conducted a nongeneralizable review of 10 Job Corps centers that operated under bridge or noncompetitive contracts during program year 2016. The 10 centers we selected reflected centers that were operated by contractors with varying levels of success in achieving ETA's student performance indicators, according to ETA's performance data, and included at least one center from each of Job Corps' six regions. We also reviewed contracting documentation and other information ETA provided related to the number of staff vacancies and protests.

To identify the strategies ETA used to decrease its use of noncompetitive bridge contracts, we reviewed agency guidance and contract documents to supplement the information we obtained from our interviews. We also reviewed FPDS-NG data and contracting documentation and followed up with national and regional contracting officials to identify the number of the bridge contracts ETA used in program year 2016 that transitioned to competitive follow-on contracts by the end of program year 2017. To estimate upcoming center procurements from program years 2019 to 2023, we used FPDS-NG data and information from agency officials to determine when the period of performance might end for certain center contracts.

To identify how ETA considers contractor performance in its monitoring efforts, we reviewed ETA's evaluations of contractor performance and other information related to incentive fees paid to contractors for achieving specific targets or technical goals for the 10 centers in our in-depth review. We also interviewed program and contracting officials to learn more about how they consider contractor performance when awarding and monitoring contracts. A more detailed description of our scope and methodology is presented in appendix I.

We conducted this performance audit from February 2018 to August 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Job Corps' Eligibility Criteria and Program Services

To be eligible for Job Corps, youth must generally be 16 to 24 years old at the time of enrollment; be low-income; and have one or more barriers to education and employment, such as being homeless, a school dropout, or in foster care.¹⁰ The vast majority of students live at Job Corps centers in a residential setting, while the remaining students commute on a daily basis from their homes to their respective centers. This residential structure is unique among federal youth programs and enables Job Corps to provide a comprehensive array of services to students 24 hours a day, 7 days a week. These services include housing, meals, clothing, medical and dental care, academic instruction, and job training.

Job Corps' Structure and Operations

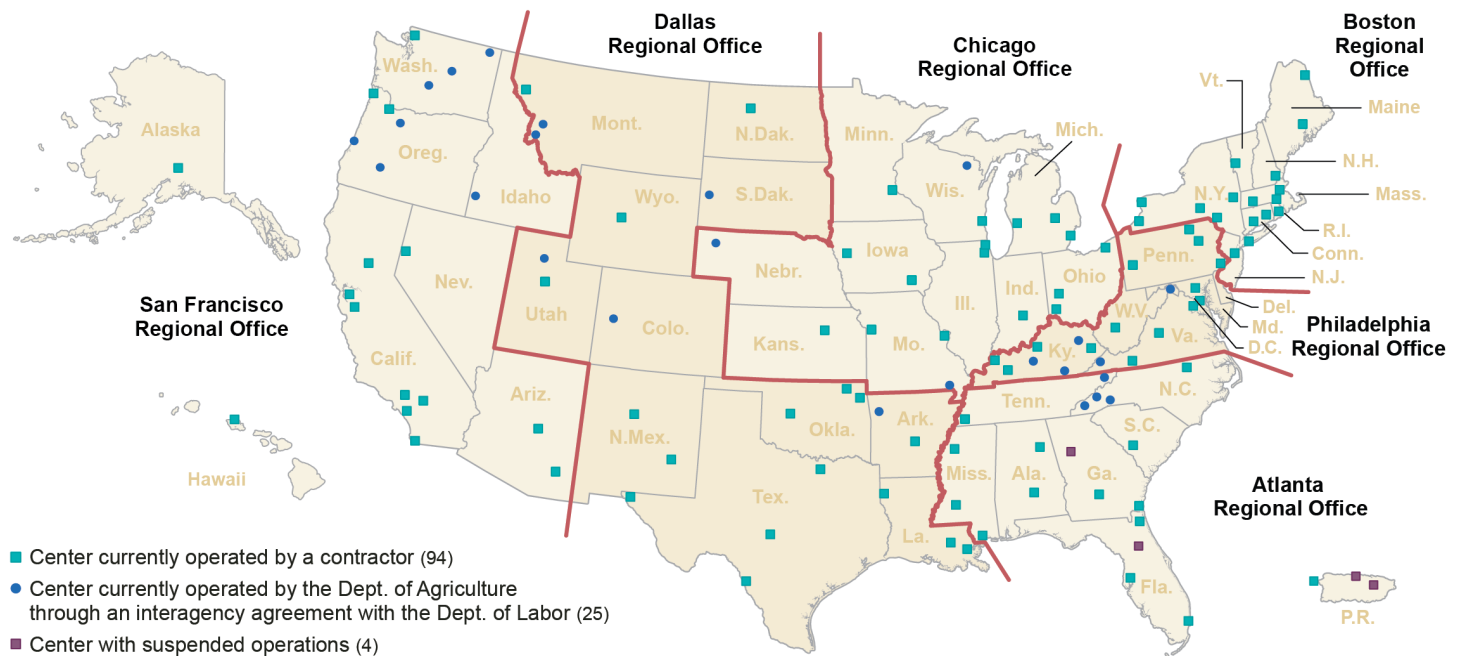
ETA administers the Job Corps program through its Office of Job Corps under the leadership of a national director and a field network of six regional offices located in Atlanta, Boston, Chicago, Dallas, Philadelphia, and San Francisco. Of the 119 centers, 94 are operated under contracts with various businesses, Native American tribes, and nonprofit organizations.¹¹ Job Corps' predominantly contractor-operated structure is unique among ETA's employment and training programs, according to ETA officials, as other programs it administers are generally operated by states through grants. Several Job Corps contractors have operated centers for two or more decades, and some contractors operate multiple centers. For example, by the end of program year 2016, over two-thirds of Job Corps' contract centers were operated by seven contractors. The remaining 25 centers (called Civilian Conservation Centers) are operated by USDA's Forest Service through an interagency agreement with DOL.

¹⁰29 U.S.C. § 3194. The criteria for being considered low-income includes receiving certain public assistance or having a total family income that does not exceed the higher of the poverty line or 70 percent of the lower living standard income level. 29 U.S.C. § 3102(36). The Department of Health and Human Services publishes annual poverty guidelines, and DOL publishes annual lower living standard income levels.

¹¹As of February 2019, ETA officials said a total of four centers had operations suspended, reducing the total number of operating centers from 123 to 119. Also, in April 2018, ETA permanently closed two Job Corps centers. These centers were closed based on low performance and safety challenges. For the purposes of this report, we focus solely on contractors that operate Job Corps centers. We did not examine contractors that ETA uses to provide other program supports and services. For example, ETA contracts with outreach and admissions contractors to recruit Job Corps applicants, and with career transition services contractors to help graduates transition from the program to employment.

Figure 1 presents a map of ETA's Job Corps center locations and regions.

Figure 1: Job Corps Center Locations by Region as of February 2019



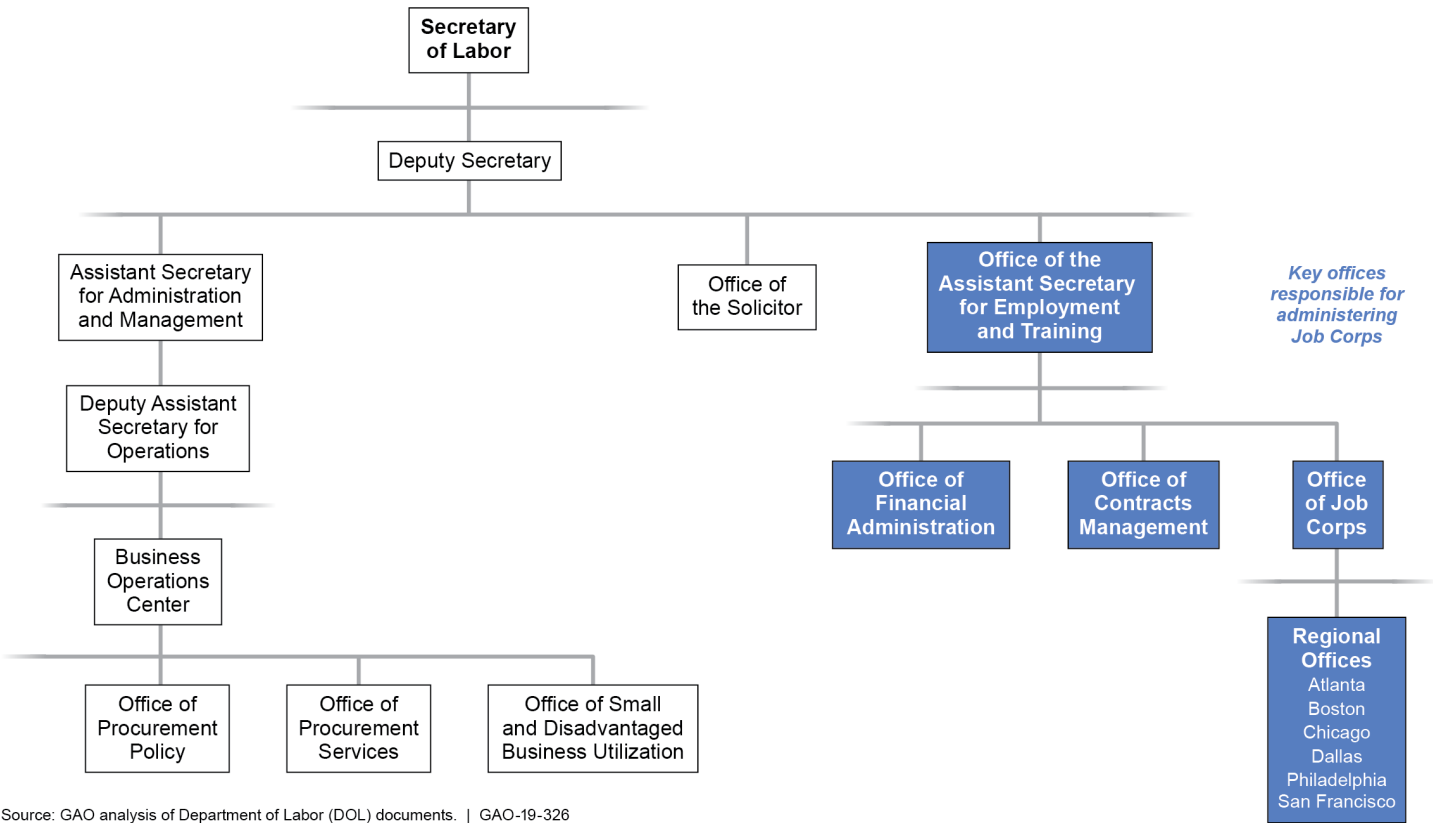
Source: Employment and Training Administration (ETA) data; National Atlas (base map). | GAO-19-326

Note: Locations are approximate

Note: As of February 2019, ETA officials said that a total of four centers had operations suspended, reducing the total number of operating centers from 123 to 119. Three contract centers—two centers in Puerto Rico and one in Florida—had operations suspended due to hurricane damage during 2017. The Ramey Job Corps Center in Puerto Rico re-opened in May 2018. A fourth contract center in Georgia had operations temporarily suspended due to construction of a new center, according to ETA officials.

Multiple offices within DOL at the national and regional levels are involved in Job Corp center contracting (see fig. 2).

Figure 2: Key Department of Labor (DOL) Offices Involved In Job Corps Center Contracting



Source: GAO analysis of Department of Labor (DOL) documents. | GAO-19-326

Note: The figure above includes key DOL offices that are relevant for the purposes of this report. It does not present a comprehensive picture of DOL's organizational structure.

Three offices within ETA award and monitor Job Corps center contracts.

- The Office of Job Corps oversees program operations and monitors contractors who operate Job Corps centers. Each regional office has

between seven and nine program managers who carry out these functions and assist in the contracting process.¹²

- The Office of Contracts Management awards and manages Job Corps center and other support contracts, and oversees ETA's Contract Review Board, which, among other things, generally reviews all competitive Job Corps center contracts over \$1 million. Each regional office has one contracting officer who is the designated official with the legal authority to enter into, administer, and terminate Job Corps contracts on behalf of the government. In addition, regions have contract specialists who assist the contracting officer in managing Job Corps center and support contracts.¹³ Contracting officers and contract specialists in Job Corps' regional offices report to the Office of Contracts Management.
- The Office of Financial Administration monitors Job Corps' budget and spending, communicates information about the availability of funds for Job Corps center and support contracts, and calculates and pays incentive fees to contractors, among other types of fees. At the national level, budget analysts carry out these functions and are assigned to each Job Corps regional office.

In addition, other DOL offices are involved in Job Corp center contracts. Specifically, DOL officials said that the Office of the Solicitor provides legal advice and representation to ETA on legal matters related to Job Corps center contracts, such as protests and contractors' failure to meet specific contractual requirements. DOL's department-wide Procurement Review Board within the Office of Procurement Policy reviews and approves all noncompetitive Job Corps center and support contracts. DOL's Office of Small and Disadvantaged Business Utilization reviews and makes recommendations on all ETA procurements over a certain threshold. DOL officials told us this includes reviewing whether to set aside Job Corps center and support contracts for small businesses.

¹²According to ETA officials, program managers have programmatic and contract oversight responsibilities. For the purposes of this report, we refer to these managers as program officials.

¹³For the purposes of this report, we refer to the regional contracting officer and contract specialist as contracting officials, unless otherwise specified.

Awarding Contracts Competitively and Noncompetitively

Similar to other federal agencies, ETA is generally required to use full and open competition—meaning all responsible parties are permitted to compete—when awarding contracts.¹⁴ Competition is considered a cornerstone of the federal acquisition system and a critical tool for achieving the best return on investment for taxpayers. In addition, competitively-awarded contracts can help conserve scarce resources, improve contractor performance, curb fraud, and promote accountability.¹⁵ In fiscal year 2017, over 80 percent of obligations at federal civilian agencies (non-defense) were awarded competitively.

Despite the preference for competition, federal procurement law recognizes that full and open competition is not feasible in all circumstances and authorizes contracting without full and open competition under certain conditions.¹⁶ For example, contracting officers may award a contract noncompetitively if one of seven exceptions listed in Federal Acquisition Regulation (FAR) subpart 6.3 applies. Examples of allowable exceptions include circumstances when products or services required by the agency are available from only one source, or when the need for products and services is of such an unusual and compelling urgency that the federal government faces the risk of serious financial or other injury.¹⁷ Generally, exceptions to full and open competition must be supported by written justification and approval documents that contain sufficient facts and rationale to justify use of an exception.¹⁸

¹⁴See the Federal Acquisition Regulation (FAR) 2.101; FAR subpart 6.1. In addition, WIOA also requires DOL to select Job Corps centers on a competitive basis. See 29 U.S.C. § 3197(a)(2)(A).

¹⁵GAO, *Defense Contracting: Competition for Services and Recent Initiatives to Increase Competitive Procurements*, [GAO-12-384](#) (Washington, D.C.: March 15, 2012).

¹⁶10 U.S.C. § 2304; 41 U.S.C. § 3304, implemented at FAR subpart 6.3.

¹⁷The other five exceptions to the requirement for full and open competition in FAR subpart 6.3 may be based on the following circumstances: (1) industrial mobilization; engineering, developmental or research capability; or expert services; (2) international agreement; (3) national security; (4) public interest; and (5) when a statute expressly authorizes or requires that the acquisition be made through another agency or from specified source. See FAR 6.302.

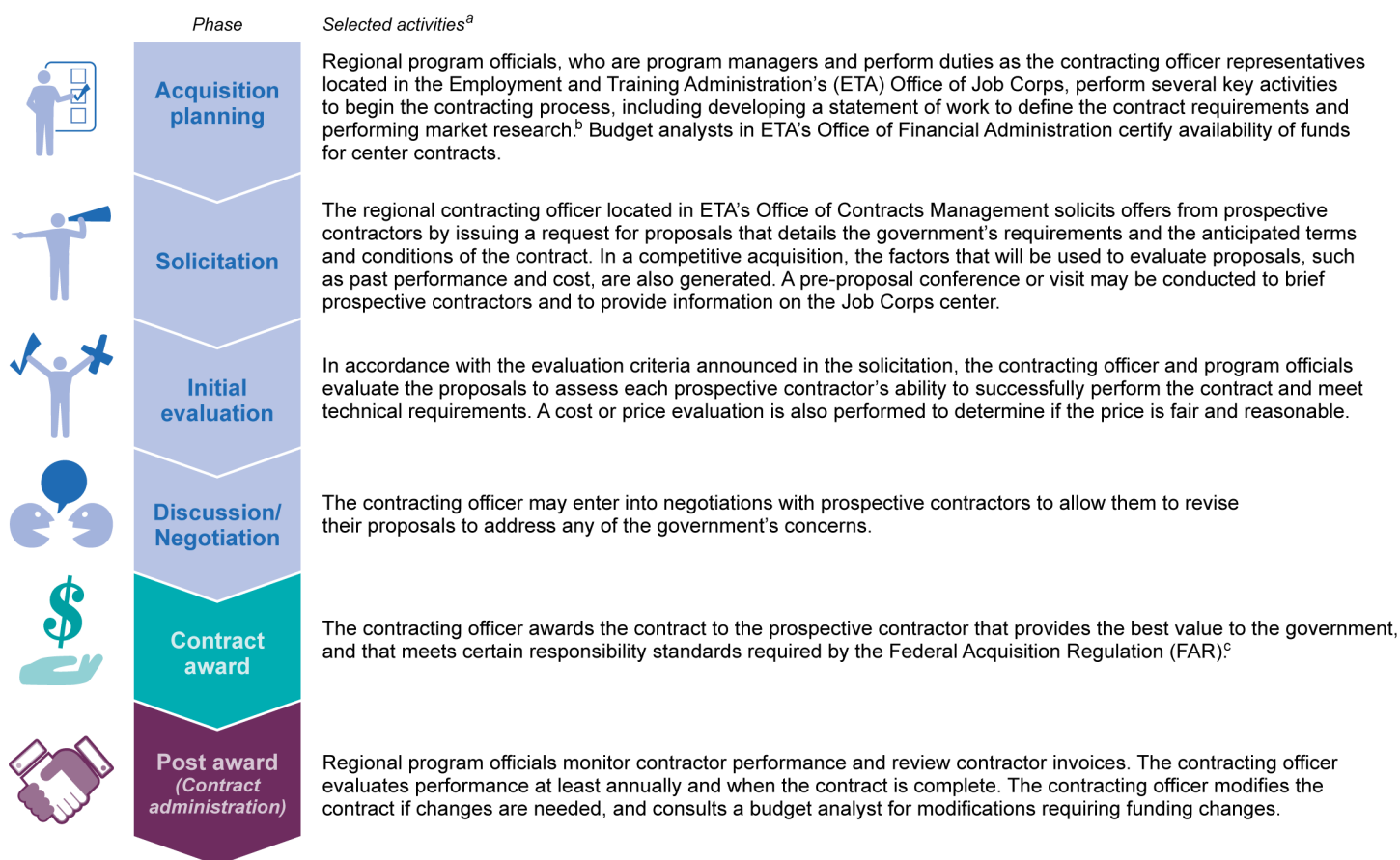
¹⁸See FAR 6.302 and 6.303.

ETA's Process for Awarding and Monitoring Job Corps Center Contracts

ETA's process for awarding and monitoring Job Corps center contracts generally consists of several phases, which we have categorized into six areas that reflect the federal contracting process. As shown in figure 3, Job Corps' contracting process starts with acquisition planning and concludes with contract administration.¹⁹ Within each phase, regional program and contracting officials conduct various contracting activities, such as evaluating proposals received from prospective contractors. In addition, budget analysts support the acquisition process by communicating information about the availability of funding for Job Corps center contracts, among other duties.

¹⁹Acquisition planning is the process by which the efforts of all personnel responsible are coordinated and integrated through a comprehensive plan for fulfilling the agency need in a timely manner and at a reasonable cost. It also includes developing the overall strategy for managing the acquisition. We have previously reported on the importance of sound acquisition planning to establish a strong foundation for successful outcomes for the billions of dollars civilian agencies spend annually on acquiring services. See GAO, *Acquisition Planning: Opportunities to Build Strong Foundations for Better Service Contracts*, [GAO-11-672](#) (Washington, D.C.: Aug. 9, 2011).

Figure 3: Selected Phases and Activities in Job Corps' Contracting Process



Source: FAR and ETA policies and procedures. | GAO-19-326

^aThe figure above includes only those activities for negotiated contracts solicited using full and open competition and awarded under FAR Part 15 that are relevant for the purposes of this report, and does not include all activities within each phase of the contracting process. The specific activities performed will differ based on the unique circumstances of each contract, including, for example, whether discussions are held.

^bMarket research—the process used to collect and analyze information about capabilities within the market to satisfy an agency's needs—is a critical step in the contracting process that helps to inform key decisions about how best to acquire goods and services. This includes assessing whether small businesses are capable of meeting the requirement. For more information, see GAO, Market Research: Better Documentation Needed to Inform Future Procurements at Selected Agencies, [GAO-15-8](#) (Washington, D.C.: Oct 9, 2014).

^cFAR 9.104 requires prospective contractors to meet certain standards to be determined "responsible" to perform the contract. These standards include having adequate financial resources in place to perform the contract and having a satisfactory performance record, among other requirements.

Interested parties—including actual or prospective offerors—may make written objections (which are referred to as protests) of an agency’s actions concerning the solicitation and award of contracts.²⁰ For example, interested parties may object to the award of a Job Corps center contract if they believe the contract was awarded improperly. Parties may file protests in several different venues, including with the agency, GAO, or the U.S. Court of Federal Claims. Parties that disagree with the agency’s protest decisions or GAO’s recommendations can file a protest with the U.S. Court of Federal Claims. The legal procedures and the length of time it can take to resolve a protest varies based on the venue in which the protest was filed. For example, protests filed with the agency should be resolved within 35 days, while GAO generally decides protests within 100 days.

In some instances, interested parties may seek to halt the award or suspend performance of the contract until the protest is resolved. This can introduce potential delays in the agency’s acquisition process or interrupt the performance of an existing contract. Protests may be resolved in a variety of ways depending on which venue the protest was filed. For protests that are found to have merit, the agency may take actions such as issuing a new solicitation, re-competing a contract, or terminating a contract. Parties can also withdraw their protest at any time during the process.

Job Corps Center Performance Measurement

ETA established a performance management system (commonly referred to as the Job Corps’ Outcome Measurement System) to assess center performance and program effectiveness. In program years 2016 and 2017, center contractors collected and reported to ETA data related to performance measures that generally fall under three areas of services provided to students: (1) direct center services (e.g., helping students attain a high school diploma or high school equivalency); (2) short-term career transition services (e.g., placement of graduates in a job related to their training); and (3) long-term career transition services (e.g., job placements of graduates 6 and 12 months after completing the

²⁰An “interested party” for the purpose of filing a protest means an actual or prospective offeror whose direct economic interest would be affected by the award of the contract or by failure to award the contract. FAR 33.101.

program).²¹ For each measure reported, ETA established a national performance goal and assigned a weight that represents its relative importance for achieving student outcomes. The sum of the ratings on each performance measure was used to develop an overall ranking for each center.

According to ETA officials, they revised Job Corps' outcome measurement system for program year 2018 to align with requirements under the Workforce Innovation and Opportunity Act (WIOA).²² Under the Act, ETA is required to annually assess the performance of each Job Corps center and to report to Congress on their performance based on specified performance indicators.²³ Officials said they are currently tracking Job Corps data on eight performance measures related to various student outcomes such as measurable skills gain and credential attainment (i.e., earning a high school diploma or its equivalent, or completing career and technical training).²⁴ ETA reported these new measures for program year 2018.

Prior GAO Reports on the Use of Bridge Contracts

In certain situations, it may become evident that services could lapse before a subsequent contract can be awarded. In these cases, because of time constraints, contracting officers may, for example: (1) extend the existing contract or (2) award a short-term stand-alone contract to the incumbent contractor on a sole-source basis to avoid a lapse in services.²⁵ Both these extensions and new sole-source contracts are

²¹ETA developed these performance measures to meet requirements in the Workforce Investment Act of 1998, the legislation that authorized the Job Corps program prior to the enactment of WIOA. See appendix II for a complete list of Job Corps center performance measures for program years 2016 and 2017.

²²WIOA was enacted in 2014 and authorizes employment, training, and education programs, including for populations with barriers to employment. Among other things, WIOA reauthorized the Job Corps program. See Pub. L. No. 113-128, § 141-162, 128 Stat. 1425, 1537-60 (2014).

²³29 U.S.C. §§3141, 3209. DOL issued a final rule implementing WIOA's changes to the Job Corps program, including the performance indicators, which generally took effect in October 2016. See Workforce Innovation and Opportunity Act, 81 Fed. Reg. 56,071 (Aug. 19, 2016) (codified in relevant part at 20 C.F.R. pt. 686).

²⁴The other six performance measures related to student outcomes officials identified included: (1) placement rate, (2) placement average wage, (3) placement quality rating, (4) graduate and former enrollee placement rate in quarter two after exit quarter, (5) graduate and former enrollee placement rate in quarter four after exit, and (6) graduate and former enrollee average earnings in quarter two after exit quarter.

²⁵See FAR 52.217-8.

informally referred to as bridge contracts by some in the acquisition community, and we have used this definition in previous work.²⁶

In our October 2015 report, we found that the three selected agencies included in our review—the Departments of Defense, Health and Human Services, and Justice—had limited or no insight into their use of bridge contracts, as bridge contracts were not defined or addressed in department-level guidance or in the FAR.²⁷ In response, we recommended that the Administrator of the Office of Federal Procurement Policy (OFPP)—an office within the Office of Management and Budget (OMB) that provides government-wide guidance on federal contracting—take the following actions: (1) develop a standard definition for bridge contracts and incorporate it as appropriate into relevant FAR sections and (2) provide guidance to agencies as an interim measure until the FAR is amended. OFPP agreed with these two recommendations; however, as of May 2019, OMB had not yet implemented them. We acknowledge that in the absence of a government-wide definition, agencies may have differing views of what constitutes a bridge contract. For example, ETA informed us that it does not consider competitive contracts that exercise the “Option to Extend Services” under FAR 52.217-8 to be bridge contracts. However, ETA and DOL could not provide us with a documented definition of bridge contracts for their agency. Contracts and extensions (both competitive and noncompetitive) are included in our definition of a bridge contract because the focus of the definition is on the intent of the contract or extension.²⁸

²⁶GAO-16-15 and GAO-19-63.

²⁷GAO-16-15.

²⁸GAO’s definition includes all types of contract extensions, both those that may be considered “competitive”, e.g. the use of FAR 52.217-8 when it was evaluated at award, and those that are “noncompetitive”, e.g., those that are used to extend the period of performance beyond that of the original contract using other than full and open competition, when the intention is to bridge a gap in services. Also, we included contracts that were awarded on a sole source basis to participants in the 8(a) program—a program designed to assist small, disadvantaged businesses in competing in the American economy through business development. In three cases, the contracts we reviewed did not fully meet our definition of a bridge contract because they were not awarded to the incumbent contractor. For the purposes of our report, we considered these awards to be bridge contracts, as they were intended to bridge a gap in service due to a delay in the award of a follow-on contract. When collectively referring to all of these subsets, we refer to them as bridge contracts.

ETA Used Bridge Contracts Extensively for Center Operations During Program Year 2016 Due to Workforce Challenges and Other Reasons

ETA Used Bridge Contracts to Operate Nearly Three-Quarters of Its Job Corps Centers During Program Year 2016

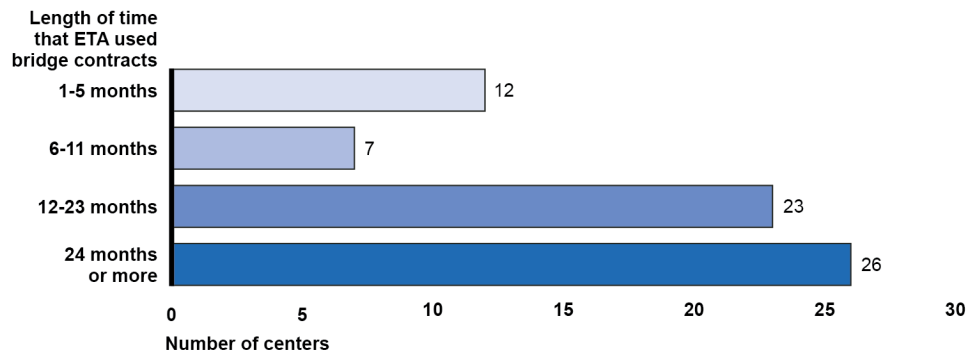
Nearly three-quarters of the Job Corps centers (68 of 97) were operated by contractors under bridge contracts at some point during program year 2016.²⁹ Of the 68 centers that operated under bridge contracts, 58 centers had at least one bridge contract awarded on a sole source basis, or noncompetitively. The other 10 centers had bridge contracts based on use of the “Option to Extend Services” clause.³⁰ While GAO has found that bridge contracts are generally envisioned as short-term, over two-thirds of the centers (49 of 68) that used bridge contracts in program year 2016 operated under them for at least 12 months, with over a third of these centers operating under bridge contracts for at least 2 years or potentially longer.³¹ Figure 4 shows the minimum length of time ETA used bridge contracts to operate Job Corps centers.

²⁹In program year 2016, 99 Job Corps centers were operated by contractors. The three centers in Puerto Rico are operated under one contract. For the purposes of our analysis, we counted these three centers as one center, reducing our center count to 97.

³⁰See FAR 52.217-8.

³¹For our analysis, we report the minimum length of time that ETA used bridge contracts to operate Job Corps centers, for those centers that used a bridge contract at some point during program year 2016. Centers could have operated under bridge contracts prior to this time frame; however, reviewing such contracts was outside the scope of our review. Therefore, our analysis may underestimate the time that ETA operated some centers under bridge contracts.

Figure 4: Minimum Length of Time that Job Corps Centers Relied on Bridge Contracts



Source: GAO analysis of Federal Procurement Data System-Next Generation data and contract-related information associated with the period of performance; and the Employment and Training Administration's (ETA) justification and approval documentation for the identification of bridge contracts. | GAO-19-326

Note: This figure may represent a minimum length of time that bridging occurred for the 68 centers that GAO identified as having a bridge contract in place at some point during program year 2016. GAO's analysis does not include bridge contracts that were completed before the start of program year 2016 because it was beyond the scope of our review. Therefore, our analysis may underestimate the time that some centers operated under bridge contracts.

Our in-depth review of 10 centers highlights how a center may use bridge contracts for longer periods of time. For example, for 1 of the 10 centers we reviewed and that operated under bridge contracts for 30 months, ETA first opted to exercise the option to extend services clause with the same contractor for 6 months, between May and October 2014. By the end of the extension, ETA was unable to award the follow-on contract and instead awarded a 2-year bridge contract to the same contractor. ETA stated that with respect to this center, it needed to use a bridge contract due to several factors, including protests, funding challenges, and internal efforts to strengthen aspects of the procurement process. Subsequently, ETA awarded a competitive follow-on contract in September 2016 to a new contractor.

ETA Cited Acquisition Workforce Challenges and Other Reasons that Led to the Need to Use Bridge Contracts During Program Year 2016

Acquisition Workforce Challenges

ETA cited several reasons that contributed to its need to use bridge contracts during program year 2016, according to the justification and approval documents we reviewed and our interviews with national and regional officials. For example, acquisition workforce challenges were a primary reason ETA cited for its need to use bridge contracts. ETA also frequently cited protests by Job Corps contractors; at times citing protests that dated back to 2011.³²

Leading up to program year 2016, ETA national officials said they encountered a number of acquisition workforce challenges that affected their ability to competitively award Job Corps center contracts.³³ These challenges included: (1) staff attrition in key contracting positions, (2) the need to hire and train new contracting staff, and (3) the need to divert staff to address new requirements under WIOA and other issues. As discussed earlier, ETA has one contracting officer position for each of its six regions. ETA officials said they faced significant attrition in the Office of Contracts Management around 2013 when all but one of the six regional contracting officers left or retired, leaving them with limited regional resources to award center contracts. San Francisco was the only Job Corps region that did not lose its contracting officer. Officials said that this may help to explain why the region operated under fewer bridge contracts as compared to the other five regions. In addition, ETA officials said the agency decided to centralize contracting positions in the national office in 2013 due to concerns about oversight of regional contracting staff. In 2015, ETA decided to reestablish its regional contracting structure, with one contracting officer in each region.

To address the large number of staff departures, ETA hired new contracting officers and all of the contracting officers we spoke with told us that they joined ETA's Office of Contracts Management in 2015 or

³²The written justification and approval documents for centers operating under noncompetitive bridge contracts during program year 2016 generally cited that only one source could meet their needs pursuant to FAR 6.302-1.

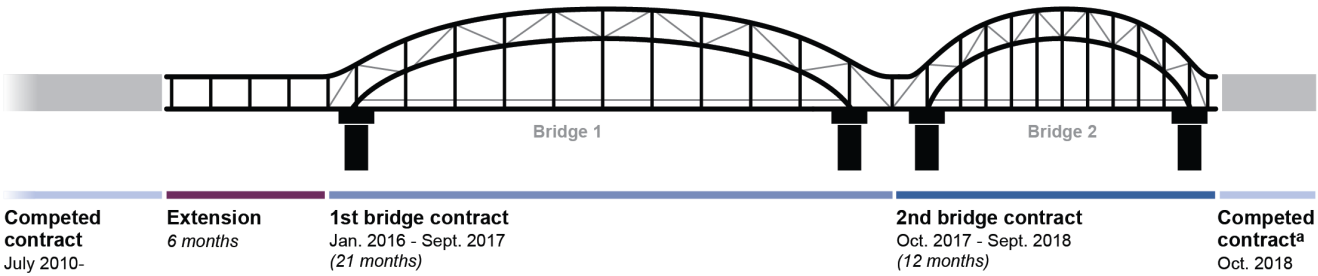
³³In 2005, OFPP defined the civilian acquisition workforce to include, among other positions, professionals serving as contracting officers, program/project managers, and contracting officer's representatives. See OMB, Policy Letter 05-01, April 2005. Also, GAO's prior work emphasizes the important role the acquisition workforce plays in managing programs and overseeing contracts. GAO, *Acquisition Workforce: Federal Agencies Obtain Training to Meet Requirements but Have Limited Insight into Costs and Benefits of Training Investment*, [GAO-13-231](#) (Washington, D.C.: March 28, 2013); and GAO, *Defense Acquisition Workforce: Actions Needed to Guide Planning Efforts and Improve Workforce Capability*, [GAO-16-80](#) (Washington, D.C.: Dec. 14, 2015).

2016. When ETA filled its staff vacancies, it hired contracting officers who had prior experience at other agencies. Nonetheless, some contracting officers said it still took time for them to get up to speed due to the uniqueness and complexity of Job Corps center operations contracts. Program officials said that the additional time needed to explain program requirements to new contracting staff slowed down the contracting process. Also, national officials said that contracting officers were unable to competitively award center contracts because of the time needed to carry out acquisition planning tasks, which as we have previously reported, are important to establishing a strong foundation for the contracting process.³⁴ Such activities include market research, which is used to collect and analyze information about capabilities within the market available to satisfy agency needs. According to ETA's Acquisition Handbook, market research should occur at least 16 months prior to the anticipated award of a new center contract and after the requirements have been developed by the Office of Job Corps. Figure 5 provides an example of how acquisition workforce challenges affected one of the centers in our in-depth review.

³⁴[GAO-11-672](#).

Figure 5: Example of How Acquisition Workforce Challenges Contributed to the Employment and Training Administration’s (ETA) Use of Bridge Contracts for Job Corps Center Operations

At one Job Corps center we reviewed, ETA used bridge contracts instead of awarding a competitive contract for center operations before the competed contract expired in June 2015. ETA used the option to extend services clause to continue services with the same contractor until the end of December 2015. As the extension was ending, ETA used a 21-month noncompetitive bridge contract to the same contractor. In the written justification and approval document, ETA stated that the contract was necessary because staff resources had been diverted from ongoing and upcoming procurements, and the Office of Contracts Management engaged in extensive efforts to update the solicitation template used for Job Corps procurements. ETA awarded another 12-month bridge contract for which the period of performance began in October 2017, citing workforce and other challenges that delayed the procurement, including the departure of contracting staff, which required the reassignment of this workload and the loss of contracting documentation. In addition, ETA noted that due to the aforementioned delays, both the market research and scope of work needed to be updated because the information had become outdated and did not reflect changes in market conditions or student levels at the center. ETA awarded the competitive follow-on contract in October 2018.



Source: GAO analysis of ETA contract documents. | GAO-19-326

^aAn overlap of about 30 days occurred at the end of the second bridge contract and the start of the competitive follow-on contract. The second bridge contract was extended from September 2018 to November 2018. This overlapped in October 2018 for the transition between the incumbent contractor and the new contractor.

Additionally, in the written justification and approval documents for noncompetitive bridge contracts related to 35 of the 68 Job Corps centers that operated under bridge contracts during program year 2016, ETA officials noted that they had to divert contracting staff to implement contracting changes that resulted from the passage of WIOA.³⁵ WIOA included provisions that affected the Job Corps contracting process, including requiring that certain criteria be considered when selecting an entity to operate the centers. DOL issued regulations implementing these

³⁵Seven centers in our analysis had more than one justification and approval document in program year 2016.

provisions in August 2016.³⁶ Additionally, in written justification and approval documents for noncompetitive bridge contracts related to 34 of the 68 Job Corps centers that operated under bridge contracts during program year 2016, ETA officials noted that they diverted staff from awarding Job Corps procurements to address financial issues encountered by the program. GAO and DOL's Office of Inspector General previously reported on earlier problems with ETA's financial management oversight of Job Corps.³⁷ In particular, DOL's Inspector General reported insufficient management oversight and inadequate documentation led to ETA obligating funds that had yet to be appropriated across multiple years.³⁸ In response, ETA officials said that the agency had, among other actions taken, provided training to its program and contracting staff in program year 2016.

Protests

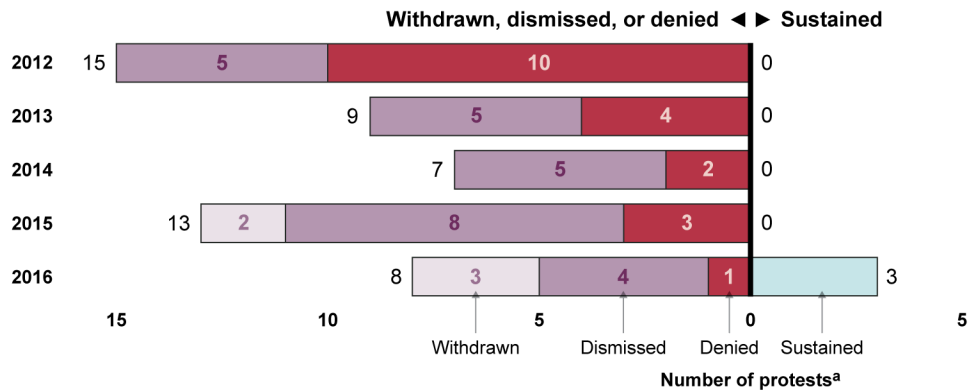
In our review of ETA's written justification and approval documents for noncompetitive bridge contracts related to 42 of the 68 Job Corps centers that operated under bridge contracts during program year 2016, ETA officials cited protests from Job Corps offerors as a reason for using bridge contracts. Some of these justifications cited specific center protests, while others cited the accumulation of protests beginning in 2011. According to ETA officials, in general, each time a protest is filed, the center contract in question is either not awarded or performance on the contract is suspended until the protest is resolved. Our analysis of DOL's data of protests filed with GAO, the agency, or the U.S. Court of Federal Claims shows that a total of 11 protests were filed in program year 2016 related to seven centers; however, Job Corps offerors filed 44 protests in the four proceeding program years. Figure 6 presents DOL's data on the number of Job Corps center protests by decision outcome filed in program years 2012 to 2016 before GAO, the agency, or the U.S. Court of Federal Claims.

³⁶ See Pub. L. No. 113-128, § 147, 128 Stat. 1425, 1542-47 (2014) (codified at 29 U.S.C. § 3197) and Workforce Innovation and Opportunity Act, 81 Fed. Reg. 56,071 (Aug. 19, 2016). These regulations generally took effect October 18, 2016.

³⁷ See Department of Labor Office of Inspector General, *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 (Washington, D.C.: May 31, 2013); GAO, *Job Corps: Assessment of Internal Guidance Could Improve Communications with Contractors*, [GAO-15-93](#) (Washington, D.C.: Jan. 22, 2015); and Department of Labor Office of Inspector General, *ETA Violated the Bona Fide Needs Rule and Antideficiency Act*, Report No. 26-17-002-03-370 (Washington, D.C.: Sept. 21, 2017).

³⁸ See Department of Labor Office of Inspector General, Report No. 26-17-002-03-370.

Figure 6: Number of Job Corps Center Protests by Decision Outcome in Program Years 2012-2016



Source: GAO analysis of Department of Labor (DOL) data on protests that were filed before GAO, the agency, and the United States Court of Federal Claims. | GAO-19-326

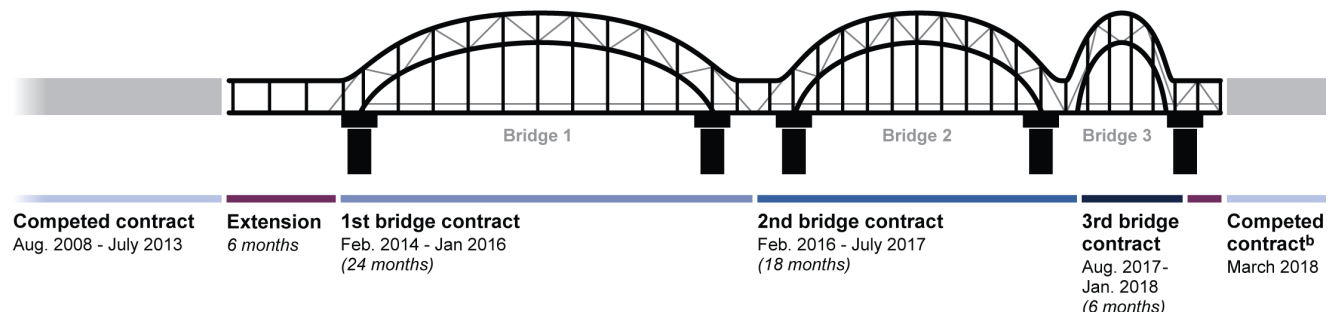
Note: This figure presents GAO's analysis of DOL's classification and tracking of data on protests that were filed before the agency, GAO, and U.S. Court of Federal Claims.

^aSome centers procurements were protested several times in the same year. DOL categorized protests as being resolved in one of three ways: (1) sustained—if the protest was found creditable; (2) denied—if it was determined that the protest has no merit; or (3) dismissed—if there was a technical or procedural flaw when filing the protest, such as a lack of timeliness or jurisdiction. Parties can also withdraw their protest at any time during the process.

ETA officials said that the accumulation of protests filed since 2012 contributed to the agency's heavy reliance on bridge contracts in 2016. ETA officials explained that they temporarily suspended the issuance of solicitations for center contracts prior to program year 2016 to address the issues raised in the protests. This resulted in a backlog of contracts waiting to be competitively awarded. We found that protests were not the only factor contributing to ETA's need to use bridge contracts. Figure 7 provides an example of how a protest and other factors affected one center in our in-depth review.

Figure 7: Example of How a Protest and Other Factors Contributed to the Employment and Training Administration's (ETA) Use of Bridge Contracts for Job Corps Center Operations

At one center we reviewed, the incumbent contractor challenged ETA's decision to set aside the center contract for small businesses. Specifically, the incumbent contractor filed a protest with the U.S. Court of Federal Claims in October 2012 before ETA could issue the solicitation. According to ETA officials, while the protest was pending, ETA extended the current contract for 6 months with the incumbent contractor using the option to extend services clause. When the extension ended, the protest had not yet been resolved, and ETA then awarded the first of three noncompetitive bridge contracts to the incumbent contractor in January 2014, for which the period of performance began in February 2014. The protest was denied in February 2014 and ETA then resumed its procurement process. However, other factors, such as staff turnover, contributed to further delays. As a result of these delays, ETA awarded the second noncompetitive bridge contract in January 2016 and the last one in July 2017 to the incumbent contractor.^a The competitive follow-on contract was awarded in March 2018 to a new contractor.



Source: GAO analysis of ETA contract documents. | GAO-19-326

^aThe period of performance for the second bridge contract began in February 2016 and the period of performance for the last bridge contract began in August 2017.

^bAn overlap of about 60 days occurred at the end of the third bridge contract and the start of the competitive follow-on contract. The third bridge contract was extended from January 2018 to April 2018. This overlap in March 2018 provided for the transition between the incumbent contractor and the new contractor.

In one partially sustained protest filed at GAO, GAO found that ETA failed to meaningfully consider whether another contractor was capable of performing the procured services before it awarded a noncompetitive bridge contract to the incumbent contractor.³⁹ In this instance, ETA published a notice of its intent to award a sole-source contract, inviting companies to submit a statement demonstrating their capabilities within 7 days. However, a day after publishing the notice, DOL's chief procurement officer signed the justification for the sole-source contract,

³⁹*Matter of Career Systems Development Corporation*, B-411346.11; B-411346.12; B-416021; B-416021.2, decided May 18, 2018.

and DOL entered into the sole-source contract with the incumbent contractor without considering other prospective contractors' capability to perform the procured services.

ETA officials told us that some of the protests were caused in part by the agency's decision to set aside more Job Corps center contracts for small businesses.⁴⁰ Federal regulations require all federal agencies with procurement authority to "provide maximum practicable opportunities" for small businesses to win awards for government contracts, thereby meeting specific government-wide goals.⁴¹ ETA officials said that the agency's decision to set aside more center contracts for small businesses precluded larger incumbent contractors—some of which had historically operated centers—from competing for some center contracts. In response, ETA officials said some of these contractors filed protests that challenged ETA's decisions to set aside center contracts for small businesses.

Other Contracting Issues

ETA identified a number of other contracting issues as reasons for using bridge contracts. For example, in the justification and approval documents we reviewed related to contracts for four centers, ETA officials said procurements for competitive Job Corps center contracts were suspended because the pre-award processes had been compromised due to the unauthorized release of confidential contractor information in 2015. This included sensitive information on the incumbent contractor's staffing levels and rates of pay, among other information. In response to this unauthorized release, ETA delayed new competitive procurements and used bridge contracts to continue services until the released information was no longer applicable and would not harm the contractor's ability to compete.⁴²

⁴⁰A small business set aside is an acquisition in which only small businesses can participate. Specifically, a contracting officer can set aside any acquisition over a certain threshold for small business participation when there is a reasonable expectation that: (1) offers will be obtained from at least two responsible small businesses, and (2) the award will be made at fair market prices. See FAR 19.502-2(b).

⁴¹FAR 19.201.

⁴²In other procurements, the written justification and approval documents we reviewed cited other contracting issues such as delays associated with changes ETA made to internal templates used to estimate procurement costs and changes to the scope of the work after offers were solicited.

ETA Used Various Strategies to Decrease Its Use of Noncompetitive Bridge Contracts, but Acquisition Planning and Workforce Challenges Remain

ETA Prioritized Competitive Awards and Used Other Strategies to Improve the Contracting Process to Reduce the Use of Noncompetitive Bridge Contracts

ETA officials said they more recently used various strategies to improve the contracting process, which allowed them to award competitive contracts more quickly and reduce their reliance on noncompetitive bridge contracts to operate Job Corps centers. According to our analysis of FPDS-NG data and contracting documentation, most of the centers (48 of 68) that operated under bridge contracts during program year 2016 transitioned to competitively awarded contracts by the end of program year 2017. The strategies ETA identified as contributing to reducing the backlog of centers awaiting contract awards included:

- **Prioritizing staff efforts on competitive awards.** Contracting officials said that they awarded competitive contracts for an average of 12 to 14 Job Corps centers in a region at the same time, which they noted is a high volume of contract activity to execute concurrently. They said that Job Corps center contracts typically can take approximately 8 to 12 months from solicitation to award for new 5-year competitive procurements. In regions without a contracting officer, officials said that they had to rely on contracting officers from other regions and the national office to handle the workload. In addition, some program officials said that they were instructed to prioritize competitive procurements over some of their other program responsibilities, such as conducting on-site visits at Job Corps centers. As of January 2019, officials said they were able to clear the entire procurement backlog for center contracts during 2018.
- **Using oral presentations to evaluate prospective contractors.** ETA officials said they increased their use of oral presentations, in accordance with FAR 15.102, from prospective contractors during the

initial evaluation phase of the contract award process.⁴³ In a typical initial evaluation, regional program and contracting officials assess prospective contractors' ability to meet the contract requirements, among other areas. Contracting and program officials told us that reviewing technical proposals can be very time consuming because each proposal can be more than 100 pages long; thus, in ETA's view, oral presentations can streamline the proposal review process.

- **Awarding indefinite-delivery/indefinite-quantity (IDIQ) contracts.** In November 2016, ETA awarded IDIQ contracts that allow ETA to quickly award task orders in the event a center may experience a lapse in services, such as when a center contractor files for bankruptcy and abandons the center. ETA officials also said that such contracts could be used when a center contract is expiring and no follow-on contract has been awarded.⁴⁴ According to the solicitation for the IDIQ contracts, selected contractors should be able to quickly take over center operations with limited disruption, provide the upkeep of the facility, and ensure safe living and learning environments for students, among other duties. Twelve contractors were awarded IDIQ contracts and may compete for task orders to operate specific centers. Regional contracting officials said the process for awarding a task order is generally faster than their typical competitive center contracts.⁴⁵ They also noted that IDIQ contracts have been a helpful tool in continuing operations at centers during protests. Regional officials told us that incumbent contractors would previously file protests when they were unsuccessful in winning new center

⁴³FAR 15.102 allows the government to substitute oral presentations by offerors for written information.

⁴⁴IDIQ contracts may be awarded to one or more contractors to acquire products or services when the government does not know at the time of award the exact times or exact quantities of future deliveries. After determining its requirements, agencies subsequently award delivery or task orders to acquire the product or service needed. See GAO, *Federal Contracts: Agencies Widely Used Indefinite Contracts to Provide Flexibility to Meet Mission Needs*, [GAO-17-329](#) (Washington, D.C.: April 13, 2017); and GAO, *Defense Contracting: Use by the Department of Defense of Indefinite-Delivery Contracts from Fiscal Years 2015 through 2017*, [GAO-18-412R](#) (Washington, D.C.: May 10, 2018).

⁴⁵According to ETA officials, the period of performance for task orders awarded from ETA's IDIQ contracts can be up to 5 years. We did not conduct a broader review of ETA's IDIQ contracts and task orders awarded for Job Corps center operations. Our prior work has identified similar advantages of using IDIQ contracts. For example, contracting officials at the Department of Defense cited flexibility as the main advantage for using IDIQ contracts, noting that it was easier and faster to place an order under an existing IDIQ contract than to solicit and award a separate contract each time a need arose. See [GAO-17-329](#).

contracts because their existing contract was extended while the protest was resolved. In the future, ETA officials said they can quickly award a task order from an IDIQ contract to replace an incumbent contractor during a protest. Also, under the terms of the solicitation for the IDIQ contracts, contractors who received one of the 12 IDIQ contracts would be prohibited from competing for task orders for centers where they are the incumbent contractor. In program year 2017, ETA awarded task orders to continue services at four centers.

ETA Continues to Face Acquisition Planning and Workforce Challenges That May Hinder Its Ability to Minimize Future Use of Bridge Contracts

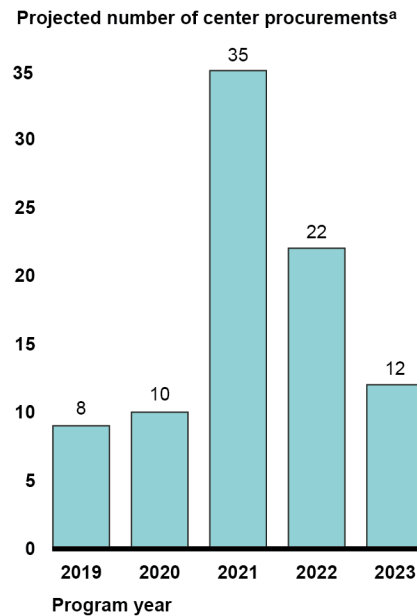
Planning for Future Procurements

Despite ETA's efforts to reduce its use of bridge contracts, we identified ongoing acquisition planning and workforce challenges. These challenges fall into three categories: (1) planning for future procurements; (2) addressing acquisition workforce vacancies; and (3) implementing a new contracting approach. These areas could pose a risk to ETA's management of Job Corps center contracts, including its ability to minimize the use of bridge contracts in the future, if unresolved.

Based on our analysis, we project that more than half (57 of 97) of Job Corps center contracts may need new contracts in program years 2021 and 2022, according to our analysis of FPDS-NG data and contract documentation (see fig. 8).⁴⁶

⁴⁶Our analysis assumes that ETA would exercise all three 1-year options on each competitively awarded contract, and that no other significant program or contract changes occur. If, for example, ETA does not exercise all three option years for a center contract the center would need a new contract sooner.

Figure 8: Number of Job Corps Centers Projected to Need New Contracts in Program Years 2019-2023



Source: GAO analysis of data from the Federal Procurement Data System-Next Generation and information provided by officials at the Department of Labor's Employment and Training Administration. | GAO-19-326

^aJob Corps center contracts may be awarded for an initial term of no more than 2 years with three 1-year options. GAO's analysis accounts for this complete period of performance; however, if all three option years are not exercised or if other significant program or contract changes occur, the center may need a new contract sooner. In addition, GAO's analysis excludes 10 centers that were still operating under noncompetitive bridge contracts, operating under task orders, or were no longer open.

Contracting officials expressed concerns about their capacity to conduct acquisition planning to award future center contracts given that two of six regions are currently without contracting officers, despite efforts to fill all vacant contracting officer positions. For the centers that we projected will need new contracts in program years 2021 and 2022, ETA will need to begin conducting acquisition planning relatively soon. According to contracting officials, acquisition planning and market research can take anywhere from 6 months to several years, depending on the requirement. Once these steps are completed, officials said it can take approximately 8 to 12 months from solicitation to award for new 5-year competitive procurements. Therefore, acquisition planning for a Job Corps center contract set to expire in January 2021 would need to begin before early 2020.

We have previously reported that agencies have faced challenges allowing sufficient time to conduct acquisition planning, which can increase the risk that the government may receive services that cost more than anticipated, are delivered late, and are of unacceptable quality.⁴⁷ According to the FAR, agencies should generally begin acquisition planning as soon as the agency need is identified, preferably well in advance of the fiscal year when the contract needs to be awarded to obtain timely services. The FAR also notes that the lack of advance planning is not a basis for justifying the use of other than full and open competition.⁴⁸

Contracting officials said that finding ways to stagger Job Corps center contracts could help prevent a future procurement backlog. However, they had not received documented guidance from the national office on how to stagger center contracts to help mitigate this problem. In particular, national and regional contracting officials told us that one possibility for staggering center contracts is to decline to exercise option years. Officials in one region said that they are exploring this option, but noted it is still fairly uncommon for them not to exercise option years.

GAO's prior work emphasized the importance of comprehensive planning to ensure agencies effectively execute their missions and are accountable for results.⁴⁹ Also, federal internal control standards state that agency leadership should anticipate and plan for significant changes by using a forward-looking process to identify risks that would affect its ability to achieve its objectives.⁵⁰ Without a comprehensive strategy that considers when current center contracts will expire and how—or whether—Job Corps staff can effectively plan for and competitively award future center contracts, ETA is at increased risk of again having a backlog of center contracts to award competitively and, in turn, needing to use bridge contracts.

⁴⁷[GAO-11-672](#).

⁴⁸FAR 6.301(c)(1).

⁴⁹See GAO, *Elections: DOD Needs More Comprehensive Planning to Address Military and Overseas Absentee Voting Challenges*, [GAO-16-378](#) (Washington, D.C.: April 20, 2016) and GAO, *New Trauma Care System: DOD Should Fully Incorporate Leading Practices into Its Planning for Effective Implementation*, [GAO-18-300](#) (Washington, D.C.: March 19, 2018).

⁵⁰GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 2014).

Planning for Acquisition Workforce Vacancies

Contracting officials said that filling vacant contracting officer positions in 2015 and 2016 was essential to reducing the procurement backlog of competitive contracts to operate Job Corps centers. By the end of program year 2016, ETA officials said contracting officers were in all six regions. However, at the time of our review, ETA was again without contracting officers in two of Job Corps' six regions. According to officials, staff vacancies can create workload challenges. Each region is assigned one contracting officer who is responsible for awarding contracts for center operations, among other support contracts. Most of these contracting officers oversee 15 or more centers operated by contractors. When one of the six regional contracting officer positions has a vacancy, the contracting workload for that region is redistributed to other regions and the national office, which can have significant implications. For example, at the time of our review, national contracting officials told us that they were assisting the two regions where contracting officers had recently left. They said this increased their workload, as they had to attend to the contracting needs of these two regions while fulfilling their national contracting oversight duties. Similarly, contracting officials we spoke with in five regions noted vacancies in other positions that support the contracting process, such as those for contract specialists who provide support during the contracting process and program officials who provide technical expertise during proposal evaluations. In addition, program officials we spoke with during our site visits told us that some program manager positions have been vacant for at least a year in three regions. As a result, program officials said they have to manage and oversee additional centers to ensure coverage until those positions are filled.

Further, past workforce assessments of ETA indicate that staff vacancies have been a longstanding challenge. For example, a 2013 study found that there were an insufficient number of program and contracting officials to efficiently and effectively handle the workload for Job Corps.⁵¹ Similarly, a 2014 assessment found that the Office of Job Corps, the Office of Contracts Management, and the Office of Financial Administration were understaffed to meet their missions.⁵²

⁵¹Jefferson Solutions, *Job Corps Acquisition Assessment Final Report*, a report prepared under contract with the Department of Labor, August 2013.

⁵²Office of Personnel Management, *Organizational Assessment Report of Findings and Recommendations for Employment and Training Administration*, Department of Labor (August 2014).

ETA officials said they have not developed a written acquisition workforce strategy to address staff vacancies for Job Corps. We have previously reported on the benefits of federal agencies planning strategically for their acquisition workforces, particularly for those agencies that rely heavily on contracting personnel with the necessary experience and skills to award and oversee complex contracts to accomplish their missions.⁵³ In addition, our prior work has highlighted key components of agencies' strategic workforce plans, including identifying gaps between current and needed workforce capabilities and developing strategies to meet these capabilities.⁵⁴ Agency officials stated that DOL assesses and prioritizes needs across the agency when authorizing hiring actions, including for the Job Corps program. National and regional contracting officials told us that they have not been included in decisions regarding efforts to fill vacancies in critical contracting positions or to determine the number of contracting positions and the location of those positions (i.e., among the regions).

ETA officials said that DOL has a new initiative to reorganize several functions across the agency, including potentially consolidating procurement functions. As previously discussed, ETA has restructured its contracting function twice over the past 6 years, consolidating contracting positions in the national office in 2013 and then moving them back to the regions in 2015. When asked about this new reorganization and how it might affect Job Corps procurements, DOL officials responded that they are in the planning phase, which is expected to conclude in the second half of fiscal year 2019. Officials commented that the goal of the reorganization is "to maximize DOL's Federal buying power through effective procurement management." According to officials, they plan to maintain a contracting office focused on supporting the Job Corps program. However, they did not provide additional information on the structure and location of this new Job Corps contracting office, or more specific time frames for when it would be established. It was unclear the extent to which the agency had evaluated how structural changes could affect its current contracting office and procurements, or whether they had consulted key stakeholders.

⁵³GAO, *2010 Census: Census Bureau Generally Follows Selected Leading Acquisition Planning Practices, but Continued Management Attention is Needed to Help Ensure Success*, [GAO-06-277](#) (Washington, D.C.: May 18, 2006).

⁵⁴GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003), and GAO, *Framework for Assessing the Acquisition Function at Federal Agencies*, [GAO-05-218G](#), (Washington, D.C.: Sept. 2005).

Implementing a New Contracting Approach

GAO's principles for effective strategic workforce planning emphasize the need to align an agency's human capital program with its current and emerging mission and programmatic goals, and develop long-term strategies for acquiring, developing, and retaining staff to achieve those goals.⁵⁵ Further, federal internal control standards state that agency leadership needs to demonstrate commitment to various workforce planning activities and determine the critical skills and competencies that will be needed to achieve key results.⁵⁶ Without a comprehensive workforce strategy, ETA risks not having a sufficient number of trained acquisition personnel to ensure that it is able to adequately plan for and competitively award future center contracts as current center contracts expire.

ETA has begun awarding fixed-price contracts for Job Corps center operations, which is a significant departure from the agency's longstanding approach of using cost-reimbursement contracts, according to contracting officials.⁵⁷ Under cost-reimbursement contracts, ETA pays allowable and reasonable costs incurred by the contractor to the extent prescribed by the contract. As of March 2019, ETA officials told us they had awarded 12 fixed-price contracts for Job Corps center operations. Officials said they did not have a timeline for transitioning other centers to fixed-price contracts for Job Corps center operations, but said that as center contracts expire, they will be reviewed to determine if a fixed-price contract would be appropriate.

Regional contracting officials noted two primary advantages of using fixed-price contracts to operate Job Corps centers. First, they said fixed-price contracts reduce the government's risk because the government pays only for work that meets specifications outlined in the contract.

⁵⁵ [GAO-04-39](#).

⁵⁶ [GAO-14-704G](#).

⁵⁷ ETA officials said they generally refer to these contracts as "hybrid fixed-price" contracts but acknowledged that the contracts will be primarily fixed-price, with a small number of cost-reimbursable expenses. For example, the 2018 solicitation for operation of the Puerto Rico Job Corps centers included fixed-price line items for various personnel, such as academic instructors, health professionals, and career counselors. Cost-reimbursable line items included food, utilities, and maintenance for center-owned vehicles, among others. For the purposes of this report, we will generally refer to these contracts as fixed-price contracts. Fixed-price contracts provide for a firm price or, in appropriate cases, an adjustable price. Fixed-price contracts generally place more of the risk and responsibility for costs—and resulting profit or loss—on the contractor than do cost-reimbursement contracts, thus providing an incentive for the contractor to control costs.

Second, regional officials said fixed-price contracts are easier to manage and administer compared to cost-reimbursement contracts because they are less administratively burdensome and require less oversight of contractor costs. For example, under cost-reimbursement contracts, regional program officials play a role in examining and approving contractor invoices to verify that they are allowable under the contract, and reasonable for the product or service identified. Under fixed-price contracts, contractors will have to demonstrate that they delivered on the contract or otherwise become subject to default, but program officials do not need to verify each expense to the same degree, according to regional and national contracting officials. ETA officials noted that the Office of Contracts Management provided training to program and contracting officials on the overall procurement process and the transition to fixed-price contracts to ensure they understood how to administer future contracts.

ETA Used Various Approaches to Monitor Contractor Performance, but Regional Program and Contracting Officials Had Limited Insight into Contract Fees Used to Incentivize Performance

ETA Used Risk-Based Monitoring and Contractual Tools to Monitor Selected Contractors and Encourage Them to Achieve Certain Program Outcomes

Risk-based Center Monitoring

ETA used various approaches to monitor contractor performance to ensure selected centers were operating appropriately and to encourage contractors to achieve certain program outcomes. These approaches included (1) risk-based center monitoring and (2) contract monitoring to hold contractors accountable.

ETA primarily conducts two types of center assessments as part of the agency's national risk-based monitoring strategy to identify emerging problems at Job Corps centers, including those operated by contractors.⁵⁸

- **Regional office center assessments.** ETA officials said they generally conduct unannounced visits to examine all aspects of center operations to ensure contractors comply with program requirements. For centers that operate for the full 5-year period of performance through a competitively awarded contract, these assessments are typically conducted twice over that time period. According to one regional director, these unannounced visits provide the opportunity to hear directly from Job Corps students and observe the conditions at the facilities. Program officials said that these visits are critical because some issues are not always apparent based on the data and reports they receive. For example, one program official said that during a center visit, she found questionable facility conditions at some student dormitories that had not been reported. Another program official said that during a center visit, she was able to observe the dynamics between students and center leadership and staff.
- **Regional office targeted assessments.** Regional program officials said they conduct onsite targeted unannounced assessments that typically focus on specific deficiencies that were identified as areas of concern in prior reviews or through other sources of information such as the student satisfaction survey. For example, contractor

⁵⁸Appendix III provides additional information primarily from [GAO-18-482](#) on ETA's risk-based monitoring strategy. We previously reported that this strategy was inconsistently implemented by regional program staff, and recommended that ETA update its standard operating procedures or develop additional guidance. As of June 2019, ETA has not implemented our recommendation. However, officials noted that they are currently updating the Program Assessment Guide and expect to complete this effort in early fiscal year 2020.

performance concerns could trigger this type of review. In particular, regional program officials said that center contractors who do not achieve national performance targets for student outcomes could be subject to a review.

Following a center assessment, program officials prepare a report to summarize their findings and contractors may be required to submit and implement corrective action plans to address any deficiencies identified, according to Job Corps' Policy and Requirements Handbook. Contractors who do not meet expected performance levels are placed on a performance improvement plan.

According to some regional program officials, bridge contracts may lead to monitoring challenges. In particular, some regional program officials said that it is more difficult to address long-term challenges when centers operate under a bridge contract because the contract may only be in place for a few months while the procurement process for the next contract is underway. In some cases, they said the current contractor may not be operating the center by the time program officials conduct an assessment and issue their report. Program officials also noted that the short-term nature of bridge contracts can make it difficult for center contractors to recruit and retain high-quality staff. Some officials said that some program staff will look for a new job if they are uncertain whether a longer-term contract will be awarded.

Contract Monitoring

To monitor contractor performance, ETA used additional tools that generally reflect federal acquisition practices government-wide.

- **Contractor performance assessments.** ETA contracting and program officials are required to evaluate contractor performance annually and record the final assessment in the Contractor Performance Assessment Reporting System (CPARS).⁵⁹ DOL, similar to other federal agencies, is required to use the system to document contractor performance. This system serves as a key source of information about the performance of Job Corps center contractors and includes ratings on their quality of service, management, and cost

⁵⁹CPARS is a government-wide database where contractor performance assessments are entered and maintained. In 2014, we reported that having complete, timely, and accurate information on contractor performance allows officials to make informed decisions. GAO, *Contractor Performance: Actions Taken to Improve Reporting of Past Performance Information*, [GAO-14-707](#) (Washington, D.C.: Aug. 7, 2014).

control.⁶⁰ Based on our review of CPARS, we found that ETA completed annual contractor performance assessments during 2016-2017 for all 10 Job Corps centers in our in-depth review.⁶¹ According to ETA's guidance and program officials, these assessments can include information from regional monitoring visits and performance data on student outcomes and safety.

- **Contract option years.** Job Corps center contracts may be awarded for an initial term of no more than 2 years, with three 1-year options.⁶² For each option year, ETA has an opportunity to assess the contractor's performance to determine whether to continue with the contract. ETA and regional officials said that they have typically exercised option years for Job Corps center contracts. However, in recent years, officials in one region said they have declined to exercise option years when questions are raised about a contractor's performance. Officials said they are implementing provisions under WIOA that prohibit ETA from exercising an option year in a Job Corps center contract under certain circumstances. WIOA generally prohibits ETA from exercising an option year if, in the prior 2 program years, the center: (1) has been ranked in the lowest 10 percent of all Job Corps centers; and (2) did not achieve at least an average of 50 percent of its expected level of performance with respect to each primary performance indicator.⁶³ ETA officials said that to date, every contractor has exceeded these minimum performance standards and, therefore, they have not had to decline an option year on these grounds.
- **Formal notices to contractors.** When ETA finds performance challenges, it may issue formal notices to contractors starting with a

⁶⁰Contractors are generally evaluated in several areas, including: (1) technical (quality of product or service), (2) cost control, (3) schedule/timeliness, (4) management or business relations, (5) small business subcontracting. This information can be used to evaluate contractors in future procurements.

⁶¹For one of the 10 centers in our in-depth review, ETA completed its 2016-2017 performance assessment during our review. Our prior work has found compliance rates for reporting contractor assessments varies by agency and is not always 100 percent. See [GAO-14-707](#) and GAO, *Federal Contractors: Better Performance Information Needed to Support Agency Contract Award Decisions*, [GAO-09-374](#) (Washington, D.C.: April 23, 2009). In addition, OMB has made similar findings in its agency compliance rate data and issued guidance in 2014 to encourage agencies to improve their reporting of contractor performance. OMB, *Memorandum for Chief Acquisition Officers and Senior Procurement Executives: Making Better Use of Contractor Performance Information* (July 10, 2014).

⁶²29 U.S.C. § 3197(f).

⁶³29 U.S.C. § 3197(g).

letter of concern to notify contractors of the deficiencies. If deficiencies are not addressed, a formal letter referred to as a cure notice may be sent to notify contractors that their failure to perform specific contract specifications may endanger the contract.⁶⁴ If the contractor does not correct the condition, ETA may issue a notice (referred to as a “show cause”) informing the contractor that it intends to terminate the contract for default. DOL has indicated that it will terminate a contract for default if the contractor fails to satisfactorily address any serious performance challenges identified. None of the center contractors included in our in-depth review received a cure notice or a show cause notice from ETA during program year 2016. However, we found that ETA issued letters of concern to two center contractors in our in-depth review after it identified issues related to safety and student conduct. The letters of concern required the contractor to submit a corrective action plan and explain how it would address the areas of non-compliance identified by ETA, such as the presence of controlled substances at one of the centers.

⁶⁴In 2015, GAO reported that formal contractual notices sent to contractors, including cure notices, are one of the tools that federal agencies can use to address contractor deficiencies identified during monitoring activities. GAO, *Federal Construction Subcontracting: Insight into Subcontractor Selection Is Limited, but Agencies Use Oversight Tools to Monitor Performance*, [GAO-15-230](#) (Washington, D.C.: Jan. 29, 2015).

ETA Included Incentive Fees to Encourage Contractor Performance but Contracting and Program Officials Had Limited Insight into Their Calculation and Payment

In the cost-reimbursement contracts for the 10 centers we reviewed, ETA generally included various incentive fees to encourage contractors to meet or exceed specific targets or technical goals, such as those for student achievement.⁶⁵ Specifically, contracts for seven centers in our in-depth review included the following fees:⁶⁶

- **Technical performance incentive fee.** This fee is payable based on the contractor's performance on specific outcome measures established by ETA, such as the number of students obtaining a high school diploma or high school equivalency.⁶⁷ These fees varied but were up to 2.4 percent. One of the 10 contracts we reviewed received slightly over half of the incentive fee they were eligible to earn.
- **Technical performance excellence bonus.** This bonus is payable to top performing center contractors that exceed Job Corps' national performance targets. Contractors can earn this bonus on top of the technical performance fee that they are eligible to earn. These fees varied but were up to 0.6 percent. While all of the contracts we reviewed included this provision for program years 2016 and 2017, we found that only one of the contractors received it.
- **Cost incentive fee.** This fee is payable based on the contractor's efforts to meet the government's needs within the estimated cost of the contract. Contractors can earn higher fees by completing the work at a lower cost. The fees received varied from 3 percent to 4 percent. For example, in program year 2017, contracts for four of the centers we reviewed included cost incentive fees. Two contractors received

⁶⁵Incentive fees give contractors the opportunities to earn monetary incentives for achieving specific targets or technical goals. GAO's prior work emphasizes the importance of structuring fees in a way that motivates contractor performance. However, when not well managed, incentive fees can lead to unnecessary costs shouldered by taxpayers. For example, in 2005, we found that some Department of Defense contracts failed to complete the acquisition at or below the targeted cost. GAO, *Defense Contracting: DOD Needs Better Information on Incentive Outcomes*, [GAO-17-291](#) (Washington, D.C.: July 11, 2017); and GAO, *Defense Acquisitions: DOD Has Paid Billions in Award and Incentive Fees Regardless of Acquisition Outcomes*, [GAO-06-66](#) (Washington, D.C.: Dec. 19, 2005). While ETA is moving towards fixed-price contracts, our review of contract documentation showed that Job Corps center contracts will continue to have incentive fees.

⁶⁶We reviewed fees paid to contractors in cost-plus-incentive fee contracts for centers in our in-depth review that had been in place for at least a year. A cost-plus-incentive-fee contract generally reimburses the contractor for its allowable costs, and includes a fee based on how the contract is performed.

⁶⁷See appendix II for additional information on Job Corps' center performance measures for program years 2016 and 2017.

the maximum fee of 4 percent, while the other two contractors received a fee of at least 3 percent, according to the fee information provided by ETA.

For bridge contracts, ETA officials said that they did not include incentive fees, given the intended short-term nature of these contracts. Instead, they said they included fixed fees, which do not vary based on actual costs or performance. In our in-depth review, we found that seven centers that had noncompetitive bridge contracts in program years 2016 or 2017 included only fixed fees that were paid regardless of contractor performance.⁶⁸

While each contract we reviewed included estimates of how much a contractor might earn in technical incentive fees, the final amount paid by ETA was determined by whether the contractor met or exceeded Job Corps' national center performance targets, which ETA shares with the Job Corps community.⁶⁹ ETA officials noted that performance targets can vary from year to year based on the national goals of the program. As a result, they said a contractor with the same performance in two years, as measured by ETA performance targets, may qualify for a technical incentive fee in one year but not in another.

Contracting and program officials at the national and regional levels with contract oversight responsibilities reported having limited or no insight into how contractors earn incentive fees to operate Job Corps centers, despite the critical role these fees can play in motivating contractor performance. During our interviews, program and contracting officials said they were unaware of how the final fee amounts were calculated, and noted that ETA's Office of Financial Administration is currently responsible for making these determinations. In particular, some contracting officials said that they simply execute the contract actions calculated and approved by ETA's Office of Financial Administration. Because of their limited insight, some program officials said that it is

⁶⁸One of the centers in our in-depth review had a bridge contract with incentive fees due to special circumstances related to ETA's unauthorized release of confidential contractor information in 2015 that we describe earlier in the report.

⁶⁹ETA issues a written internal notice (referred to as a Program Information Notice) detailing the range of performance the contractor must perform to earn any part of or the entire incentive fee. According to ETA officials, national targets are established and shared annually with the Job Corps community, including center contractors and agency officials.

difficult for them to address questions from contractors about how fees are calculated.

National officials from ETA's Office of Financial Administration expressed concern and said they were somewhat surprised that program and contracting officials told us that they were unaware of how contractor fees were determined and calculated. ETA officials said that budget analysts currently perform the fee calculations in a worksheet, which is later reviewed by their supervisor, and that ETA officials expected program and contracting officials to be familiar with the process. Officials from the Office of Financial Administration provided the fee calculations for the centers in our in-depth review, and noted that Job Corps' Policy and Requirements Handbook includes some publicly-available information about fee calculations. However, at the time of our review, the Office of Financial Administration had not developed an internal documented process to share information about its fee calculations on specific Job Corps center evaluations with program and contracting officials. Further, in one region, program officials monitoring contractors described what they see as a potential disconnect between the incentive fees paid to a Job Corps center contractor and the contractor's performance assessment.⁷⁰ In this case, two contractors were paid an incentive fee for meeting performance targets, and received a "marginal" rating on an annual performance assessment, according to the program official monitoring the contractors.⁷¹ Without a coordinated and documented process, program and contracting officials may continue to have a limited awareness of how incentive fees are earned by contractors.

In 2009, OFPP developed guidance that states incentive strategies should be developed through close collaboration among the contracting officer, program officials, and other key staff.⁷² Further, federal internal control standards state that agency leadership should document

⁷⁰As previously noted, the process for earning incentive fees is separate from the process for assessing contractor performance. Incentive fees are paid to contractors for achieving specific targets or technical goals. Contractor performance is evaluated based on how well contractors met specific requirements specified in their contract.

⁷¹FAR 42.1503(h)(5) requires contractors to be rated on a five point scale and a contractor can receive one of the following ratings: exceptional, very good, satisfactory, marginal, and unsatisfactory. A "marginal" rating generally indicates that a contractor's performance does not meet some contractual requirements, among other factors.

⁷²OMB, *Memorandum for Chief Acquisition Officers and Senior Procurement Executives: Increasing Competition and Structuring Contracts for the Best Results* (October 27, 2009).

operational processes in policies, and communicate these policies to key personnel so that they can implement their assigned responsibilities. The questions raised by program and contracting officials in our discussions about how Job Corps contracts' incentive fees are structured and related to certain outcomes increases the risk that ETA, including its contracting and program officials, will miss opportunities to maximize the use of incentives to help monitor and improve the performance of center contractors.

Conclusions

Contracts are key means through which ETA secures operators for Job Corps centers across the country and delivers comprehensive services to Job Corps students. ETA has implemented some strategies to address the contracting challenges that led to the widespread use of bridge contracts during program year 2016. While bridge contracts can be a useful tool to ensure that there is no lapse in services provided to Job Corps students, our work has found that when noncompetitive bridge contracts are used frequently or for prolonged periods of time, the government is at risk of paying more than it should for products and services. Further, ongoing acquisition planning and workforce challenges, which our work has found are associated with the use of bridge contracts, could pose risks to its ability to manage and award future Job Corps contracts in a way that avoids a reliance on bridge contracts in the future. Further, ETA's efforts to reduce its reliance on bridge contracts in program year 2016—a step in the right direction—may result in an unintended consequence later down the road. Specifically, we project that more than half of the recently awarded competitive contracts may expire and services will need to be re-solicited in program years 2021 and 2022. A comprehensive strategy that accounts for Job Corps' current and future workload could help ETA better anticipate its workforce needs in critical positions, and thereby helping to reduce its risk of relying on bridge contracts in the future. In the absence of such a strategy, ETA is likely to be back in the same position it was 3 years ago, when more than two-thirds of its Job Corps centers were operating under some form of bridge contract.

ETA used various monitoring and contracting tools, including incentive fees, to encourage Job Corps center contractors to meet or exceed performance outcomes. However, contracting and program officials we spoke with were not aware of how these incentive fees had been calculated and paid. Additionally, ETA's Office of Financial Administration had no documented process for sharing information with ETA's program and contracting officials about the calculation and payment of these fees

or how a contractor's performance impacted these fees. In the absence of a coordinated and documented process, program and contracting officials may lack key information regarding contractor performance.

Recommendations for Executive Action

We are making the following two recommendations to ETA:

The Assistant Secretary of ETA should develop, document, and implement a comprehensive strategy that (1) accounts for Job Corps' projected workload requirements and (2) considers its acquisition workforce needs—including the number of staff, skills, and other supports necessary to plan, award, and monitor Job Corps center contracts—to enable it to effectively plan for and competitively award future Job Corps center contracts. (Recommendation 1)

The Assistant Secretary of ETA should develop a coordinated and documented internal process to share relevant information on incentive fees paid to contractors with staff in its key offices. (Recommendation 2)

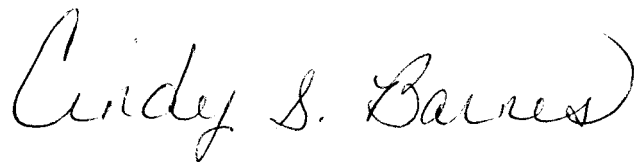
Agency Comments and Our Evaluation

We provided a draft of this report to DOL for its review and comment. We received written comments from DOL, which are reprinted in appendix IV. In addition, DOL provided technical comments which we incorporated as appropriate. DOL concurred with our two recommendations. DOL stated that it will develop, document, and implement a comprehensive strategy that accounts for Job Corps' projected workload requirements and considers its acquisition workforce needs. DOL noted that it has released a new procurement plan which reflects its decision to re-procure 28 Job Corps centers prior to the final option year of their contract. DOL said that this action would result in each region having no more than five procurements each year, which it considers a manageable procurement workload for its current staffing level. DOL also stated that it would develop a written process for determining and awarding incentive fees to Job Corps contractors.

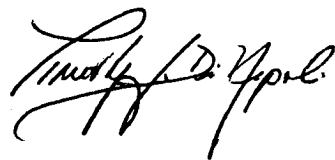
As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the appropriate congressional committees and the Secretary of Labor. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact Cindy S. Brown Barnes at (202) 512-7215 or brownbarnesc@gao.gov, or Timothy J. DiNapoli at (202) 512-4841 or dinapolit@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.

Sincerely yours,



Cindy S. Brown Barnes
Director, Education, Workforce, and Income Security Issues



Timothy J. DiNapoli
Director, Contracting and National Security Acquisitions

Appendix I: Objectives, Scope, and Methodology

This report examines (1) the extent to which, and why, the Employment and Training Administration (ETA) used bridge contracts to operate Job Corps centers during program year 2016; (2) the strategies ETA used to decrease its use of noncompetitive bridge contracts; and (3) how ETA monitored contractor performance at selected Job Corps centers.

To address these three objectives, we used several data collection methods, which are described in greater detail below. These methods include analyzing data from the Federal Procurement Data System-Next Generation (FPDS-NG), conducting a nongeneralizable review of 10 Job Corps centers that operated under bridge or noncompetitive contracts, and conducting interviews with ETA regional and national officials. In addition, we reviewed relevant federal laws and regulations, and agency policies and procedures such as Job Corps' Policy and Requirements Handbook, the Acquisition Handbook for Job Corps Regional Contracts, and other information ETA provided related to incentive fees and the number of staff vacancies and protests filed in program years 2012 to 2016. We also reviewed ETA's evaluations of contractor performance, and past GAO reports on the use of bridge and noncompetitive contracts, and the evaluation of contractor performance.¹

Analysis of Job Corps' Bridge Contracts

To identify the extent to which ETA used bridge contracts to operate Job Corps centers, we analyzed FPDS-NG data for center contracts that were in effect—that is, contracts that were newly awarded or ongoing—in program year 2016.² We selected this program year because it reflected the most recent year with complete available data at the time we began our review. We did not review data for centers operated by the U.S. Department of Agriculture (USDA) because they are operated through an interagency agreement between DOL and USDA and are therefore not relevant for the purpose of this review. We also used FPDS-NG data to identify centers that appeared to have operated under bridge contracts at some point during program year 2016. Since there is no government-wide definition for bridge contracts and ETA does not have a documented definition, we used GAO's definition that has defined them as an extension to an existing contract beyond the period of performance (including base and option years), or a short-term stand-alone contract

¹Program year 2016 ran from July 1, 2016, through June 30, 2017. For a complete list of the GAO reports we reviewed, see the related products identified at the end of the report.

²FPDS-NG is the government's database of federal procurement actions.

awarded to an incumbent contractor to avoid a lapse in service.³ We acknowledge that in the absence of a government-wide definition, agencies may have differing views of what constitutes a bridge contract. Contracts and extensions (both competitive and non-competitive) are included in GAO's definition for bridge contracts.⁴ While ETA does not consider contracts that exercise the "Option to Extend Services" under Federal Acquisition Regulation (FAR) 52.217-8 to be bridge contracts, we include these contracts because our definition is focused on the intent of the contracts or extensions—that is, whether they serve as a mechanism to "bridge services" until the next follow-on contract can be competitively awarded. Based on our definition, we identified 68 centers that operated under bridge contracts in program year 2016. We verified our contract selections with ETA officials to ensure we identified all centers contracts that were in effect—that is, contracts that were newly awarded or ongoing—in program year 2016. We also reviewed relevant contracting documentation, such as justification and approval documents for noncompetitive contracts and contract modifications.

To calculate the length of time ETA used bridge contracts to operate Job Corp centers, we included those centers that had a bridge contract at some point during program year 2016. We report the length of time that ETA used bridge contracts to operate Job Corps centers as the minimum amount of time these contracts were in use.⁵ We did not review bridge

³GAO, *Sole Source Contracting: Defining and Tracking Bridge Contracts Would Help Agencies Manage Their Use*, [GAO-16-15](#) (Washington, D.C.: Oct. 14, 2015), and GAO, *Information Technology: Agencies Need Better Information on the Use of Noncompetitive and Bridge Contracts*, [GAO-19-63](#) (Washington, D.C.: Dec. 11, 2018).

⁴GAO's definition includes all types of contract extensions, both those that may be considered "competitive", e.g. the use of FAR 52.217-8 when it was evaluated at award, and those that are "noncompetitive", e.g., those that are used to extend the period of performance beyond that of the original contract using other than full and open competition, when the intention is to bridge a gap in services. Also, we included contracts that were awarded on a sole source basis to participants in the 8(a) program—a program designed to assist small, disadvantaged businesses in competing in the American economy through business development. In three cases, the contracts we reviewed did not fully meet our definition of a bridge contract because they were not awarded to the incumbent contractor. For the purposes of our report, we considered these awards to be bridge contracts, as they were intended to bridge a gap in service due to a delay in the award of a follow-on contract. When collectively referring to all of these subsets, we refer to them as bridge contracts. Further, we did not review orders awarded by ETA because it was outside the scope of our review.

⁵We reviewed several sources of information to determine the length of time that ETA used bridge contracts to operate Job Corps centers, including FPDS-NG data and contract-related information associated with the period of performance.

contracts that were completed prior to program year 2016 because it was outside the scope of our review. Therefore, our analysis may underestimate the length of time ETA operated some centers under bridge contracts. Based on our electronic testing, review of contract files and documentation, and discussions with ETA officials, we determined that the data were sufficiently reliable for the purposes of assessing ETA's use of bridge contracts for Job Corps center operations, and the characteristics of these contracts.

To estimate upcoming center procurements from program years 2019 to 2023, we used FPDS-NG data and information from agency officials to determine when the period of performance might end for certain center contracts. In this analysis, we excluded centers that were still operating under noncompetitive bridge contracts, operating under task orders, or were no longer open. Competitively awarded Job Corps center contracts generally have periods of performance that total a maximum of 5 years, which includes a 2-year base and three 1-year options. GAO's analysis accounts for this complete period of performance; however, if all three option years are not exercised, the center would need a new contract sooner.

To identify the strategies that ETA used to decrease its use of noncompetitive bridge contracts, we reviewed FPDS-NG data to identify the number of the bridge contracts ETA used in program year 2016 that transitioned to competitive follow-on contracts by the end of program year 2017.⁶ We also reviewed agency guidance and contracting documentation, and followed up with ETA contracting and program officials at the national and regional levels to verify our contract selections.

⁶Three centers only used bridge contracts in program year 2017, and all three awarded competitive follow-on contracts by the end of program year 2017. Since they did not use bridge contracts in program year 2016, we did not count them as part of the centers that transitioned to competitive follow-on contracts by the end of program year 2017. In addition, ETA confirmed that they typically award 5-year noncompetitive contracts for one center that used a bridge contract in program year 2016 due to the center's location on tribal lands. After using a bridge contract in program year 2016, this center transitioned to a 5-year noncompetitive award by the end of program year 2017. We included this center in our counts of centers that transitioned to competitive follow-on contracts by the end of program year 2017.

Review of Selected Job Corps Centers

We conducted a nongeneralizable in-depth review of 10 Job Corps centers that operated under bridge or noncompetitive contracts during program year 2016 to provide illustrative examples. The 10 centers we selected were Alaska, Carville, Cassadaga, Keystone, Milwaukee, Northlands, Paul Simon, Pinellas, Turner, and Woodland.⁷ We selected these 10 centers because (1) they were operated by contractors with varying levels of success in achieving ETA's student performance indicators, according to ETA's performance data, and (2) to ensure we included at least one center from each of Job Corps' six regions. Specifically, we selected 6 of the 10 Job Corps centers because they were generally the lowest performing contract center in their region based on ETA's performance data from program year 2015. We reviewed performance data for this program year because it allowed us to identify the actions, if any, ETA took to help improve low performing centers in program years 2016 and 2017. The other four Job Corps centers were randomly selected from the remaining Job Corps centers, which reflected a mix of center performance levels. We excluded from our selection centers that were not operational or were closed in program years 2016 or 2017, operated under a task order, or that had an open protest as of June 30, 2018. In addition, we excluded centers with a competitive, non-bridge contract, and centers operated by the U.S. Department of Agriculture.

After selecting the 10 centers, we reviewed the contract file for all bridge contracts, the contract preceding the bridge contracts, and, if awarded by the time of our review, the competitive follow-on contract. We also interviewed contracting and program officials to understand the reasons why ETA used bridge contracts and any challenges related to their use. In addition, we obtained and reviewed ETA's evaluations of contractor performance from the Contractor Performance Assessment Reporting System (CPARS) for these centers to understand how ETA monitored contractor performance. We also examined other information related to incentive fees paid to contractors for the 10 centers in our in-depth review. The results of our in-depth review provide insight into ETA's

⁷The Alaska Job Corps center operated under a 5-year noncompetitive contract. We did not classify its noncompetitive contract as a bridge because ETA officials told us they have not historically used competitively awarded contracts to operate the center. Also, Keystone had a competitive predecessor contract where ETA exercised the "option to extend" (FAR 52.217-8) for 5 months before awarding a competitive follow-on contract. Because there was no stand-alone noncompetitive contract between the two contracts, we considered the length of this bridge to be 5 months.

contracting practices for Job Corps center operations contracts but cannot be generalized to all Job Corps centers.

Regional and National Interviews

We conducted site visits to three of Job Corps' six regional offices: Atlanta, Boston and Dallas. We selected these offices to capture the regions that awarded a large number of bridge or noncompetitive contracts, and to reflect both geographic diversity and a mix of contractor performance. For the remaining three regions—Chicago, Philadelphia, and San Francisco—we conducted phone interviews. For each regional visit or call, we interviewed program officials in the Office of Job Corps, including the regional director and program managers (who may serve as contracting officer representatives).⁸ In addition, we interviewed regional contracting officials in the Office of Contracts Management, including the regional contracting officer and contract specialists who support the contracting officer in carrying out their responsibilities. Additionally, we interviewed national officials in ETA's Office of Job Corps and Office of Contracts Management to better understand ETA's process for awarding and monitoring Job Corps center contracts at the national level. We also interviewed budget officials in ETA's Office of Financial Administration to better understand how incentive fees are calculated and paid to contractors.

We conducted this performance audit from February 2018 to August 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁸According to ETA officials, program managers have both programmatic and contract oversight duties. For the purpose of this report, we refer to these individuals as program officials.

Appendix II: Job Corps Center Performance Measures for Program Years 2016 and 2017

Table 1: Job Corps Center Performance Measures for Program Years 2016 and 2017

Job Corps center performance measures	Definition
Direct center services	
1. High school diploma or high school equivalency attainment rate	The number of students who attain either a high school diploma or high school equivalency divided by the number of students without a high school diploma or high school equivalency at entry.
2. Career technical training completion rate	The number of students who complete a career technical training program divided by the number of separated students.
3. Combination high school diploma or high school equivalency and career technical training attainment rate	The number of students who complete a career technical training program and attain either a high school diploma or high school equivalency divided by the number of students without a high school diploma or high school equivalency at entry.
4. Average literacy gain	The sum of grade level equivalent gains attained on the highest valid subsequent tests of adult basic education reading test divided by the number of students who score 552 or lower on the initial tests of adult basic education reading test during the first 21 calendar days on center.
5. Average numeracy gain	The sum of grade level equivalent gains attained on the highest valid subsequent tests of adult basic education math test divided by the number of students who score 551 or lower on the initial tests of adult basic education math test and students who do not take a valid initial math test during the first 21 calendar days on center.
6. Career technical training primary industry-recognized credential attainment rate	The number of career technical training students who attain an approved, primary industry-recognized credential or complete a national training contractor program divided by the number of students assigned to a career technical training program.
Short-term career transition services	
7. Career technical training completer job training match/post-secondary credit placement rate	The number of career technical training program completers placed in a training related job, the military, or post-secondary education/training divided by the number of career technical training program completers placed in a job, the military, or post-secondary education/training.
8. Former enrollee initial placement rate	The number of former enrollees placed in a job, the military, or education/training divided by the number of former enrollees whose placement records are due or received.
9. Graduate initial placement rate	The number of graduates placed in a job, the military, or education/training or who transfer to an advanced training program at another center divided by the number of graduates whose placement records are due or received or who transfer to an advanced training program at another center.
10. Graduate average hourly wage at placement	The sum of hourly wages of graduates placed in a job or the military divided by the number of graduates placed in a job or the military.
11. Graduate full-time job placement rate	The number of graduates placed in a full-time job or the military divided by the number of graduates placed in a job or the military.

**Appendix II: Job Corps Center Performance
Measures for Program Years 2016 and 2017**

Job Corps center performance measures	Definition
Long-term career transition services	
12. Graduate and former enrollee placement rate in quarter 2 after exit	The number of graduates and former enrollees who report they are in a job, the military, or education/training program, or a job/school combination on the quarter 2 survey divided by the number of graduates and former enrollees who complete the quarter 2 survey.
13. Graduate and former enrollee average earnings in quarter 2 after exit	The sum of earnings of graduates and former enrollees who report they are in a job or the military on the quarter 2 survey divided by the number of graduates and former enrollees who report they are in a job or the military on the quarter 2 survey.
14. Graduate & former enrollee placement rate in quarter 4 after exit	The number of graduates and former enrollees who report they are in a job, the military, or education/training program, or a job/school combination on the quarter 4 survey divided by the number of graduates and former enrollees who complete the quarter 4 survey.
15. Graduate average earnings in quarter 4 after exit	The sum of earnings of graduates who report they are in a job or the military on the quarter 4 survey divided by the number of graduates who report they are in a job or the military on the quarter 4 survey.

Source: Job Corps' Policy and Requirements Handbook. | GAO-19-326

Note: The Department of Labor's Employment and Training Administration developed these performance measures to meet requirements in the Workforce Investment Act of 1998, the legislation that authorized the Job Corps program prior to the enactment of the Workforce Innovation and Opportunity Act (WIOA) in 2014. The agency has developed new performance measures to implement changes made by WIOA, which ETA reported for program year 2018.

Appendix III: Employment and Training Administration's (ETA) Monitoring of Job Corps Centers and Contractors

In January 2015, ETA national and regional officials implemented a national risk-based monitoring strategy to identify emerging problems at Job Corps centers, including those operated by contractors. We reported on this strategy as part of our prior work.¹ Table 2 provides a summary of ETA's monitoring strategy.

Table 2: Employment and Training Administration's (ETA) Monitoring of Job Corps Centers and Contractors

Tool	Description
Center Assessments	Provides two types of assessments. One is an unannounced visit to determine if centers are complying with program requirements in accordance with the Policy and Requirements Handbook. The other is a targeted assessment focused on specific topics such as follow-up from earlier review.
Corrective Action Plans	Addresses specific aspects of performance that needs improvement such as career technical training.
Corrective Action Tracker	Documents steps operators are taking to correct center safety and security deficiencies.
Desk Monitoring	Provides a review of center data, significant incident reports, and other information to determine how a center is performing.
Division of Regional Operations and Program Integrity	Provides resources and oversight to regional office staff responsible for monitoring.
Evaluations	Performs evaluations such as the student satisfaction survey to obtain the views of enrolled Job Corps students on their overall satisfaction with the program. Also, in program year 2019, ETA developed a new survey that focuses solely on student safety. According to ETA officials, they anticipate deploying the survey in January 2020.
Performance Improvement Plans	Outlines program performance deficiencies, corrective actions, and targets for improvements. These plans are designed for centers failing to meet expected performance levels.
Risk Management Dashboard	Utilizes data from various Job Corps systems to identify centers at risk for declines in center culture, and safety and security. It also produces reports that are reviewed as an oversight tool.
Risk-Based Monitoring Triggers	Outlines 10 risk-based triggers that could result in a center assessment.
Standard Operating Procedures ^a	Supports regional offices in implementing the risk-based monitoring strategy. Training provided 90 days following implementation to the appropriate regional staff.

Source: ETA documentation, I GAO-19-326

^aIn 2018, we recommended that ETA develop standard operating procedures or update additional guidance to address inconsistencies in its risk-based monitoring strategy. As of June 2019, ETA has not implemented our recommendation. However, officials noted that they are currently updating the Program Assessment Guide and expect to complete this effort in early fiscal year 2020. See Job Corps: DOL Could Enhance Safety and Security at Centers with Consistent Monitoring and Comprehensive Planning. [GAO-18-482](#) (Washington, D.C.: June 15, 2018).

¹GAO, *Job Corps: DOL Could Enhance Safety and Security at Centers with Consistent Monitoring and Comprehensive Planning*. [GAO-18-482](#) (Washington, D.C.: June 15, 2018).

Appendix IV: Comments from the Department of Labor

U.S. Department of Labor

Employment and Training Administration
200 Constitution Avenue, N.W.
Washington, D.C. 20210



JUL - 2 2019

Ms. Cindy S. Brown-Barnes
Director
Education, Workforce,
and Income Security Issues
U.S. Government Accountability Office
441 G. Street, N.W.
Washington, DC 20548

Dear Ms. Brown-Barnes:

Thank you for the opportunity to review and comment on the Government Accountability Office's (GAO) draft report titled, "Job Corps: Actions Needed to Improve Planning for Center Operation Contracts" (GAO-19-326, Job Code 102623). We understand that GAO performed this work after receiving a request from Ranking Member Virginia Foxx of the House Committee on Education and Labor.

The Department of Labor (Department) appreciates GAO's work and recognition of the strategies the Department used to eliminate the Job Corps contracting backlog and to award contracts competitively. The Department's goal is to comply with the Competition in Contracting Act of 1984 and the Federal Acquisition Regulation by awarding contracts competitively to the maximum extent practicable. To that end, the Department worked to eliminate the need for short-term "noncompetitive" bridge contracts.

The Department also appreciates that GAO included the technical feedback the Department's Employment and Training Administration (ETA) previously provided to GAO. This feedback includes ETA's definition of bridge contracts that differs from GAO's more expansive definition. In its technical feedback, ETA also expressed concerns about two GAO assumptions. Specifically, that ETA would exercise all three of the one-year options on each competitively awarded contract. These assumptions inform GAO's conclusion that, in program years 2020 and 2021, ETA may need to make new awards for more than half of its recently awarded competitive contracts. GAO, therefore, predicted that this would create significant resource and procurement management challenges in the future.

The Department is focused on improving Job Corps' operational and financial management, creating accountability for center performance, and serving more students at higher performing centers while reducing costs. Some of the strategies for achieving these aims include:

- Aligning Job Corps' financial resources with its program priorities;
- Continuing to improve center safety;
- Encouraging new entities to operate centers;
- Engaging in more contractor oversight and pursuing corrective action when appropriate;

- Proposing to deactivate centers that inadequately prepare students for jobs and are inefficient;
- Encouraging partnerships within local communities, including with employers and local workforce development systems; and
- Implementing firm-fixed price contracting to increase contract cost controls and predictability in the long-term.

Related to firm fixed price contracting, the Department recently released a new standard solicitation for procuring Job Corps center operations under a firm-fixed price type contract. This approach not only supports the Department's goals of ensuring financial stability in the Job Corps program, but it also enables the Department to achieve efficiencies in both the pre-award and post-award process. Efficiencies gained through the new contract type will allow staff resources to be devoted to procurements as well as programmatic oversight. In addition, the Department has released a new procurement plan that reflects its decision to re-procure 28 Job Corps centers prior to the final option year of their contract. This will result in each region having no more than five procurements each program year, a manageable procurement workload for current staffing levels.

Related to contracting, Job Corps is transitioning stand-alone outreach and admissions activities into center operations contracts as part of its efforts to increase enrollment. By doing so, center operators assume direct responsibility for recruiting and ensuring that their centers are operating at full student capacity or onboard strength.

As recommended by GAO, ETA will develop, document, and implement a comprehensive strategy that accounts for Job Corps' projected workload requirements and considers its acquisition workforce needs. This will enable ETA to effectively plan for and competitively award future Job Corps center contracts. Assessed workforce needs would include, for example, the number of staff, skills, and other supports necessary to plan, award, and monitor Job Corps center contracts. Finally, ETA will develop a written process for determining and awarding incentive fees to Job Corps contractors.

Thank you for the opportunity to respond and rest assured that the Department is continuing to implement these and other reform and accountability measures.

Sincerely,


Molly E. Conway
Acting Assistant Secretary

Appendix V: GAO Contact and Staff Acknowledgements

GAO Contact

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Timothy J. DiNapoli, (202) 512-4841 or dinapolit@gao.gov

Staff Acknowledgements

In addition to the contact named above, Mary Crenshaw (Assistant Director), Janet McKelvey (Assistant Director), Ashanta Williams (Analyst-in-Charge), Anna Blasco, LaToya Jeanita King, Matthew Saradjian, Lindsay Taylor, Tomás Wind, and Jocelyn Yin made key contributions to this report. Additional assistance was provided by Sandra Baxter, James Bennett, Sarah Cornetto, Caitlin Croake, Andrea Dawson, David Forgosh, Lauren Gilbertson, Kurt Gurka, Julia Kennon, Sheila R. McCoy, Corinna Nicolaou, Monica Savoy, Ben Sinoff, Kathleen van Gelder, Almeta Spencer, Walter Vance, and Alyssa Weir.

Related GAO Products

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