

**WORKFORCE INVESTMENT ACT: THE ADMINISTRATIONS APPROACH TO REAUTHORIZATION**

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**HEARING**

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT, SAFETY, AND TRAINING

OF THE

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

ON

TO EXAMINE THE ADMINISTRATIONS APPROACH TO REAUTHORIZE THE WORKFORCE INVESTMENT ACT (WIA), FOCUSING ON STRENGTHENING THE DELIVERY OF EMPLOYMENT AND TRAINING SERVICES NATION-WIDE

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MARCH 6, 2003  
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# **WORKFORCE INVESTMENT ACT: THE ADMINISTRATION APPROACH TO REAUTHORIZATION**

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**THURSDAY, MARCH 6, 2003**

U.S. SENATE,  
SUBCOMMITTEE ON EMPLOYMENT, SAFETY, AND TRAINING,  
OF THE COMMITTEE ON HEALTH, EDUCATION, LABOR, AND  
PENSIONS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10:03 a.m., in room SD-430, Dirksen Senate Office Building, Senator Michael B. Enzi (chairman of the subcommittee) presiding.

Present: Senators Enzi, Murray, and Jeffords.

## **OPENING STATEMENT OF SENATOR ENZI**

Senator ENZI. Good morning. We will begin this hearing and I will begin by welcoming the new ranking member to the subcommittee, Senator Murray.

We were both just commenting that for a long time Senator Wellstone has either been the chairman of this subcommittee or the ranking member of this subcommittee and did just an outstanding job. It is really different to hold the hearing without him. His sincerity, his effort, his focus, his comments will be greatly missed.

Senator Murray, I do look forward to working with you as we reauthorize the Workforce Investment Act and all of the other things that this subcommittee does.

I would also like to welcome our distinguished guest today, Deputy Secretary of Labor Findlay, who will testify on the administration's approach to the reauthorization of this legislation.

When the Workforce Investment Act was enacted in 1998, Congress envisioned a coherent workforce development system that could effectively and efficiently respond to the needs of workers and employers. The only thing that we saw more important than this workforce training was creating the jobs in the first place.

This publicly funded workforce system has improved the lives of many Americans seeking new or better jobs. However, the full promise of the Workforce Investment Act is yet to be realized. Reauthorization of the Workforce Investment Act gives us an opportunity to complete the transformation of fragmented employment and training programs into a seamless workforce investment system.

Why is our task of reauthorizing WIA so important? It is because it plays a key role in preparing at-risk youth for the workforce and helping people to get back to work or find a better job in these challenging economic times. In turn, our businesses need an appropriately trained workforce to compete in the global marketplace.

Prior to being in Washington, my wife and I owned shoe stores. We were not shoe salesmen, we were shoe fitters. There is a big difference. Shoe fitters have to listen to the customer and then fit their desire into something comfortable. Some people may be born salesmen but they have to be trained shoe fitters.

We had a series of courses that we put our employees through. Few people are aware that some stores can make slight changes in a shoe to make it especially comfortable, as well as useful and attractive, all thrown in for free.

We taught listening, needs questioning, and technical fitting. Any staff person could even advance through training to filling foot doctor's prescriptions. The value of the training was that it made our store special. But along the way we got to see some very special people achieve.

One young man, a returning Vietnam veteran, became a store manager. Then he bought that store. Later he bought a second store from us. Now he owns his own buildings and is also in the motel business. That is Bill Sheppler of Miles City, Montana. He has been playing an important role in building three communities. I also consider him to be one of my good friends.

He went through a workforce training program that we had approved in conjunction with the Federal Government.

My wife has also served on several boards that dealt with training and jobs and is currently on the Advisory Committee on Apprenticeship of the Department of Labor. She and I know that real opportunity in America comes from the small business sector, where the American dream can still happen.

One-stop career centers are the focal point of Workforce Investment Act employment and training services. I do not see one-stop centers as different buildings. I see them as a single system, a system through which the resources of different programs can be used to deliver services in a complementary manner.

As we seek to improve this system through reauthorization, we should keep the following principles in mind. One, it should be demand driven and responsive to the needs of employers, both large and small.

It should provide a workforce development system that works in rural as well as urban areas.

It should provide flexibility to meet State, local, and individual workforce development needs.

And fourth, it should call for accurate data collection, reporting, and performance measures that are not unduly burdensome. I will go into those just a little bit more.

Demand driven and responsive to the needs of employers both large and small. To be effective, the Workforce Investment Act must provide employment and training services that meet employers' workforce needs. We do not want to train workers for skills that are not needed. Nor should we view human resource activities

in isolation from economic development activities. Doing so will discourage linkage with the private sector.

Workforce development should be in coordination with, not in competition with economic development. Also, we should ensure that our workforce development system is responsive to the unique challenges and opportunities of small businesses.

Second, the Act should provide a workforce development system that works in rural as well as urban areas. What works in Washington, DC or Washington State does not necessarily work in Wyoming. Rural and frontier areas like Wyoming face unique workforce development challenges. I want to focus on removing the barriers to successful implementation of the Act in rural and frontier areas.

Third, the Act should allow flexibility to meet State, local, and individual workforce development needs. The Federal Government is not and should not be best suited to determine State, local and individual workforce development needs. We should empower individuals to make choices that are best suited for them. We should also empower States and localities to make choices that are appropriate to their workforce needs.

Fourth and finally, the Act should call for accurate data collection, reporting, and performance measures that are not unduly burdensome. The system must have accountability.

However, the Act's performance measures need to be fixed. The 17 current performance measures should be simplified to more accurately and easily depict the impact the Act is having. By reducing administrative complexity, more Workforce Investment Act resources can be devoted to delivering services rather than doing paperwork.

The Act made dramatic changes to the publicly funded workforce investment system. The Department of Labor's guidance and technical assistance is critical to the successful implementation of the law at the State and local level. As we reauthorize the Act this year, the role of the Department in successful implementation becomes even more critical.

Today we will hear from Deputy Secretary Findlay about the administration's approach to the reauthorization. While it is focused on reauthorization, I want to address the President's plan to create personal reemployment accounts to help unemployed workers get back to work quickly.

These worker managed accounts would give unemployed workers the flexibility to receive the services they need most, the customer more in control of the product.

I am looking forward to working with the administration, with Senator Murray, with the rest of my colleagues, and with the stakeholders to reauthorize this act, a demand-driven, flexible and accountable system that will work in all areas of the country and all economic times. That is what we can achieve through reauthorization of this landmark legislation.

[The prepared statement of Senator Enzi follows:]

#### PREPARED STATEMENT OF SENATOR ENZI

When the Workforce Investment Act (WIA) was enacted in 1998, Congress envisioned a coherent workforce development system that could effectively and efficiently respond to the needs of workers and

employers. This publicly-funded workforce system has improved the lives of many Americans seeking new or better jobs. However, the full promise of WIA has yet to be realized.

Reauthorization of WIA gives us an opportunity to complete the transformation of fragmented employment and training programs into a seamless workforce investment system. Reauthorization gives us an opportunity to build on the successes and remove the barriers to implementation of this system.

Why is our task of reauthorizing WIA so important? It is because WIA plays a key role in preparing at-risk youth for the workforce and helping people get back to work or find a better job in these challenging economic times. In turn, our businesses need an appropriately trained workforce to compete in the global marketplace.

Prior to being in Washington, my wife and I owned shoe stores. We were not shoe salesmen, we were shoe fitters. There is a high difference. Shoe fitters have to listen to the customer and then fit their desire into something comfortable. Some people may be born salesmen, but they have to be trained shoe fitters. We had a series of courses we put our employees through. Few people are aware that some stores can make slight changes in a shoe to make it especially comfortable as well as useful and attractive—all thrown in for free. We taught listening, needs questioning, and technical fitting. Any staff person could even advance through training to filling foot doctor's prescriptions. The value of the training was that it made our stores special. But along the way we got to see some very special people achieve. One young returning Vietnam vet became a store manager, then bought that store, later bought a second store from us, now owns his own building and is also in the motel business. Bill Schepeler of Miles City, Montana has and is playing a role in building three communities. I also consider him to be one of my good friends. He went through a workforce training program that we had approved in conjunction with the federal government.

My wife has also served on several boards that dealt with training and jobs and is currently on the Advisory Committee On Apprenticeship of the Department of Labor. She and I know that real opportunity in America comes from the small business sector where the American dream can still happen.

One-Stop Career Centers are the focal point of WIA's employment and training services. I don't see One-Stop Centers as different buildings. I see them as a single system—a system through which the resources of different programs can be used to deliver services in a complementary manner.

As we seek to improve this system through reauthorization, we should keep the following principles in mind:

1. WIA should be demand driven and responsive to the needs of employers—both large and small.
2. WIA should provide a workforce development system that works in rural as well as urban areas.
3. WIA should provide flexibility to meet state, local, and individual workforce development needs.
4. WIA should call for accurate data collection, reporting, and performance measures that are not unduly burdensome.

I'd like to briefly discuss each of these principles.

First, WIA should be demand driven and responsive to the needs of employers—both large and small. As the General Accounting Office (GAO) reported, engaging the private sector in guiding the system's development has been difficult, sometimes unsuccessful. To be effective, WIA must provide employment and training services that meet employers' workforce needs. We don't want to train workers for skills that aren't needed. Nor should we view human resources activities in isolation from economic development activities. Doing so will discourage linkage with the private sector. Workforce development should be in coordination with—not in competition with—economic development. Job training and job creation should work hand-in-hand. Also, we should ensure that our workforce development system is responsive to the unique challenges and opportunities of small businesses.

Second, WIA should provide a workforce development system that works in rural as well as urban areas. What works in Washington D.C. or Washington state, doesn't necessarily work in Wyoming. Rural and frontier areas, like Wyoming, face unique workforce development challenges. I want to focus on removing the barriers to successful implementation of WIA in rural and frontier areas.

Third, WIA should allow flexibility to meet state, local, and individual workforce development needs. The Federal government is not—and should not be—best suited to determine state, local and individual workforce development needs. By passing WIA in 1998, Congress recognized this fact and the fact that flexibility is the key to a successful workforce investment system. However, services available to WIA participants have been implemented in an overly restrictive manner. WIA reauthorization should ensure that participants have the ability to receive services that are appropriate for their circumstances. We should empower individuals to make choices that are best-suited for them. We should also empower states and localities to make choices that are appropriate for their workforce needs.

Fourth, WIA should call for accurate data collection, reporting, and performance measures that are not unduly burdensome. The system must have accountability. However, as GAO reported, WIA's performance measures need to be fixed. The 17 current performance measures should be simplified to more accurately and easily depict the impact WIA is having. GAO also found that some training providers don't want to participate in WIA due to the law's excessive data collection and reporting requirements. As a result, training options for job seekers may be decreasing rather than increasing. GAO also found that documenting low-income eligibility for youth is costly and burdensome to providers and difficult for youth most at risk. As a result, some eligible youth are being denied services. By reducing administrative complexity, more WIA resources can be devoted to delivering services rather than doing paperwork.

WIA made dramatic changes to the publicly-funded workforce investment system. The law also dramatically changed the role the Department of Labor plays in the workforce investment system. The Department's guidance and technical assistance is critical to the successful implementation of the law at the state and local

level. As we reauthorize WIA this year, the role of the Department in successful implementation becomes even more critical.

Today, we will hear from Deputy Secretary Findlay about the Administration's approach to reauthorization of WIA. While the today's hearing is focused on WIA reauthorization, I will want to address the President's plan to create Personal Reemployment Accounts to help unemployed workers get back to work quickly. These worker-managed accounts would give unemployed workers the flexibility to receive the services they need most—the customer more in control of the product.

I look forward to working with the Administration, with Senator Murray, with the rest of my Colleagues, and with stakeholders to Reauthorize the Workforce Investment Act. A demand-driven, flexible, and accountable system that works in all areas of the country and all economic times—this is what we can achieve through reauthorization of this landmark legislation.

Senator ENZI. At this time, I would recognize the distinguished ranking member, Senator Murray from Washington.

#### OPENING STATEMENT OF SENATOR MURRAY

Senator MURRAY. Thank you very much, Mr. Chairman and it is an honor to join you on this subcommittee. And as you said, it is hard to envision the subcommittee without Senator Paul Wellstone and his passion and energy, and I do not think I can ever fill his shoes and wave my arms as much, but I do hope I can bring the same kind of passion and energy and commitment to this role.

And I am confident we will work well together. I think the fact that we were both born in Washington State means that we can work well in our efforts here.

I want to thank Deputy Secretary Findlay for coming to discuss the administration's proposal to reauthorize the Workforce Investment Act. We passed WIA back in 1998 and consolidated Federal job placement and training programs to create a flexible, comprehensive system that is driven by the private sector.

Since most states chose to delay full implementation of WIA until July of 2000, we have not had enough time to fully analyze the success and failures of the current system. However, WIA is beginning to show some real benefits in many places, including the State of Washington.

Here in Congress, we need to build on the foundation of empowering workers and local employers to address their workforce needs in this reauthorization. As we work to update this important program I will be focusing on three priorities. First, we cannot allow funding cuts to hurt our workers and our local economies. Unfortunately, WIA's success has been undermined by recent cuts. The fiscal year 2003 funding bill cuts \$655 million from WIA activities from the year before and this year the President has proposed further cuts for WIA efforts.

This is not the time, in my opinion, to cut our investment in worker training and employment. In just the last 18 months, Washington State has lost nearly 80,000 jobs. During that time, the number of people coming into one-stop centers has doubled. Yet since 1985 the funds available to help these workers have dropped by 25 percent.

These cuts have a big impact on young people, especially low income and at-risk kids, who are served by the WIA Youth Program. We should be strengthening the connection between WIA, local businesses, and young people, not scaling it back as some have suggested.

Second, we should empower WIA's two customers, business and labor. We should empower them to use their first-hand knowledge to meet local employment needs and we should encourage incentives to bring people and businesses into one-stop centers. We should make WIA's efforts more efficient at every level by streamlining the performance reporting and eligibility criteria and knocking down barriers to job training.

We should not limit a partner's ability to invest in one-stop centers.

And finally, we should provide greater flexibility so that local areas can negotiate performance measures that reflect the type of work and labor market that is being served.

Before I close, I do want to say a word about the President's proposal for personal reemployment accounts. This could be a good idea for States like Washington but we certainly need to know more. We need to know whether WIA will replace the current efforts of one-stop centers or if it will supplement them. We need to know if the President's plan would require unemployed workers to choose between WIA and PRAs.

We have got to recognize that the President's proposal to provide \$3,000 is not enough for training. In fact, the average training program costs nearly \$5,000.

And finally we have got to make sure that a proposal that sounds good when it is unveiled is not undermined when it comes time to fund it. In this stagnant economy the stakes are too high to leave our workers without a lifeline to get a good job.

Fortunately, WIA has always been a bipartisan effort and I look forward to working with Chairman Enzi and the administration on this effort.

Thank you very much, Mr. Chairman, and I will have several questions.

[The prepared statement of Senator Murray follows:]

#### PREPARED STATEMENT OF SENATOR MURRAY

Senator MURRAY. Thank you, Mr. Chairman. This is my first hearing as the Ranking Member of this subcommittee, and I'm looking forward to working with you closely on employment issues.

I'm confident that we'll work well together, and I think that the fact that we were both born in the State of Washington, bodes well for our efforts here.

I want to thank Deputy Secretary Findlay for coming to discuss the Administration's proposal to reauthorize the Workforce Investment Act.

Passed in 1998, WIA consolidated federal job placement and training programs to create a flexible, comprehensive system that is driven by the private sector.

Since most states chose to delay full implementation of WIA until July of 2000, we have not had enough time to fully analyze the success and the failures of the current system.

However, WIA is beginning to show some real benefits in many places, including the state of Washington.

Here in Congress, we must build on the foundation of empowering workers and local employers to address their workforce needs in this reauthorization.

As we work to update this important program, I'm focusing on three priorities.

First, we can't allow funding cuts to hurt our workers and our local economies. Unfortunately, WIA's success has been undermined by recent cuts.

The FY03 funding bill cut \$655 million from WIA activities from the year before.

This year, the President has proposed further cuts for WIA efforts. This is not the time to cut our investment in worker training and employment.

In the last 18 months, Washington State has lost nearly 80,000 jobs. During that time, the number of people coming into one-stop centers has doubled. Yet since 1985, the funds available to help these workers have dropped by 25 percent.

These cuts have a big impact on young people especially low income and at-risk kids who are served by WIA youth program. We should be strengthening the connection between WIA, local businesses, and young people—not scaling it back as some have suggested.

Second, we should empower WIA's two customers business and labor.

Let's empower them to use their first-hand knowledge to meet local employment needs.

Let's encourage incentives to bring people and businesses into one-stop centers.

Finally, let's make WIA's efforts more efficient at every level. We should streamline the performance, reporting and eligibility criteria.

We should knock down barriers to job training. We shouldn't limit a partner's ability to invest in one-stop centers.

We should provide greater flexibility so that local areas can negotiate performance measures that reflect the type of work and labor market being served.

Before I close let me say a word about the President's proposal for Personal Reemployment Accounts. This could be a good idea for states like Washington, but we certainly need to know more.

First, we need to know whether WIA will replace the current efforts of one-stop centers or if it will supplement them.

Second, we need to know if the President's plan would require unemployed workers to choose between WIA and PRA.

Third, we've got to recognize that the President's proposal to provide \$3,000 is not enough for training. The average training program costs nearly \$5,000.

Finally, we've got to make sure that a proposal that sounds good when it's unveiled isn't undermined when it comes time to fund it. In this stagnant economy, the stakes are too high to leave our workers without a lifeline to good job. Fortunately, WIA has always been a bipartisan effort and I look forward to working with Chair-

man Enzi and the Administration in this effort. Mr. Chairman, I will have several questions.

Senator ENZI. We do have a vote scheduled at 10:30. I plan to recess when the halfway point comes so that we can go do the vote.

Before we begin I have a statement from Senator Kennedy.

[The prepared statement of Senator Kennedy follows:]

#### PREPARED STATEMENT OF SENATOR KENNEDY

I commend my colleagues Senator Enzi and Senator Murray for calling this important hearing today and for their leadership on these issues over the years.

The Workforce Investment Act has reshaped federal job training programs, moving to a one-stop service concept created to help workers acquire the skills needed by local businesses. It was a significant step in simplifying and strengthening federal job training programs to meet the needs of workers and employers.

Today's economy puts this system to a critical test. In the past two years, over 2.3 million private sector jobs have been lost. Nearly 8.3 million Americans are out of work, not including another 1.7 million who are long-term unemployed.

The new job training system is helping workers and their families. One-Stop Centers are helping workers identify available jobs and obtain the skills to qualify for them. But more should be done to meet the urgent need today.

We have the chance this year to reauthorize the Act to enable the system to respond more effectively to the needs of workers and business.

To strengthen the system, we must look at the needs of both workers and businesses. We must look at ways to help them survive in a down-turned economy. We must maintain targeted funding to see that dislocated workers have the support they need in difficult economic times.

We must target resources to teenagers and young adults to prepare them for good jobs. We need a job creation program for these young people—a program that will give them the incentive they need to go to college or to move into the workforce.

We must also do more to meet the needs of low-wage workers—hard-working Americans who lack the skills for better-paying jobs. We should work with employers to provide skills training for these workers long before they are unemployed. Raising the skill levels of low-skilled workers adds to the productivity of business and makes our country stronger.

The workforce system must also continue to be a safety net in this unstable economy. Migrant and seasonal farmworkers deserve specific support to meet their specific needs. Ex-offenders deserve help in becoming productive citizens, and making the transition back into their communities. If we don't give them the support they need, no one else will.

For all of these reasons, the Department of Labor's budget is a disappointment. Consolidating funding streams doesn't change the fact that the Department's job training budget is \$650 million less than the FY02 budget. We can—we must—do better.

Greater investments in job training and unemployed workers will help jump-start the economy and keep workers afloat. Many of us

are concerned, however, that the Administration's recent proposal for Personal Re-employment Accounts is the wrong approach. The accounts would exclude too many workers, and deprive unemployed workers of job training services. These accounts are no replacement for investments in proven job training and unemployment assistance. Instead, we should invest these resources in the Workforce Investment Act and the One-Stop services available under the Act. We should also extend unemployment benefits for the one million hardest hit workers, who were left out in the January legislation, and we should cover the part-time and low-wage workers who have paid into the unemployment system, but don't receive unemployment benefits.

All of us on both side of the aisle in Congress want to work with the Department to provide strong support for the nation's workers.

I thank the Deputy Secretary for his testimony today, and I look forward to working with you on this reauthorization.

Senator ENZI. So without further ado, I will call on Mr. Deputy Secretary.

**STATEMENT OF D. CAMERON FINDLAY, DEPUTY SECRETARY  
OF LABOR, DEPARTMENT OF LABOR**

Mr. FINDLAY. Thank you, Chairman Enzi.

Thank you very much, Senator Murray. We look forward very much to working with you in your new role as ranking member of this subcommittee.

I want to thank you for inviting me to testify on the administration's proposal to reauthorize the Workforce Investment Act. We view this proposal as a critical part of the President's strategy to get unemployed Americans back to work and to get the economy moving again.

I have submitted detailed written testimony. I ask that that be included in the record, but I would like to briefly summarize some of the key points of the written testimony.

As both Chairman Enzi and ranking member Murray said, 5 years ago, in large part as a result of the leadership of this subcommittee, Congress passed a landmark legislation, the Workforce Investment Act, by large bipartisan majorities.

WIA was truly a groundbreaking piece of legislation and it has sparked dramatic improvements in the delivery of employment and training services nationwide. But our challenge now is to build on these reforms to make the system even more effective and even more responsive to the needs of local labor markets.

We propose to do this in several ways. First, we want to create a more effective governance structure to ensure that services get to workers as soon as possible. Too often in the past State and local boards have been mired in administrative details rather than focused on connecting skilled workers with job opportunities.

The administration proposes to strengthen the role of the State and local boards in various ways. State boards would still be chaired and directed by employers but these boards would have increased representation by one-stop partner programs. This would, among other things, ensure that these partner programs have a place at the table when State boards decide the policies and prior-

ities for the delivery of workforce services through the one-stop delivery system.

Local boards, for their part, would be streamlined to provide an increased voice for employers. Also, for community groups and worker advocates in order to make the boards more responsive to local needs. And the requirement that workforce investment boards establish local youth councils would be eliminated, though governors and elected officials would retain the authority to create youth councils if they find them useful.

Second, our proposal would strengthen the one-stop system by creating a new way to fund and maintain the system. In the past, the system has been hampered at times by turf battles among service providers and the lack of a stable funding stream for local one-stop centers. We propose to fund the one-stop system by creating a separate funding stream for one-stop infrastructure funding. This would alleviate a great deal of the current local negotiation issues around operations and would allow local areas to focus on what is most important, meeting the needs of businesses and workers.

In addition, we want to ensure that all one-stop centers make available a broad array of employment training and supportive services. We particularly want to strengthen connections between the one-stop delivery system and programs such as adult education and Temporary Assistance for Needy Families or TANF.

Third, we propose to eliminate obstacles to getting money where it is needed by combining the WIA Adult Dislocated and Wagner-Peyser funding streams into a single program. This change would result in streamlined program administration at the State and local level and reduce the current complexities of management across three separate programs.

We also propose to permit more flexibility in the delivery of services to adults in order to encourage greater collaboration and integration of programs in the one-stop setting.

Under current laws many State and local areas have misinterpreted the sequence of service strategy to require individuals to spend a specific amount of time in one tier of service before moving on to the next tier of service. Under our proposal, individuals would have the opportunity to receive the services that are most appropriate for their unique needs.

We also propose to eliminate burdensome eligible trainer provider requirements to create incentives for more training providers to participate in the system.

Fourth, we propose to create a targeted approach to serving youth. Currently funds for the WIA Youth Program are spread very thinly across the country due to the statutory formula and frankly, a lack of strategic focus. The administration recommends reforming current WIA youth programs by focusing resources on out-of-school youth through a targeted State formula program and challenge grants to cities in rural areas.

Finally, we propose to address the concerns many States and local areas have raised about the performance accountability provisions in WIA. The 17 statutory performance indicators under WIA Title I are simply too many and they are overly burdensome. Through reauthorization, the number of WIA Title I indicators would be reduced from 17 to eight, four for youth and four for

adults. As part of the administration's new common performance measures initiative for employment and job training programs. These indicators would cut across all Federal job training programs and would have a common set of definitions and datasets.

An exciting complement to our WIA reauthorization proposal is our proposal to create personal reemployment accounts or PRAs. These accounts would contain up to \$3,000 and could be used by unemployed workers for a purchase of variety of training and supportive services. The personal reemployment accounts would allow workers to custom design a reemployment services package in accordance with their individual needs. For example, some individuals may determine they need extensive retraining in order to compete for jobs in a high-growth industry. Others may need only to complete a short-term computer course, while still others may need to purchase child care or transportation in order to search for work.

By enabling unemployed workers to obtain the reemployment services that they need most, PRAs would increase the likelihood that individuals will get jobs quickly.

Under this proposal workers may also keep any unused portions of their PRAs as reemployment bonuses to assist workers in making the transition to employment.

The President's proposal would provide \$3.6 billion in additional resources to States to fund the PRA accounts in fiscal year 2003 and it is anticipated these funds would permit States to serve up to 1.2 million unemployed workers.

To conclude, this administration does believe strongly that workforce investment is integral to economic development. And we also believe that a better trained workforce promotes economic growth. The administration's proposals to perform the Workforce Investment Act and to establish innovative new personal reemployment accounts show our commitment to enhance economic growth and get Americans back to work.

Secretary Chao and I look forward to working with this committee on these issues in the weeks and months ahead.

That concludes my prepared remarks and I would be happy to take any questions you might have.

[The prepared statement of Mr. Findlay follows:]

PREPARED STATEMENT OF D. CAMERON FINDLAY

Good morning. Chairman Enzi and members of the Subcommittee, I thank you for inviting me to testify on the Administration's Workforce Investment Act reauthorization proposal.

WIA REAUTHORIZATION

In 1998, under the strong leadership of this committee, Congress passed by a large bipartisan majority the Workforce Investment Act (WIA). WIA was a groundbreaking piece of legislation that has sparked important improvements in the delivery of employment and training services nationwide. The authorization of appropriations for the Act expires on September 30, 2003. Now our challenge is to build on these reforms in order to make the Act even more effective and responsive to the needs of States and local labor markets.

Over the past year, the Department of Labor has gone to considerable effort to gather input from stakeholders on how the workforce investment system can be strengthened to address the challenges of globalization, technological advances, and the demographic changes that the American workforce is currently facing. The Department gathered public input on WIA reauthorization through a series of public forums. The Department held twelve forums around the country in the spring of

2002. In addition, the Department held a forum focused on services to individuals with disabilities in June of 2002. This latter forum was held in partnership with the Department of Education, the Department of Health and Human Services and the Social Security Administration. In addition, the Department held two forums on Indian and Native American programs in the fall of 2002. In total, over 1,400 people attended the forums, and more than 240 of them presented oral remarks. Moreover, in February of 2002 the Department sought public comment on reauthorization issues in the Federal Register. Over 370 comments were received in response to this announcement. A summary of the oral and written comments is available on the Employment and Training Administration's web site.

The input from our stakeholders, our experience at the Federal level, recent research findings, and reports issued by the General Accounting Office have informed the Administration's proposal for WIA reauthorization. The Administration's proposal is designed to continue to transform the One-Stop Career Center delivery system into a cohesive workforce investment system that can respond quickly and effectively to the changing needs of employers and workers in the new economy and can address the needs of special populations, including individuals with disabilities. It builds on and improves what works, and fixes what does not work. Finally, the proposal seeks to connect better with the private sector and with post-secondary education and training, social services, and economic development systems to prepare the 21st century workforce for career opportunities and skills in high-growth sectors. Many of these reforms are outlined in the President's Fiscal Year 2004 budget.

The Administration's WIA reauthorization proposal addresses five key areas of reform. Those areas are: (1) creating a more effective governance structure; (2) strengthening the One-Stop Career Center System; (3) delivering comprehensive services for adults; (4) creating a targeted approach to serving youth; and (5) improving performance accountability.

#### CREATING A MORE EFFECTIVE GOVERNANCE STRUCTURE

The Workforce Investment Act's vision for implementing a comprehensive workforce preparation and employment system depended on the creation of an effective WIA governance structure. Under the Act, State and Local Workforce Investment Boards are responsible for overseeing WIA at the State and local levels, while youth councils coordinate local youth programs and initiatives.

The Administration proposes to strengthen the role of the State and local boards by, among other things, streamlining the membership requirements. Under the Administration's proposal, One-Stop partner programs will have a stronger role on the State Board to ensure their investment in, and commitment to, the integrated service delivery system.

*How can a one-stop system affect economic development?*—The State Board will still be chaired and directed by business and will be charged with setting policies and priorities for the One-Stop Career Center system. Such policies include the development of minimum service delivery standards, comprehensive outreach strategies, and economic development strategies.

*How would State board membership correct under usage?*—Providing State-level administrators of One-Stop partner programs with more authority over One-Stop Career Centers will result in increased support for and partner usage of the system. It will also create a more global approach to addressing workforce needs in a community.

As for local boards, membership will be streamlined to provide an increased voice for employer representatives, community groups, and worker advocates. Too often in the past these boards have been unwieldy and mired in administrative detail rather than focused on connecting skilled workers with job opportunities. These changes will make the boards more flexible and responsive to local needs. Local boards will focus on strategic planning and policy development activities.

Numerous stakeholders at the WIA reauthorization forums across the country indicated that Youth Councils have not always added value to local system efforts as envisioned under WIA. Because the contribution of Youth Councils has varied across local areas, the reauthorized legislation will eliminate the statutory mandate for local Youth Councils. Under our reauthorization proposal, Youth Councils will no longer be required, but Governors and chief elected officials will be provided the authority to create or continue Youth Councils if they are valuable in their State or local area.

#### STRENGTHENING THE ONE-STOP CAREER CENTER SYSTEM

The cornerstone of WIA's workforce investment vision was the institution of the "One-Stop" delivery system, designed to integrate workforce programs and services

under a single, comprehensive, customer-focused workforce investment system. The Act stipulates that the costs of those centers are to be shared by the One-Stop partners programs that are overseen by various Federal agencies. In practice, however, stakeholders overwhelmingly indicate that local One-Stop systems are compromised by the lack of stable funding for local One-Stop Career Centers, turf battles among service providers, and the complexities of local cost allocation methodologies.

We believe that WIA reauthorization should create a new way to fund the cost of the One-Stop system. One-Stop infrastructure funding would alleviate a great deal of the current local negotiation issues around operations and allow local areas to focus on what is most important—meeting the service needs of businesses and workers. The Department of Labor is analyzing current One-Stop operating costs and considering different methods of funding the WIA infrastructure, in consultation with other involved agencies. Our intention is not to increase administrative overhead, but to clarify funding sources to promote improved services to One-Stop customers. This funding would help cover the cost of non-personnel operational items such as rent, general operating expenses, and information technology.

In addition, we want to ensure that all One-Stop Career Centers make a broad array of employment, training and supportive services available to both job seekers and employers. We particularly want to strengthen connections between the One-Stop delivery system and programs such as Adult Education and Temporary Assistance for Needy Families (TANF).

*Proposal should clarify how these activities would be financed*—Often One-Stop Career Centers offer employment and training assistance to a universal worker population, but do not offer a broad range of products and services (such as work supports and other supportive services) to low-wage workers. These services could improve with better coordination among programs, including TANF, that target this population. For instance, focusing on access to financial work supports (such as Food Stamps and Medicaid) and retention and advancement services (such as child care and training during nontraditional hours) in a One-Stop setting will address the needs of both employers and members of the country's low-wage workforce. These supports and services will be funded by a variety of One-Stop partners and made available through the One-Stop system.

#### DELIVERING COMPREHENSIVE SERVICES FOR ADULTS

The One-Stop delivery system created by WIA currently provides adults and dislocated workers with an array of workforce services and labor market information. However, the current system faces several barriers to preparing a truly competitive labor force capable of meeting the needs of the nation's employers. Two such barriers are, first, separate funding resources and, second, a limited capacity to respond effectively to individual needs.

The Administration's proposal will address the first issue by combining the WIA Adult, WIA Dislocated Worker and Wagner-Peyser funding streams into a single formula program. This change will streamline program administration at the State and local level and reduce the current complexities of management across three separate "programs." Our proposal builds upon both current law and our recent budget requests, which allow up to 20 percent and 40 percent, respectively, to be transferred between the Adult and Dislocated Worker funding streams by giving complete flexibility within one new comprehensive program.

With respect to the second barrier, WIA reauthorization also should include more flexibility in the delivery of services. This will allow for greater collaboration and integration of programs in the One-Stop setting. Under current law, many States and local areas have sometimes misinterpreted WIA's "sequence of service" strategy (how a participant moves from core to intensive to training services) to require all individuals to spend a specific amount of time in one tier of service before moving onto the next. In some extreme circumstances, this has resulted in individuals being placed in low-paying jobs without access to the additional services they need in order to succeed in today's competitive economy.

WIA reauthorization should provide greater flexibility in the delivery of core, intensive and training services. Individuals should have the opportunity to obtain the services that are most appropriate for their unique needs. While WIA must retain a strong emphasis on returning unemployed individuals to work as quickly as possible, it must also provide an individual access to a wide array of services that he or she needs to obtain suitable employment, any of which could be core, intensive or training, if necessary.

As you are well aware, the current eligible training provider requirements have often had the unintended effect of reducing customer choice due to the limited number of eligible training providers in a particular local area. Many of them consider

the system created under WIA burdensome and have opted out. The Administration's proposal will provide Governors with greater authority to determine what standards, information and data are required for the eligible training providers in their States. This change will result in an improved eligible training provider system and ensure the continuation of such key principles as customer choice and provider accountability, while also making it easier for training providers to participate in the system.

We also propose to improve upon Individual Training Accounts by making them more flexible and responsive to individual needs. In addition, we want to incorporate the Personal Reemployment Account concept featured in the President's growth package by authorizing the use of such accounts as part of WIA. Later in my testimony, I will discuss these accounts further.

#### CREATING A TARGETED APPROACH TO SERVING YOUTH

Currently, funds for the WIA youth program are spread too thinly across the country due to the statutory formula and lack of strategic focus. Over the past year, we have held numerous discussions with youth practitioners, academics and other experts on how best to focus the Department of Labor's youth dollars. We also worked closely with the Department of Education to ensure our strategies and priorities do not overlap. As a result, the Administration recommends reforming current WIA youth programs by focusing resources on out-of-school youth through a Targeted State Formula grant program and Challenge Grants to cities and rural areas.

The Targeted State Formula program will be used at the local level to serve out-of-school youth. In addition, the Department will award "Challenge Grants" on a competitive basis to cities and local areas, with funds going to programs proven effective at serving out-of-school youth as well as high-quality programs that provide activities in a non-school setting that lead to high academic achievement.

#### IMPROVING PERFORMANCE ACCOUNTABILITY

Finally, we propose to address the concerns many States and local areas have raised about the performance accountability provisions in WIA. The seventeen statutory performance indicators under WIA title I are perceived to be too numerous and overly burdensome. Through reauthorization, the number of WIA title I indicators will be reduced from 17 to 8 (4 for youth and 4 for adults). As part of the Administration's new initiative that creates common performance measures for employment and job training programs, these indicators will cut across Federal job training programs and will have a common set of definitions and data sets. This will help to integrate service delivery through the One-Stop Career Centers at the local level. In addition, Governors will have the authority to add measures for use within their States as needed to manage their programs and ensure high performance.

#### SUPPORTING JOB GROWTH THROUGH PERSONAL REEMPLOYMENT ACCOUNTS

In January, President Bush announced a comprehensive economic growth and jobs package to help the economy grow and create millions of jobs and deliver critical help to unemployed citizens.

One proposal that would immediately help unemployed men and women get back to work is the proposal to establish Personal Reemployment Accounts. The Administration urges quick action on this proposal. These accounts will be worker-managed, contain up to \$3,000, and will be used for the purchase of a variety of reemployment services or as a bonus for obtaining early reemployment. They will empower individuals by giving them more flexibility, personal choice and control over their job search and career. They will be administered through the One-Stop Career Center system established under WIA.

Because experience has shown that unemployed workers have a wide range of needs, the Personal Reemployment Accounts will allow each worker to design a custom reemployment services package in accordance with his or her needs. For example, some individuals may determine they need extensive retraining in order to compete for jobs in a high-growth industry, others may only need to complete a short-term computer course in order to return to work quickly; still others may need to purchase child care in order to search for work.

By enabling unemployed workers to obtain the reemployment services they need most, they will likely return to work sooner and in a job for which they are more prepared and better skilled.

## IMPLEMENTATION OF THE ACCOUNTS—INDIVIDUAL AND STATE FLEXIBILITY

The President's budget included one-time special funding of \$3.6 billion in additional resources to States to fund the Personal Reemployment Accounts in fiscal year 2003. It is anticipated that these funds will allow States to serve a total of at least 1.2 million unemployed workers during fiscal years 2003 and 2004.

The receipt of account funds will not adversely affect an individual's ability to be eligible for and receive Unemployment Insurance benefits. The accounts are targeted at those newly unemployed workers eligible for at least 20 weeks of Unemployment Insurance who have been determined by the States to be likely to exhaust UI benefits before finding a new job. In addition, States will have the option of making accounts available to certain current UI claimants who were previously found likely to exhaust UI or to certain workers who have already exhausted their UI benefits.

Subject to broad State-established safeguards to prevent abuse, account holders will be able to use the funds to purchase intensive reemployment services (such as counseling and case management), training, and supportive services (such as transportation and child care) available either through the One-Stop Career Center system, from other sources outside the One-Stop system, or in combination. This is a flexible way for unemployed workers to obtain access to services and benefits that they need to return to work faster.

Another important aspect of the proposed reemployment account is the "Reemployment Bonus." New UI claimants who become reemployed by the thirteenth week for which UI benefits are paid will receive any cash remaining unspent in their account as a Reemployment Bonus. Similarly, the groups added at State option—certain UI claimants who were previously identified as likely to exhaust UI and certain UI exhaustees—that become reemployed by the thirteenth week of the effective date of the account can also receive the Reemployment Bonus.

The bonus would be paid to the individual in two installments: 60 percent at employment and 40 percent after six months of job retention. Individuals who do not find employment within the thirteenth week rule would not be able to "cash out" their account but would continue to be able to purchase intensive reemployment, training and supportive services for up to one year from the effective date of the account.

## LEARNING NEW LESSONS THROUGH INNOVATIVE SERVICE STRATEGIES

At various times from 1984 to 1989, four States (Illinois, New Jersey, Pennsylvania, and Washington) conducted controlled experiments to determine the effectiveness of providing reemployment bonuses to unemployed workers. In these experiments, a random sample of new UI claimants were told they would receive a cash bonus if they became reemployed quickly.

The Department of Labor's evaluation of the reemployment bonus experiments conducted in the States of Washington, New Jersey, and Pennsylvania showed that a reemployment bonus of \$300 to \$1,000 motivated the recipients to become reemployed, reduced the duration of UI by almost a week, and resulted in new jobs comparable in earnings to those obtained by workers who were not eligible for the bonus and remained unemployed longer. Similarly, a study of an experiment conducted in Illinois found that a reemployment bonus of \$500 reduced the duration of unemployment by more than a week and did not lead to lower earnings at the worker's next job.

## CONCLUSION

Workforce investment is an integral part of economic development, and a better-trained workforce promotes economic growth. I believe the Administration's proposals for reforms to the Workforce Investment Act and Personal Reemployment Accounts respond effectively to both current economic conditions and future trends. Secretary Chao and I look forward to working with this committee as we move ahead.

This concludes my remarks. I would be glad to respond to any questions you have. Thank you.

Senator ENZI. Thank you for your presentation.

I also want to thank you for the opportunity that I have had to meet with you and members of your staff to go over some of the things in the Workforce Investment Act and some plans that you have and the extra detail has been extremely helpful and I would

encourage members of the committee to do the same, and would hope that you would work with them as well.

Mr. FINDLAY. I would be delighted to.

Senator ENZI. I always have to ask some questions about rural and frontier areas because Wyoming is the least populated State in the Nation, so we can kind of take it from that prospective.

Distances and limited access to training providers have been a barrier to successful implementation of WIA in rural and frontier areas. And since we cannot do anything to change the distances and do not seem to be able to do anything about changing the size of the towns, what plans do you have to propose improving rural access to services?

Mr. FINDLAY. I think the way that this proposal will improve access for people that live in rural areas is that it will enhance the State flexibilities that are necessary to have a effective workforce system.

As you said or Senator Murray said, I can't remember, one size does not fit all. You need different strategies in New York City and in rural Wyoming. So we are trying to get authority to State workforce boards to design strategies that are most effective for their State and also to local workforce investment boards to customize strategies for particular localities.

So I think that the key to serving rural areas better than we have is to give flexibility to States and to localities to design their strategies to fit best the needs of the area.

Senator ENZI. Could you expand a little bit on the role of State boards versus the local boards in your WIA proposal? If the State boards are given more control how will you ensure that the local workforce needs are met?

Mr. FINDLAY. As you know Senator, there have been a lot of concerns over the past few years about how cumbersome the State and local workforce investment boards have been. At the State level some of these boards include 50 or 60 people. As anyone who has ever served on a committee knows that is a very large group to act effectively.

So at the State level we would propose to streamline the boards and also to give a greater role to the one-stop partner program so they will be able to participate in the overall strategic planning for the State.

As for local boards, they have also become too big. Again, some of these local boards are 40 or 50 people. And more fundamentally, the local boards have devolved into arguing about operational issues rather than the strategic and policy issues that they ought to be worrying about.

The local board ought to decide what is the best strategy for getting people training in this area. Instead what they have ended up talking about are how do we fund our one-stop centers and issues like that.

So at the local level we want to enhance the role of employers who, after all, are the ones that actually have jobs and know what training will be effective. And we want to focus those local boards on the sort of strategic and policy issues rather than the operational issues.

Senator ENZI. We have talked about the boards and the employers. We also need to empower workers to choose services that are best suited for their workforce development needs. How does the proposal give individuals more flexibility to select the services that are right for them?

Mr. FINDLAY. I think, under the WIA proposal, we are continuing to refine the idea of individual training accounts and we are going to convert them to be career scholarships that will provide even more flexibility for individual workers.

But I think this is a good time to talk about our proposal for personal reemployment accounts, which really are a very innovative way to give workers a lot of choice and flexibility in choosing the services that they want.

With these PRAs, a worker could decide to spend all of the money on training. The worker could decide that he or she wanted to spend part of the money on training and part on child care while he or she works for work. They can spend part of the money on transportation.

We think that people should be entrusted to make choices about their own lives and the PRAs are a good example of a way that we intend to do that.

Senator ENZI. Thank you. Senator Murray.

Senator MURRAY. Thank you, Mr. Chairman.

I want to welcome Senator Jeffords to the committee, too. He has done a great deal of work on workforce investment and I really appreciate his help and work with us as we go through this reauthorization.

Mr. Secretary, the fiscal year 2003 Omnibus Appropriations Bill that was just passed by Congress and signed into law by the President cuts \$655 million from WIA activities from the previous year's bill. And the President's fiscal year 2004 budget does not restore that funding.

The administration has stated it can sustain these cuts and still retain services due to a funding carryover in WIA formula programs. But that is contrary to a recent GAO report finding that States and localities are spending WIA funds at a faster rate than the Act requires.

How does your administration's plan ensure that the delivery of WIA services are not impacted despite these large funding cuts, increased demand and the GAO's finding that any so-called carryover is already being spent?

Mr. FINDLAY. That is a lot to respond to. Let me try and take it in pieces.

We respectfully disagree with the GAO as to whether this money is being spent. The GAO said that the money was obligated.

We actually track expenditures and the fact that money is obligated does not mean that it is being spent. It means that it is committed to being spent some time in the future.

So we think the focus ought to be on training and services getting to workers. And we are confident that our budget levels will ensure that the level of services will be held constant over the years.

As you say, this is because there is this \$1.7 billion a year carryover from 1 year to the next, and it has happened 2 years in a row

now, where States have been unable to spend funds that was allocated to them.

This actually points out why it is so important to reauthorize WIA. WIA was a great law but there were some difficulties with WIA in terms of organizing these local boards to spend the money on the people that we want to get the money to. As boards have tussled over operational issues sometimes the money has carried over or even lapsed.

In the State of Washington, for example Senator Murray, the State of Washington carried over money from program year 1999 and actually had to turn it back to the Federal Government. It could not even carry it over because it had held it so long. The State of Washington has also carried over money—

Senator MURRAY. Is that not a function though that they were just beginning to implement some of the programs that were being put in place, that they had gotten this great big new law and they were trying to figure it out? I think it was not a function of that they could not use it. It was a function of trying to transfer to a new program.

Mr. FINDLAY. That may be the case but the fact is the money was not used and so it is still available for the next year.

Senator MURRAY. By Washington State?

Mr. FINDLAY. By Washington State. It was available for Washington State for several years in which they were unable to get it out to the people who needed it and so it lapsed back to the Federal Government. And that is even separate and apart from the money that is carried over year to year. I think in the State of Washington the carryover, in the most recent numbers I have, were \$26 million that the State was unable to spend. Now we want that money to be spent and we would like to see it fill up.

Senator MURRAY. But in 1999 Washington State was actually using JTPA, which is why.

Mr. FINDLAY. But Washington has had carryovers under WIA, as well.

Senator MURRAY. Because they were using JTPA funds.

Mr. FINDLAY. I guess the point is the money is there. The people are not being denied services because of a lack of funding. They are being denied services for another reasons.

Senator MURRAY. I am just worried that we get into this accounting gimmick where we say we had this big change in program, we moved from JTPA to WIA. There are carryover funds, therefore we can cut.

I am going to tell you again, we have 80,000 jobs lost in the State of Washington and people are scrambling to get people into jobs. There are not necessarily jobs there today. And I am worried that if we take a look at a time when we were in transition as the mark as to how much money is being used, we will not fairly and accurately look at what is actually going to be used now that people are really getting into using these funds after the transition.

Mr. FINDLAY. I think we agree on one thing, Senator Murray, and that it is that we completely agree that we should not be worrying about these accounting issues and that what we ought to be focusing on is figuring out ways to get money to the people, the training and services to the people that need them.

That is why our WIA reauthorization proposal tries to eliminate some of these rigidities that have kept money say in one pot where it could not be transferred to another pot when people needed assistance.

So I think that the sort of carryovers that we have seen in Washington and other States point out why it is so important to reform WIA to eliminate these sorts of rigidities.

Senator MURRAY. Which we did and we are all working through, so I will just tell you I am very concerned about that.

My time is limited so let me ask you about the youth policy. Your proposal shifts the focus of youth policy in WIA from both out-of-school and in-school youth to primarily out-of-school populations. Right now about 30 percent of the money must be used for out-of-school youth. The rest is used to partner with schools to motivate at-risk youth to stay in school and allow kids to get the skills that they need to compete for the jobs of tomorrow.

You propose that 75 percent of youth funds be used to serve out-of-school kids. Reaching out-of-school youth is important. I think we all agree on that. We are concerned about juveniles who are on the streets. They need help in reconnecting with the education system and getting needed skills so they can find employment.

But with the proposed elimination of the Youth Opportunity Grant Program and the proposed elimination of the statutory requirement for youth councils and the shift in resources to out-of-school youth, what is going to be left for in-school programs?

Mr. FINDLAY. In developing our reauthorization proposal, we worked very closely with the Department of Education to try and avoid the sort of duplication and turf battles that have taken place over the past few years. What we decided made sense was for the Department of Labor to focus its resources on the population that most needs assistance, and that is out-of-school youth.

And so our proposal does target our funds to out-of-school youth, and in particular the most at-risk youth. The target formula grants would be focused on school dropouts, on kids who are in the criminal justice system, and those sorts of very high at-risk youth. We feel like we have got to get those people into the economic mainstream before we do—

Senator MURRAY. So philosophically, you are looking at the out-of-school youth and expecting the Department of Education to do in-school. I guess I would be more comfortable with that if you were not dramatically cutting the Department of Education at the same time.

I am going to tell you who gets left behind in that is the kids who do not have any motivation to go on to college, who do not have necessarily the skills, and these kinds of programs have to be addressed. They are not being addressed by the Department of Education. They are trying to do No Child Left Behind and all of these other things, ad cutting back after school and everything.

So I think your philosophy may sound reasonable but in actuality, the funding is not going to be there for the Department of Education to pick up what you are handing them.

Mr. FINDLAY. I do not want to speak about the Department of Education's programs but I can say that in a world of finite resources that, given that we do not have infinite resources to spend

in this area, we think that we should target our youth funds on the most at-risk youth, the ones that are most likely to end up in the criminal justice system or find themselves unemployed for many years. And if we can get these kids into the economic mainstream, we will have accomplished something.

I should also say that we do make some allowances for serving in-school youth but in out-of-school programs because we just do not feel like there should be that kind of duplication in the schools, where both the Department of Labor and the Department of Education are there.

Senator MURRAY. Mr. Chairman, I know that we have a vote and Senator Jeffords wants to get his questions in. I do have a number of questions about the PRAs, as well as a number of concerns about the communities, about the flexibilities. It sounds great, but \$3,000 is not enough to get actual training. Where is that money going to come from? What account will be robbed to pay for it? And most importantly, how are we going to ensure that that money is actually being used to help people get jobs that give them a better income and it does not just force them into cleaning cars or working at McDonald's because they get the easy cash to begin with? And then we have left a generation of workers without the skills to get where they are going.

So I have a number of questions about that. If I do not have an opportunity to ask them, I will submit them for the record. But I appreciate the opportunity, Mr. Chairman.

Mr. FINDLAY. Thank you, Senator. We will be happy to do our best to answer them.

Senator ENZI. I am pleased to be joined by the Senator from Vermont, Senator Jeffords, a very active member of the committee. If you want to make a statement and ask questions, the floor is yours.

Senator JEFFORDS. I would like to say that I sympathize with the questions that were asked by Senator Murray. I spent a great deal of time in setting up the programs that we presently have, and visited China and Germany and other areas to see how they handle these kind of situations. And those of us who wrote WIA felt very strongly that voc-ed and adult-ed and vocational rehabilitation must be coordinated with job training programs.

I would like to hear your assessment of that coordination and your suggestions as to how that coordination can be improved from the Department of Labor's perspective.

Mr. FINDLAY. One of the themes that runs through this year's reauthorization proposal is to eliminate silos and eliminate rigidities that have prevented services getting to the people that need them. It has gone beyond our proposal to combine several funding streams within WIA.

We also are seeking to establish linkages with other departments that provide similar services. I mentioned TANF as one possibility. We also are working with the Department of Education to establish linkages between all of their programs and our one-stop system.

So I think that is one of the themes in our reauthorization proposal is to avoid the kind of segmenting that we do here in Washington and provide flexibility to those people on the ground who are actually out providing the services.

Senator JEFFORDS. A good portion of the testimony focuses on the \$3.6 billion personal reemployment account proposal that the administration would like included in the comprehensive growth package. How do you justify spending \$3.6 billion on setting up a new one, a temporary program alongside WIA, when the administration is cutting the overall job training budget?

Mr. FINDLAY. Senator, I guess I would challenge your premise that we are cutting the overall job training budget because, as I discussed with Senator Murray, the level of services will be held constant because of the \$1.7 billion carryover that is out in the system for the second year in a row.

But the PRAs we view as a different delivery mechanism, an innovative new delivery mechanism, to get services to workers that need them. The \$3.6 billion is not being taken out of the WIA system. It is in addition to the WIA system.

Senator Jeffords, I guess I am a little confused why you set up two job training programs? What is the necessity?

Mr. FINDLAY. We are not setting up another job training program. They can use the PRA to access services through the one-stop. We do not have a separate training system set up for PRAs. We do not have a separate employment services system set up. They can just use this different delivery mechanism to access the same services.

Senator JEFFORDS. I am a little confused on that.

How much of the \$3.6 billion would be spent on administrative costs?

Mr. FINDLAY. It would depend completely on how the States set up the system. One of the nice things about this program is that we would allow States to be laboratories of democracy. Each State could set up a PRA system in the way it wanted subject to certain concerns we would put upon them. So I think it is impossible to answer the question of much would be spent on administrative costs.

I think the idea is that of that \$3.6 billion, none of it would be on administrative costs because that money would go out to the people to use through the existing system.

Senator JEFFORDS. In regard to youth training, you mention a proposal to create a new targeted State formula program in addition to challenge grants. How will these programs be funded? And will these have separate funding streams? How are they going to work?

Mr. FINDLAY. I think that of the youth funding stream—what is the percentage? 75 percent would go by formula and 25 percent through these challenge grants. As I discussed earlier, the formula funds would be targeted at out-of-school youth but the challenge grants could be used for innovative programs by cities or rural localities for whatever needs they have.

Senator JEFFORDS. How will Job Corps be integrated into your youth proposal?

Mr. FINDLAY. Job Corps would be essentially untouched by this proposal. It would be a separate system in the way it is now, really. But we do integrate Job Corps into the WIA by identifying people that would be good candidates for Job Corps through the one-stop system among other places.

Senator JEFFORDS. So they will be in a separate funding stream?

Mr. FINDLAY. I think Job Corps is a separate funding stream.

Senator JEFFORDS. They would be maintained there?

Mr. FINDLAY. Yes.

Senator JEFFORDS. I agree with you that our out-of-school youth must be a focus. However, at the same time we must continue to provide opportunities for school youth, those youth in particular who are on the verge of dropping out. Have you considered creating some type of an apprenticeship program for in-school youth?

Mr. FINDLAY. As I said, money could be used for programs to serve in-school youth and it just would not be spent through the school system. It would be for out-of-school programs for in-school youth. So I guess the answer is yes, that we would consider programs for in-school youth but just not provided through the school.

Senator JEFFORDS. In the Department of Labor's budget request I noticed that the reintegration for youth offenders program was eliminated. The fastest growing high schools in my State are youth corrections facilities. In Vermont between the ages of 18 and 25, one in seven males are in the youth corrections facility. I do not think that this is unique to Vermont.

I would ask you to re-examine the elimination of this program. I think it is a serious mistake.

Mr. FINDLAY. We would be happy to take a look at that, Senator Jeffords. Let me tell you what our thinking was.

I think it goes back to something I said earlier, that we have a lot of different job training programs that are segmented throughout the Department and, in fact, throughout the United States Government. And one of the things we want to do is to break down the silos. We do not want to have specific little job training programs that may be accumulating funds and cannot be spent on other things.

The best example of this proposal to consolidate the three adult, dislocated and the Wagner-Peyser funding streams, where in many cases there is lots of money in one funding stream and none in another but we cannot transfer it over.

So our theme in this year's proposal is to break down these rigidities and permit more flexibility for providers.

Senator JEFFORDS. I have no quarrel with that. I just want to make sure you understand that in this Nation we are having terrible troubles with youth ending up in trouble with the law. And if we do not have the way to first interdict before they get to the graduation level; and second, to take care of them after they have had the problems, we are not going to service a huge number.

Mr. FINDLAY. We could not agree more and that is reflected in our youth proposal, because we have proposed to target the youth funds, among other things, on youth who are involved in the correctional system.

Senator JEFFORDS. Thank you.

Mr. FINDLAY. Thank you.

Senator ENZI. Thank you very much for your testimony and the questions that you have answered.

We all have some questions that are unanswered and I suspect that other members of the committee do, too. So we will leave the record open so that written questions can be submitted, and we

will appreciate your answers on that. We will make sure that the answers are circulated.

Thank you for your attendance, and Senator Jeffords.

And the meeting is adjourned.

[Additional material follows.]

## ADDITIONAL MATERIAL

### STATEMENT OF THE AMERICAN NETWORK OF COMMUNITY OPTIONS AND RESOURCES (ANCOR)

The American Network of Community Options and Resources (ANCOR) appreciates this opportunity to provide comments and recommendations to the Senate Health, Education, Labor, and Pensions Subcommittee on Employment, Safety, and Training on the reauthorization of the Workforce Investment Act of 1998 (WIA). ANCOR is the national organization representing more than 750 private providers of community living and employment supports and services to more than 360,000 individuals with mental retardation and other disabilities.

WIA holds the promise of assisting all Americans including individuals with mental retardation and other significant disabilities to obtain and retain employment in their communities through a comprehensive, collaborative system of public and private partners. WIA is an important part of our nation's fabric to address the employment of individuals with disabilities. Indeed, many individuals with mental retardation and other significant disabilities want to work and are able to do so, given appropriate supports and services.

ANCOR members are committed to assisting the individuals they support in their chosen employment. Yet, the current workforce investment system is not working for people with disabilities as Congress had intended. Individuals with disabilities have faced numerous barriers when attempting to access the workforce investment system. ANCOR members and other community employment providers who want to participate in the system and assist individuals with disabilities to gain and retain employment have also faced challenges, making it extremely difficult even precluding them from assisting individuals with disabilities under the workforce investment system.

Despite the challenges, ANCOR and its members remain committed to WIA and believe reauthorization presents an opportunity to strengthen WIA the nation's comprehensive employment system to meet the employment needs of individuals with disabilities and assist private providers in being true partners in the nation's workforce investment system. ANCOR believes that the workforce investment system must be re-tooled, with a direct focus on individuals with disabilities and their needs to obtain and retain employment. ANCOR also believes that WIA must include a focus on the direct support professional workforce crisis, as these workers provide the necessary community living and employment supports that enable individuals with disabilities to live and work in the community.

As the Senate considers reauthorization of WIA, ANCOR believes that Congress must ensure that the nation's workforce preparation and employment system fulfills its promise to individuals with disabilities and create the true partnership with private providers supporting individuals with disabilities that Congress envisioned by: Putting the employment of people with disabilities at the forefront of WIA; Recognizing community employment provider expertise. Workforce Investment Boards and One-Stops must make effective use of the valuable expertise that local community providers have to offer; Increasing collaboration of VR and other programs; Ensuring physical and programmatic accessibility of all One-Stop Career Centers; Meeting the individualized needs of individuals with the most significant disabilities; Addressing the direct support workforce crisis facing private providers; and, Providing Adequate Funding for One-Stop Services.

ANCOR offers the following comments and recommendations in these areas to better strengthen the workforce investment system.

#### I. PUTTING THE EMPLOYMENT OF PEOPLE WITH DISABILITIES AT THE FOREFRONT OF WIA

An underlying principle of WIA is universal access any individual who can benefit from the workforce investment system and its programs and services may access the system. Unfortunately, all too often the concept of universal access has been in name only and not in practice. While there has been only a short implementation period from which to draw conclusions, it is clear that individuals with disabilities have not benefited from WIA to the extent Congress envisioned. Individuals with disabilities cannot physically access One-Stops. Service delivery and programs have not focused on the needs of individuals with disabilities. The focus on core and intensive services over training has left many individuals with disabilities and especially individuals with the most significant disabilities without the necessary supports and services to gain and maintain employment. In short, there is much that can be improved within WIA and the workforce investment system to better meet

the needs of individuals with disabilities and will have the ultimate effect of improving the nation's workforce system for all.

The employment of individuals with disabilities must be at the forefront of WIA, its programs, and its services. WIA must be re-tooled, so that the nation's workforce investment system effectively addresses the short-term and long-term employment needs of individuals with disabilities.

Recommendation: All WIA programs and services must emphasize individuals with disabilities and their employment needs.

Recommendation: Section 106 of WIA should be amended as follows:

The purpose of this subtitle is to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants, including individuals with disabilities, and increase occupational skill attainment by participants and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation.

Recommendation: ANCOR recommends creating a third adult program, "Adults with Disabilities" under Chapter 5 of WIA, with dedicated resources to fund new and existing supports and services specific to individuals with disabilities. Funding must be from new budget authority, not existing programs.

## II. RECOGNIZE COMMUNITY EMPLOYMENT PROVIDER EXPERTISE

Under WIA, Congress established a public-private partnership from which all job seekers could benefit. Critical to the success of WIA's public-private partnership is actively involving all relevant stakeholders in the system. Unfortunately, state Workforce Investment Boards (SWIBs), local Workforce Investment Boards (LWIBs) have failed to adequately and effectively involve an essential partner: community organizations with experience in providing employment supports and services to individuals with mental retardation and other significant disabilities (community employment providers).

Congress understood the important role that community employment providers play in assisting job-seekers with disabilities and included provisions in WIA that community organizations be represented on both SWIBs and LWIBs. To address the needs job seekers with disabilities, Section 111 (b)(1)(C)(v) of the Act states that SWIBs shall include representatives of organizations that have experience and expertise in the delivery of workforce investment activities, including community organizations within the State [emphasis added]. Section 117(b)(2)(A)(iv) of the Act states that membership of each local WIB shall include representatives of community organizations including organizations representing individuals with disabilities for a local area in which such organizations are present [emphasis added].

Unfortunately, many state and local boards do not fully understand the need to involve community employment providers. While the law's intent was for WIBs to create new partnerships to assist local officials in their planning, development, implementation, and resource coordination responsibilities, the practice has fallen far short. ANCOR's private providers report frustration in gaining access to both state and local WIBs. Many state and local WIBs do little outreach to involve such organizations, nor recognize community employment providers that wish to participate. For example, many WIA grant programs encourage state or local boards to form consortia with community organizations to apply for available grant funding. However, community employment providers report that their WIBs do not and will not work with them to apply for specific WIA grants. In fact, overall there is little interest in involving these community organizations.

Not only do many WIBs show little or no interest in involving these community employment providers, but as new partners, these providers are often viewed as threatening the old way of doing business. Preserving the status quo was not a goal of WIA. In fact, a new collaboration was envisioned one that would make effective use of expertise to improve the delivery of services to people with disabilities. WIA offered the hope of opening up a workforce preparation and employment system that invited efficiencies, challenging states and localities to improve services. However, a highly politicized environment all too often remains one that is intent upon preserving old collaborations and viewing community employment providers' expertise as competition. The result does not improve services to people with mental retardation and other disabilities.

ANCOR understands that the Department of Labor's (DOL) is proposing to streamline membership on state and local WIBs. If this nation is truly committed to assisting individuals with disabilities in obtaining employment, it is imperative that all SWIBs and WIBs have representation from community employment providers. ANCOR employment providers have continuously demonstrated that people

with mental retardation and other severe disabilities can work and be productive employees. They have a long history in working with employers and have demonstrated to local businesses the benefits of hiring people with mental retardation and have experience in tailoring jobs for those previously unseen as potential employees. In addition, community employment providers can serve a dual role they are employers themselves and have a first-hand understanding of their state and local workforce needs.

Local One-Stops must also reach out to and involve community organizations. ANCOR private providers are excellent and appropriate resources for One-Stops and can provide the missing training, employment services, and needed wrap-around supports to sustain successful employment of people with disabilities. Being on the front lines each and every day, they have developed creative approaches to jobs and job-training options that enable those with the most significant disabilities to become productive employees. Unfortunately, many One-Stops are reluctant to include ANCOR private providers as part of One-Stops or even refer individuals to them for necessary services. One-Stops must draw upon community employment providers as partners in the One-Stop system.

Recommendation: Amend WIA to require community employment providers as mandatory partners on state WIBs. Section 111(b)(1)(C)(v) should be amended as follows:

(v) representatives of individuals and organizations that have experience and expertise in the delivery of workforce investment activities, including chief executive officers of community colleges, community employment providers who offer supports and services to individuals with disabilities, and other community-based organizations within the State;

State associations of private provider organizations exist in most states and, if needed, SWIBs should reach out to solicit involvement of such organizations.

Recommendation: Amend WIA to require community employment providers as mandatory partners on local WIBs. Section 117(b)(2)(A)(iv) should be amended to read as follows:

(iv) Representatives of community employment providers who offer supports and services to individuals with disabilities and other community-based organizations representing individuals with disabilities and veterans, for a local area in which such organizations are present);

Recommendation: Require State Departments of Workforce Development Authorities to enforce Section 117(b)(2)(A)(iv), as amended.

Recommendation: Require local WIBs to outreach to community employment providers for local activities, such as applying for grants. Again, state provider associations are excellent resources for local WIBs to utilize to identify employment providers in their local area.

Recommendation: Require One-Stops to partner with community employment providers serving individuals with mental retardation and other severe disabilities.

Recommendation: The Department of Labor and states should create incentives to encourage One-Stops to serve individuals with disabilities and partner with community employment providers.

### III. PROMOTING COLLABORATION WITH OTHER PROGRAMS

The state vocational rehabilitation (VR) program is a mandatory partner under the One-Stop system. Including VR as a mandatory partner was intended to ensure that individuals with disabilities including those with the most significant disabilities have effective and meaningful participation in the One-Stop system and have full and complete access to all of the services provided through that system. One-Stops can respond effectively to some people with disabilities; however, individuals with severe disabilities cannot depend upon the One-Stops alone. The VR program provides access to other programs and services specific to the needs of individuals with mental retardation and other severe disabilities, such as supported employment and assistive technologies.

While the VR program is flawed, it is important that the program itself continue to be a mandatory partner. However, it is still unclear how well the VR and the workforce investment system are working. While ANCOR understands that some state and local VR agencies are working effectively with WIBs and One-Stops, many more are not working well together. It is important that these two systems work collaboratively. One-Stops often facilitate access to VR and VR facilitates access to community employment providers who have unique expertise to assist individuals with the most significant disabilities to become employed. And while the VR program has its flaws, ANCOR also believes that the VR program must remain a distinct entity parallel to, but separate from the One-Stop system with separate and

adequate Federal funding. VR's separate system of supports, which is more specialized than the broader array of services which One-Stops are capable of providing and provides access to additional employment options and providers, is necessary to support successful employment for some people with disabilities. Without the separate VR system, people with severe disabilities have even less of a chance to work.

At the same time, individuals with significant disabilities can benefit from including other public partners that administer Federal and state benefit programs specific to individuals with significant disabilities. These partners include state and local Medicaid, mental retardation/developmental disabilities, housing, transportation, and Social Security, and Temporary Assistance to Needy Families (TANF) agencies. While these programs and funding should remain separate, including these disability-specific programs will enhance the creation of a seamless system for people with disabilities a goal of WIA.

Furthermore, while ANCOR believes that individuals with disabilities benefit from VR and other public disability programs partnering with One-Stops, funds designated to serve individuals with disabilities must continue to be dedicated for these purposes only.

Recommendation: The VR program must remain a separate program under WIA, with separate, dedicated funding.

Recommendation: WIA should require other state disability-specific programs (including state and local Medicaid, mental retardation/developmental disabilities, housing, transportation, and Social Security, and TANF agencies) to be mandatory partners in the One-Stop system to better serve individuals with disabilities. Funding for these programs must remain separate.

#### IV. ENSURING PHYSICAL AND PROGRAMMATIC ACCESSIBILITY OF ONE-STOPS

Individuals with disabilities including those with mental retardation and other significant disabilities remain the largest untapped pool of prospective employees in the nation. Individuals with the most severe disabilities want to work and, as ANCOR members have long demonstrated, they can work when provided with appropriate services and supports. Obtaining employment supports and services through One-Stops have been a challenge for many individuals with disabilities and, in particular, individuals with the most significant disabilities. Barriers to accessibility are keeping many of them looking in from the outside.

When seeking services from One-Stops, the first step is physical accessibility getting inside the door of the One-Stop. Once they are in the door, individuals with disabilities must have access to needed services and supports. WIA requires physical and programmatic access to One-Stops and their services, as does the Americans with Disabilities Act (ADA) and Sections 504 and 508 of the Rehabilitation Act of 1973, as amended services. Many One-Stops remain physically inaccessible to individuals with disabilities. Individuals with communicative, cognitive, and sensory disabilities must have access to assistive technologies, alternative formats, accessible communications equipment, and other accommodations necessary to facilitate participation of individuals with mental retardation and other disabilities in employment services and training offered by One-Stops.

ANCOR understands from anecdotal reports that some One-Stops have simply stated that they do not serve people with disabilities and automatically refer them to VR, thus eliminating the need for them to be physically and programmatically accessible. ANCOR believes that Congress did not envision this as part of WIA and this thinking goes directly against WIA's principle of universal access. Accessibility of One-Stop Centers and services must be a primary goal of One-Stops and their partners. Along with that, responsibility for expenses associated making One-Stops accessible should be borne by the One-Stop.

Recommendation: The workforce investment system must ensure physical and programmatic accessibility of all One-Stops and the workforce investment system must be inclusive of all individuals with disabilities.

Recommendation: All One-Stops must be physically accessible to individuals with disabilities.

Recommendation: One-Stops must have and use their own dedicated funding to achieve physical and programmatic accessibility. Funding must not be obtained using set-asides from mandatory partners' appropriations.

#### V. ENSURING ACCESS TO INDIVIDUALIZED SERVICES

Once job-seekers with disabilities can gain physical access to One-Stops, they must be able to access necessary services and supports. Individuals with disabilities including those with the most significant disabilities often need a broad array of in-

dividualized services and supports to assist them in obtaining and retaining, employment.

While there are some comprehensive One-Stops, many One-Stops do not offer the array of services and supports necessary to assist individuals with mental retardation and other significant disabilities. Needed services and supports may not be available from any One-Stop or may be provided at another One-Stop on the other side of town, or in the next town ten miles away. As noted above, many individuals with disabilities cannot physically access One-Stops. Obtaining services should not be further complicated by requiring individuals with disabilities many of whom lack access direct access to transportation or live in areas without accessible public transportation-to go somewhere else, some other time, on some other day for services that should be readily available.

WIA's "work-first approach" has also hampered the ability of individuals with disabilities to access needed services and supports and, in particular, training. The "work-first approach" promotes employment at any job as soon as it can be found, without consideration of an individual's interests, capabilities, abilities, and without consideration of multiple and complex supports need to obtain or sustain employment. Individuals with mental retardation and other severe disabilities may need a comprehensive array of training services and supports before they begin working. For many people with mental retardation, this may be their first attempt at employment. Thus, they may need on-going or post-employment training in order to maintain their employment or achieve future employment goals.

Inadequate levels of training funds have also been an impediment for individuals with disabilities. Limited training dollars impact the type and amount of training individuals can receive. Individuals with the most significant disabilities often need training before, during, and after they are employed and are more likely to benefit from individualized training that community employment providers offer. Less than adequate funding for training has resulted in many individuals with disabilities without needed training, and some without any training at all.

The limited number of eligible training providers has adversely impacted individuals seeking training. While many One-Stops do not have the expertise nor the funding to provide individualized training, ANCOR members and other community employment providers can provide necessary, individualized training. However WIA's burdensome reporting requirements have discouraged many providers from participating, leaving job-seekers with disabilities with limited or no consumer choice of training providers.

The Administration's WIA reauthorization proposes to change the "work-first approach" to one that is more flexible, so individuals would have the opportunity to receive the services that are most appropriate for their unique needs. The Administration is also proposing to transform Individual Training Accounts (ITAs) into "Career Scholarships" that can be used for training as well as to facilitate access to post-secondary employment, and is proposing to eliminate the burdensome reporting requirements for providers who opt to provide training.

While ANCOR is pleased that the Administration is changing the work first approach so that individuals can access services that are the most appropriate for them, any changes must ensure that job-seekers with disabilities will be able to access necessary training when they need it, including during pre- and post-employment. Adequate levels of funding for training must be included so that all individuals can access the training services needed. Because little detail exists in the public domain regarding the newly proposed "Career Scholarships", ANCOR recommends that individuals with disabilities be able to access and utilize these scholarships without restrictions.

Recommendation: WIA must ensure access to individualized supports and services at all One-Stops.

Recommendation: Delivery of One-Stop services must be flexible so that individuals with disabilities can access individualized training as appropriate.

Recommendation: Adequate resources must be made available for individualized training purposes so that private providers cover the costs of providing training and other services and supports.

Recommendation: Community providers providing training must not be burdened with extensive administrative and reporting requirements that detract from providing supports and services, consume valuable time and limited resources, and add little to the overall outcome of employing individuals with disabilities.

#### VI. ADEQUATE FUNDING NECESSARY FOR ONE-STOP SERVICES

To ensure the comprehensive, seamless One-Stop system that WIA set to create, One-Stops and their public and private partners must have adequate funding to de-

liver the services and supports required by all job-seekers, including individuals with disabilities. To date, funding levels for One-Stops and their services have not kept pace with the demand. As the nation's economy fails to rebound as quickly as hoped, as state budgets deficits continue to grow, and as more individuals find themselves struggling in today's economy, it is imperative that the nation's workforce investment system have appropriate funding to support the demands on the system.

At this critical time, the President's Fiscal Year (FY) 2004 budget proposal provides only level funding for WIA programs from the President's FY 2003 proposal. In addition, the Administration is proposing to consolidate funding for all three of the WIA Title I adult programs adults, dislocated workers, and the Wagner-Peyser state grants into one single grant, creates a set-aside program from mandatory public partners to fund One-Stop infrastructure, and allows governors to apply for block grant authority for discretionary adult and youth program funding.

ANCOR is very concerned, that at a time with great demands on the nation's workforce system, the Administration has proposed no additional funds for WIA adult programs and provides states with greater flexibility that may ultimately hurt individuals with disabilities seeking employment. The Administration contends that consolidating the adult program funding streams may free up some money because less funding will be dedicated for administrative purposes. ANCOR is concerned that, by consolidating funding streams into one single fund, dislocated workers will be able to access a disproportionate amount of funding, crowding out individuals with disabilities seeking individualized supports and services as adult workers.

ANCOR is also concerned with the proposal to create a set-aside program to fund One-Stop infrastructure. It must be the obligation of One-Stops not the mandatory partners to support One-Stop infrastructure. In addition, taking money off the top of Federal appropriations or requiring partners to contribute a set amount or percentage of their overall funding will further divert scarce resources from their authorized purpose and leave more and more individuals including individuals with disabilities without access to services to which they are entitled.

ANCOR is also concerned with the block grant authority proposal. Providing governors with new block grant authority for adult and youth discretionary programs will offer an opportunity for governors many of whom are currently struggling with state budget deficits to divert necessary resources away from meeting the needs job-seekers under WIA programs toward other state needs. Although ANCOR would hope that governors applying for such authority would use the available funding within the system as needed, there is no such guarantee.

Recommendation: Separate funding for WIA adult, dislocated worker, and Wagner-Peyser grants programs must be maintained.

Recommendation: As stated above, a new adult program, "Adults with Disabilities", should be authorized in WIA and separate funding for this new program must be include.

Recommendation: A separate line item with new Federal funding must be made available to support One-Stops' infrastructure.

Recommendation: Funding for all WIA adult and youth programs must be dedicated to providing supports and services within the One-Stop system.

#### VII. DIRECT SUPPORT WORKER CRISIS REQUIRES NATIONAL STRATEGIES INCLUDING WIA TARGETED GRANT

Since the enactment of the WIA in 1998, there have been significant developments to spur the nation toward reducing the chronically high unemployment rate among Americans with disabilities and to spur the nation in achieving the goals of integrating individuals with disabilities in the mainstream of life including living and working in the community. The 1999 landmark U.S. Supreme Court decision in *Olmstead* affirming the integration mandate of the American's with Disabilities Act; the enactment of the Ticket to Work and Work Incentives Improvement Act of 1999 designed to transform disability benefits' systems acknowledging the need to continue critical health care benefits as people with disabilities enter the workforce and its expansion of choice and access to private employment services; and President Bush's New Freedom Initiative, present the nation with additional tools to address not only the unemployment rate among Americans with disabilities, but the necessary supports and services to ensure that persons with disabilities are integrated into America's neighborhoods and workforce.

WIA is an important part of the nation's fabric to address employment and to complement the President's New Freedom Initiative. We must seize the opportunity of WIA authorization to ensure that no individual with a disability who wants to work is left behind. However, one of the major barriers to fulfilling the U.S. Su-

preme Court's Olmstead decision and the goals of the President's New Freedom Initiative is the nation's direct support professional workforce crisis. The Workforce Investment Act must be used as a catalyst to help employers, local and state governments, and individuals with disabilities and their families and employers to train, recruit, and retain direct support professionals to provide the necessary living and employment supports to sustain individuals with disabilities to live and work in their communities.

ANCOR private community providers are in a unique situation in that they are both service providers in which they can assist individuals with disabilities who seek services from local One-Stops but they are also employers of individuals who provide necessary community living and employment supports.

Like other employers in their community, private providers seek to employ well-trained, qualified individuals. However, during this time of economic uncertainty when many local businesses are down-sizing or even closing their doors, private providers continue to seek qualified staff to address what has now become a crisis for many ANCOR members: the shortage of direct support professionals.

The relationship between quality workers and quality supports and services is well documented. What has always been a longstanding concern to ANCOR providers the development of a stable, quality workforce has become a national concern for federal, state and local policymakers. Whereas the traditional labor pool for direct support workers has included a relatively stable replacement pool of women between the ages of 18 and 45, this is no longer the case.

What has traditionally been viewed as just a provider problem dealing with turnover and vacancies has now reached a crisis level that threatens to undermine the promise of Olmstead, the New Freedom Initiative and, ultimately, the security and freedom of many individuals with disabilities to live, work, and actively participate in their communities.

Although there has been significant attention paid to the nation's nurse and nursing home aide crisis, there has been little national attention given to a similar crisis in the shortage of long term care paraprofessionals in general with relatively little notice given to the availability of direct care workers who provide supports and services to people with disabilities.

While this crisis is gaining recognition in some quarters, it is less frequently raised in connection with employment policies. Of course, most people associate the worker crisis with elderly long-term care need where retirement means the cessation of employment. However, just as the direct support worker crisis is generally overlooked when it comes to people with disabilities, it is even less frequently raised in connection with employment policy regarding individuals with disabilities.

The lack of an adequately paid, trained, stable workforce to provide quality community living and employment supports and services long recognized by providers as a real threat to community integration is now a national crisis. No longer just a problem for providers to figure out on their own, the current gap in long term supports and service workers is expected to persist and increase in the near future as more than 77 million baby boomers reach retirement and place increased demands on the nation's long term supports and services delivery system.

This crisis inevitably affects workforce preparation and employment services to people with significant disabilities. Without, a quality stable workforce to provide the array of supports needed to assist people with mental retardation and other disabilities get dressed, bathed, prepare and eat their meals, maintain their homes, traverse their community, go to work, and live safely in their homes, the goals of WIA can not be met.

In addition to recognizing that the direct care workforce crisis will have an adverse impact on the WIB's role in providing successful employment outcomes to people with disabilities, this shortfall in direct care workers presents a legitimate workforce investment opportunity for State and local WIBs.

A recent report by BDO Seidman, LLP (On The Growing Crisis in Recruiting and Retaining the Direct Support Workforce, December 2002) for ANCOR outlined the following key findings:

Over the past decade, both the dollar amount and percentage increase in hourly wage rates for "Direct Support Workers" are far below that of comparable job categories as well as the national minimum wage.

The agencies serving individuals with developmental disabilities cannot attain and retain qualified employees when wages in competitive markets are increasing at a much faster rate.

The demand for "Direct Support Workers" continues to increase faster than the civilian labor force and is compounded by an aging population and increase in individuals with disabilities seeking support services.

The skyrocketing cost of health insurance premiums prevents agencies from improving their benefit offerings.

State funded systems, including those that rely on Medicaid, are held to fixed appropriations based upon state policy choices and economic conditions and are not as responsive as the private sector in adjusting to labor supply and demand factors. The demand for "Direct Support Workers" continues to increase while current funding levels are being held constant or declining.

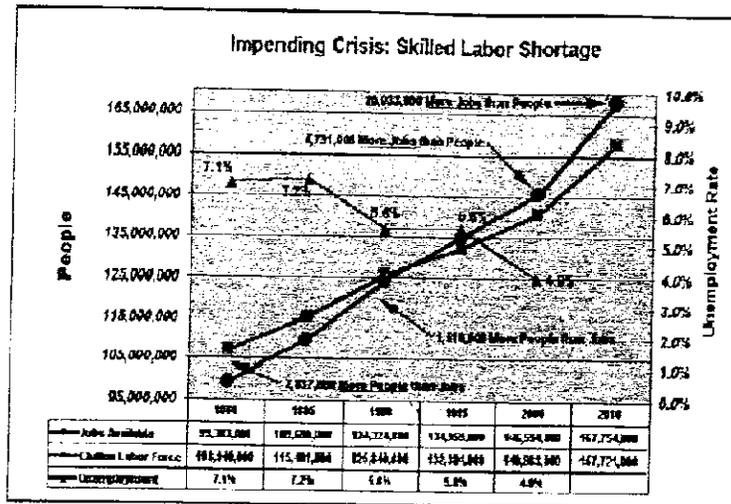
Without increased funding to improve the competitive position of private sector providers relative to workforce recruitment and retention, both access to and quality of services could be compromised in the future.

In the direct support worker/paraprofessional labor market, most of the past 30 years have witnessed increasingly larger numbers of potential workers (high supply) who, because of low skills and other employment barriers, had relatively few job opportunities other than entry-level health care and health-related jobs (low demand). However, near the end of the 1990s, these dynamics have changed. One obvious cause was our nation's high-employment economy. Less obvious, however, is that a significant shift had occurred within the U.S. population that dramatically changed the relative supply of direct support worker labor. During the decade of the 1990s, growth in the traditional source of entry-level direct support workers women in the civilian workforce between the ages of 25 and 44 had begun to slow dramatically.

While total employment in the U.S. workforce is projected to grow by just 15.2 percent from 2000 to 2010, the demand for home health aides will increase by 47 percent, and personal care aides by 62 percent. The Bureau of Labor Statistics now projects that by the end of the decade in 2010, direct support jobs in long-term care will require 780,000 net new positions an increase in demand for paid workers of 39 percent. Using conservative estimates for those leaving paraprofessional work during that same period, the BLS further predicts that the total number of new job openings (growth plus replacements) will require 1,048,000 new paraprofessional long-term direct support workers in the coming decade. (Long-Term Care Financing and the Long-Term Care Workforce Crisis: Causes and Solutions, prepared for Citizens for Long Term Care by The Paraprofessional Healthcare Institute, September 2002)

As the following chart from ANCOR's BDO Seidman report demonstrates, labor statistics clearly indicate a growing need for direct support workers. The severity of the crisis is compounded as the U.S. population ages and individuals with disabilities seek support services to live and work in their communities.

Chart 6 - Impending Crisis: Skilled Labor Shortage



Data Source: Roger Hernan, Tom O'Leary, and Joyce Gioia, "Impending Crisis - Too Many Jobs, Too Few People."

- The discrepancy between jobs available and the civilian workforce is growing exponentially. In 2000, there were 4.7 million more jobs available than people. By 2010, this number is expected to more than double to over 10 million.
- The "Direct Support" workforce crisis continues to grow as jobs available increase faster than the labor force.

ANCOR is heartened by two steps taken by the Department of Labor. First, we are pleased that ANCOR's voice and that of others was heard in the Administration's 2001 listening sessions on the New Freedom Initiative. We are glad that the Department of Labor through the Office of Disability Employment Policy and the Employment and Training Administration has included the increase in the availability and quality of personal assistants and community workers in its agency report on removing barriers to community integration. In addition, the Centers for Medicare and Medicaid included the inadequate availability of personal assistance and direct support workers as a barrier to the goals of the President's New Freedom Initiative.

Secondly, the Department has officially recognized the Direct Support Specialist occupation in its Dictionary of Occupational Titles (195.367-900). The apprenticeship will allow the Department to formally recognize a direct support training program under its Apprenticeship umbrella and provide national recognition for each agency registered. Creating the Direct Support Specialist occupation is a big step toward recognizing it as a career opportunity.

Reauthorization of the Workforce Investment Act presents an opportunity to address a major barrier to the community living and employment goals in the President's New Freedom Initiative. ANCOR offers the following recommendations in conjunction with WIA reauthorization as a means of emphasizing the need to address the direct support professional workforce crisis.

Recommendation: The reauthorization should include provisions that recognize and seek to address the community direct support worker crisis as eligible WIB collaborative activities under WIA.

Recommendation: ANCOR supports maintaining dedicated funding streams for adult, dislocated worker, and youth activities to One-Stops.

ANCOR recommends WIA authorized funding to assist with training, recruitment and retention of direct support workers within adult and dislocated worker and youth activities

Recommendation: WIA should authorize DOL to target specific WIA grant funds to state and local WIBs to address direct support workforce preparation and employment services for workers that provide supports and services to individuals with disabilities.

Recommendation: WIA should authorize DOL to provide incentive grants to local One-Stops to work with employers of direct support workers to address training, recruitment and retention of direct support workers.

Recommendation: WIA should authorize DOL to make available technical assistance funding on a national competitive basis to organizations to assist providers with promising practices in the recruitment and retention of direct support workers.

Recommendation: WIA should authorize the DOL to provide targeted grant funds for collaborations with community providers and educators to develop direct support apprenticeship programs.

Recommendation: WIA should authorize the DOL to use discretionary funds to fund the national College of Direct Support web-based training and its use with SWIBS and LWIBS.

ANCOR appreciates this opportunity to provide the Subcommittee with recommendations for the reauthorization of the Workforce Investment Act. It is imperative that WIA be strengthened to ensure that all Americans who want to work including individuals with disabilities are given the opportunity to do so. ANCOR looks forward to working with the Subcommittee to ensure the WIA and its programs meet the needs of individuals with disabilities. Should there be any questions regarding ANCOR's statement, please contact Suellen Galbraith, Director for Public Policy or Kara Freeburg, Public Policy Analyst, at (703) 535-7850.

#### PREPARED STATEMENT OF TONY YOUNG

NISH welcomes the opportunity to provide this comment the reauthorization of the Workforce Investment Act during the 108th Congress. We appreciate the work of this Subcommittee in addressing this important legislation and are grateful for your attention to the concerns we have outlined in this statement. NISH is a national nonprofit organization, established in 1974 as part of the Javits-Wagner-O'Day (JWOD) Act, whose mission is to create employment opportunities for people with severe disabilities by securing federal contracts. NISH has a network of more than 515 community rehabilitation programs that produce quality products and provide a variety of services to federal customers nationwide.

NISH is committed to helping its associated agencies succeed in providing employment opportunities to individuals with severe disabilities. For many community programs, government procurement and the JWOD Program represent unfamiliar territory. For this reason, the Committee for Purchase from People Who Are Blind or Severely Disabled designated NISH to provide agencies and their federal partners with the tools they need for successful contract management. Among many other services, NISH offers its agencies legislative and regulatory assistance, communications and public relations materials, information technology support, engineering and technical assistance and an extensive professional training program.

In FY 2001, through the JWOD Program, 518 NISH-affiliated agencies provided products and services to the federal government. People with disabilities are working on projects in all 50 states, the District of Columbia, Puerto Rico and Guam. In FY 2001, more than 33,000 individuals with severe disabilities employed through JWOD contracts collectively earned nearly \$216 million in wages. With its headquarters in Vienna, VA, NISH has regional offices in California, Washington, Georgia, Virginia, Texas and Illinois. Nationwide, NISH is committed to quality service and increased employment for Americans with severe disabilities nationwide.

When Congress passed the Workforce Investment Act in 1998, it set in motion significant changes in the workforce investment system, including governance, accountability and increased coordination and collaboration among federally funded partner programs. Among the organizing principles of WIA is universal access where a set of cores services are intended to be available to any individual who needs them. A second principle is the concept of a One Stop service delivery system whereby federal assistance and services can be made available through partnership organizations which, in many cases, are located under one roof to facilitate ease of access and enhanced customer service. The One Stop delivery system, through statewide and local workforce development systems, was intended to increase the employment,

retention, earnings, and skills attainment of participants, including people with disabilities.

#### VOCATIONAL REHABILITATION AND COMMUNITY REHABILITATION PROGRAMS WORKING TOGETHER

An effectively operating Vocational Rehabilitation (VR) program is essential to long-term employment success for people with disabilities, especially people with severe disabilities. The VR services delivered, either by state agency personnel or in partnership with a Community Rehabilitation Program (CRP), can prepare participants with the skills needed for work.

The Rehabilitation Act must encourage and promote collaboration and cooperation among the various agencies and organizations providing employment-related services to people with disabilities. This should include collaboration and cooperation among federal, state and local, public and private agencies and programs, including between and within various departments within federal and state government. All stakeholders should be included in the design and policy making process for providing employment services.

The Rehabilitation Act should acknowledge that individuals with disabilities may benefit from other federal and state job training and rehabilitation related programs, including the Javits-Wagner-O'Day Program (JWOD). The Rehabilitation Act must require State VR Agencies to collaborate and cooperate with these programs to ensure the full participation of individuals with disabilities in the benefits of these state and federal programs. State VR Agencies must only provide the technical assistance needed to assist and facilitate the physical and programmatic accessibility of all job training and rehabilitation related programs for persons with physical, mental, sensory and cognitive disabilities.

The VR program and the JWOD program must work cooperatively to create employment opportunities for people with severe disabilities and to prepare them to succeed in these opportunities. Policies, practices, and events of recent times have limited the cooperation of these two venerable programs. Common ground should be identified on which the employment of people with severe disabilities can once again be the focus of their cooperative efforts.

#### SELF-DETERMINATION THROUGH INFORMED CHOICE

People with severe disabilities should be empowered to determine their own employment goals, including employment under the Javits-Wagner-O'Day Program, from among a variety of options consistent with their strengths, priorities, concerns, abilities, capabilities, interests, and informed choice. VR agencies should respect and act upon the informed choices made by people with severe disabilities to work to the fullest extent of their capabilities.

The Rehabilitation Act must require the facilitation of informed consumer decision-making for individuals with disabilities through the exploration of options regarding choices among vocational goals and objectives; the selection of services and supports necessary and sufficient to achieve those goals and objectives; the identification and selection of the providers of those services; and the involvement of family members and authorized representatives as appropriate. The options that are explored must be consistent with the individual's strengths, priorities, concerns, abilities, capabilities, interests, and informed choice.

#### EMPLOYMENT SUPPORTS

The Rehabilitation Act must require that a full range of employment supports, including personal assistance services, assistive technology/rehabilitation engineering, and other types of accommodations, be available to individuals seeking or receiving services funded under the Rehabilitation Act to ensure a successful employment outcome.

All services provided under the Rehabilitation Act must be individualized based on the strengths, resources, priorities, concerns, abilities, capabilities, and interests of the individuals seeking assistance. Such individualized services must include the provision of appropriate support services, accommodations, assistive technology/rehabilitation technology services, and personal assistance services. These services must be provided as necessary to accommodate a person's disability, facilitate assessments and evaluations, maximize the benefits of training programs, and provide equal access to training and employment opportunities.

## OUTCOMES

The Rehabilitation Act must mandate a measure for successful outcomes that reflects the goals of the Rehabilitation Act to empower individuals to maximize employment, economic self sufficiency, and independence. The measure for successful outcomes should take into account such things as: 1) severity of disability; 2) long-term success; 3) informed choice; 4) wages and benefits; and 5) customer satisfaction.

## ENSURING THE ACCESSIBILITY OF JOB TRAINING PROGRAMS, EDUCATIONAL PROGRAMS AND OTHER SERVICE PROGRAMS

The vision of the One Stop Career Centers established under the Workforce Investment Act (WIA) of 1998 was to be the culmination of a collaborative service delivery system that serves all Americans who encounter barriers to employment, including individuals with significant disabilities. Collaboration between the State Units administering the Public Vocational Rehabilitation (VR) Program and DOL-funded workforce investment services is intended to produce better information, more comprehensive services, easier access to services and improved long-term employment outcomes for individuals with disabilities.

Under the Americans with Disabilities Act (ADA) and Sections 504 and 508 of the Rehabilitation Act, the One Stop Career Centers created under the Workforce Investment Act are required to be both physically and programmatically accessible. Generic service providers, including One-Stop centers are responsible for serving individuals with disabilities under the same terms and conditions as they serve non-disabled individuals. Congressional intent, which is consistent with the ADA and Section 504, was and is, that programmatic access to individuals with disabilities at the One Stops—those related to individuals with communicative, cognitive and sensory disabilities—must include alternate formats (both Braille and large print), assistive technology, auxiliary aids and services, including interpreters and readers, and accessible software and related-communicative equipment. These accommodations—which are necessary to facilitate the participation of individuals with physical, mental, sensory and cognitive disabilities in educational programs, vocational training, and other types of employment services provided by generic service providers—are the responsibility the generic service provider.

As a required partner, State VR Agencies may provide technical assistance on identifying and providing needed accommodations and information on how to make physical facilities accessible to individuals with different types of disabilities. However, State VR Agencies should not be covering expenses associated with making One-Stop facilities and programs accessible to individuals with disabilities. That responsibility must remain with the One-Stop Centers and the public and private providers they use to provide educational, employment and training services. In addition, State VR Agencies should not be asked to assume the expenses associated with the provision of core services in a One-Stop center merely because some individuals with disabilities will be benefiting from those services. This is especially important in that the comprehensive services provided by the State VR and Blind Agencies are not duplicative of the services provided by the One Stop Centers. One Stops need to assure that people with disabilities have access to the full range of services including Individual Training Accounts.

While some progress has been made to effect physical accessibility to individuals with disabilities at some of the One Stops, many challenges remain particularly with regard to programmatic accessibility. The message is simple: If individuals with disabilities cannot get through the door of the one-stop career centers (or are unable to have meaningful access to information and services once inside), they cannot and will not be served or secure employment.

## FUNDING OF WIA ONE STOP SERVICE CENTERS

Current obligations of the State Vocational Rehabilitation agencies already exceed their level of funding. During consideration of the WIA legislation in the Senate, the then-Chairman of the Subcommittee on Employment and Training, Senator Mike DeWine (R.OH.) stated that “While the VR program is to be linked to the workforce investment system, funds appropriated for the VR program are not to be compromised or diverted to other workforce populations.”

There are ample requirements regarding accountability for VR funds in the specifically crafted Rehabilitation Act of 1973, as amended. In Section 16(a), the Transfer of Funds section states in part: “No funds appropriated under this Act for any program or activity may be used for any purpose other than that for which the funds were specifically authorized.” Relatedly, Section 3(b) of the Rehab Act states:

“The Secretary shall take whatever action is necessary to ensure that funds appropriated pursuant to this Act are expended only for the programs, personnel and administration of programs carried out under this Act.”

When WIA was authorized, it was believed that the intent of Congress was for mandatory partners to contribute resources to the statewide workforce investment system consistent with the partner’s authorizing legislation. NISH holds to this belief and fully supports the cost-allocation methodology that is currently defined in the Department of Labor’s Employment and Training Administration’s (DOL/ETA) Final notice entitled “Resource Sharing for Workforce Investment Act One-Stop Centers: Methodologies for Paying or Funding Each Partner Program’s Fair Share of Allocable One-Stop Costs (published in the Federal Register on May 31, 2001), and the DOL/ETA’s “One-Stop Comprehensive Financial Management Technical Assistance Guide” (dated July 2002). Since this methodology of sharing resources permits mandatory partners to contribute their fair share to the support of the system, based on utilization and benefit to their target population, NISH would oppose any alternative efforts or prescribed methods for garnering additional resources from the Public VR Program.

NISH opposes any efforts to set aside a percentage of the Public VR Program’s Title I funds to support the infrastructure of the One Stop Career Centers.

#### ACCOUNTABILITY AND PERFORMANCE MEASURES

The Administration has proposed to refine the performance measures for the One Stops to bring them in line with the common set of measures across federal employment and job training programs. The four measures for adults are: entered employment, retention in employment, earnings gains and program efficiency. For youth the measures are: placement in employment or education, degree or certificate attainment, literacy and numeracy gains, and program efficiency. This proposal will result in the unintended consequence of eliminating many individuals with disabilities from the programs being measured by these standards. Performance measures for both the vocational rehabilitation program and the One Stops must allow for alternative forms of evaluation. Flexibility must guide the measurement standards, allowing the systems to account for the ways in which they were able to meet the unique and individualized needs of the people they serve.

#### ENSURING REPRESENTATION OF DISABILITY INTEREST ON THE STATE WORKFORCE INVESTMENT BOARDS (SWIB)

Nearly five years after implementation of the Workforce Investment Act (WIA), States are attempting to meet the requirement to include a representative of the Public VR Program on the SWIB by having the head of the umbrella agency housing the Designated State Unit administering the Public VR Program serve as the VR representative on the SWIB. In addition, States that, based on the grandfather clause in Title I of WIA, decided to use existing boards to operate as the SWIB may not have anyone at all representing VR. Neither of these actions meet the intent of WIA to ensure inclusion of the needs of people with disabilities at all levels of the WIA system.

Further, in some regions, community-based providers have reported that their One-Stops view them as direct competition, and prohibit their participation on local or state boards. In fact, in some of those areas, it is now the community-based provider that serves the role of providing individuals with disabilities the information, training, and resources necessary to obtain or regain employment with diminishing resources. WIA job seekers in general and individuals with disabilities in particular, stand to benefit from the WIA envisioned public-private partnerships between the One-Stops and community-based providers that current practice now impedes.

Although in some areas excellent relationships have been established between Local Boards, One-Stops, VR, people with disabilities, and community-based providers, other regions are sorely lacking such relationships and have expressed concerns over the inability to found such relationships. States and the One-Stops should take additional steps to get more representation from the disability community in the WIA system by ensuring direct representation of Vocational Rehabilitation (VR), community-based providers, and people with disabilities on State Workforce Investment Boards.

Recognizing the expertise of individuals staffing State VR Agencies, community-based providers, and consumer organizations as a valuable resource for the WIA system, NISH believes each State Workforce Investment Board (SWIB) must include in its membership at least one individual with a disability, one representative of community-based providers, and the State’s VR Director, i.e., the person who is responsible for overseeing the administration of the State Plan for VR Services, or an

individual designated by the VR Director. In States where State law has established a separate State VR Agency to serve individuals who are blind and visually impaired, the Director of that specific VR program should also be a voting member of the SWIB.

NISH recommends that Sec. 111(b)(1)(C)(v) of WIA be amended to read as follows:  
(v) representatives of individuals and organizations that have experience and expertise in the delivery of workforce investment activities, including chief executive officers of community colleges and community-based organizations within the State (including organizations representing and providing employment service to individuals with disabilities);

NISH also recommends that Sec. 111(b)(1)(C)(vi)(I) of WIA be amended to read as follows:

Sec. 111(b)(1)(C)(vi)

(I) the lead State agency officials with responsibility for the programs and activities that are described in section 121(b) and carried out by one-stop partners; and Add a new subsection (vi)(II) to read as follows:

(vi)(II) in the case of the Public Vocational Rehabilitation Program authorized under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.), the Vocational Rehabilitation Director employed by the Designated State Unit or the Vocational Rehabilitation Directors in States that have a separate State entity that is responsible for the rehabilitation of individuals who are blind and visually impaired; and Redesignate current subsection (vi)(II) as (vi)(III).

(vi)(III) in any case in which no lead State agency official has responsibility for such a program, service or activity, a representative in the State with expertise relating to such program, service, or activity; and

#### ENSURING THE CONTINUED REPRESENTATION FROM VR AND INDIVIDUALS WITH DISABILITIES ON THE LOCAL WORKFORCE INVESTMENT BOARDS

Currently, WIA requires Local Workforce Investment Boards (WIBs) to include representatives of local community-based organizations (including organizations representing individuals with disabilities and veterans). As a result of this requirement, many Local WIBs include representatives of the Public VR program and individuals with disabilities. NISH recommends strengthening this language to ensure that the interests of people with disabilities continue to remain a part of local WIA implementation by making specific reference to a representative of the Public VR Program, a representative of community-based providers, and a least one individual with a disability.

#### TRANSITION PROGRAMS NEED TO INCLUDE STRONG PARTNERSHIPS WITH SCHOOLS

We are concerned that the administration has proposed a targeted approach to serving youth that limits the programs to out of school youth. The schools are an incredibly important partner in services for youth who are “at risk” of a jobless future when they leave school. Youth with disabilities who remain in school certainly fall within that “at risk” category. The youth program must include a strong component of partnership with the school system, to ensure a seamless transition for youth with disabilities from school to postsecondary educational, job training, and job placement opportunities.

#### CONCLUSION

While NISH believes in the dignity of work and the power of partnerships to empower individuals with disabilities to live, work, and recreate in their community, we must insist that these partnerships include meaningful supports and services to ensure full participation. While we support continued partnership at the One Stop Career Centers, we remain concerned about the present and future participation of individuals with disabilities in a system that remains largely inaccessible to them. We appreciate any assistance you can provide in addressing these issues.

#### IN SUMMARY

NISH will continue to support the participation of the programs administered under the Rehabilitation Act of 1973, as amended, together with the other mandatory partners, through existing Cost Allocation Guidelines.

NISH does not believe that State VR Agencies should be covering expenses associated with making One Stop facilities and programs accessible to individuals with disabilities.

NISH believes that VR participation on the State and local WIBs is critical. We further believe that individuals with disabilities and community-based providers

should be represented on the both the SWIB and LWIB and support any effort to make this language stronger.

NISH supports youth programs that include strong partnerships with the school system.

Thank you for your attention to our comments. We would be happy to discuss this further and answer any questions you may have. Please contact Tony Young, Assistant Vice President, Governmental Affairs and Workforce Development, NISH, via email at [tyoung@nish.org](mailto:tyoung@nish.org) or by telephone on 571-226-4567.

[Whereupon, at 10:45 a.m., the subcommittee was adjourned.]

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