AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

S. HRG. 109–528

EMPLOYMENT AND COMMUNITY SERVICE FOR LOW-INCOME SENIORS: ARE WE GETTING THE JOB DONE?

HEARING

BEFORE THE

SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

WASHINGTON, DC

APRIL 6, 2006

Serial No. 109–21

Printed for the use of the Special Committee on Aging

U.S. GOVERNMENT PRINTING OFFICE

28–922 PDF WASHINGTON : 2006

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2250 Mail: Stop SSOP, Washington, DC 20402–0001

SPECIAL COMMITTEE ON AGING

GORDON SMITH, Oregon, *Chairman*

RICHARD SHELBY, Alabama
SUSAN COLLINS, Maine
JAMES M. TALENT, Missouri
ELIZABETH DOLE, North Carolina
MEL MARTINEZ, Florida
LARRY E. CRAIG, Idaho
RICK SANTORUM, Pennsylvania
CONRAD BURNS, Montana
LAMAR ALEXANDER, Tennessee
JIM DEMINT, South Carolina

HERB KOHL, Wisconsin
JAMES M. JEFFORDS, Vermont
RON WYDEN, Oregon
BLANCHE L. LINCOLN, Arkansas
EVAN BAYH, Indiana
THOMAS R. CARPER, Delaware
BILL NELSON, Florida
HILLARY RODHAM CLINTON, New York
KEN SALAZAR, Colorado

CATHERINE FINLEY, *Staff Director*
JULIE COHEN, *Ranking Member Staff Director*

CONTENTS

	Page
Opening Statement of Senator Gordon Smith	1
Opening Statement of Senator Herb Kohl	3

PANEL I

Sigurd R. Nilsen, director, Education, Workforce, and Income Security Issues, Government Accountability Office (GAO), Washington, DC	4
John R. Beverly, III, administrator, Office of National Programs, Employment and Training Administration, U.S. Department of Labor, Washington, DC	44

PANEL II

Shauna O'Neil, director, Salt Lake County Aging Services, Salt Lake City, UT	63
Carol Salter, National SCSEP director, Easter Seals, Washington, DC	76
Melinda M. Adams, State-wide older worker coordinator, Idaho Commission on Aging, Boise, ID	89

EMPLOYMENT AND COMMUNITY SERVICE FOR LOW-INCOME SENIORS: ARE WE GETTING THE JOB DONE?

THURSDAY, APRIL 6, 2006

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, DC.

The committee met, pursuant to notice, at 10:05 a.m., in room SD–106, Dirksen Senate Office Building, the Hon. Gordon H. Smith (chairman of the committee) presiding.

Present: Senators Smith, Kohl, and Carper.

OPENING STATEMENT OF SENATOR GORDON SMITH, CHAIRMAN

The CHAIRMAN. Good morning, ladies and gentlemen. We thank you all for coming.

Today, we take the first step toward reauthorization of the Older Americans Act. The last reauthorization of this act was in the year 2000, and it includes significant changes to Title V, the Senior Community Service Employment Program, otherwise known as SCSEP.

The amendments to the Act sought to increase employment opportunities for seniors through greater integration with the country's workforce training system. Changes also emphasized the placement of participants into unsubsidized employment and sought greater accountability through the creation of new performance measures.

As part of the critical oversight responsibility of this Committee, I have been working with the Government Accountability Office to review the progress that the Labor Department and SCSEP grantees have made in implementing the program changes brought by the 2000 reauthorization. I hope the findings discussed at today's hearing will be instructive to Congress as we move forward with reauthorization this year.

As we have previously discussed in this Committee, our country is about to experience a dramatic demographic shift. In the coming years, baby boomers will begin retiring en masse, and by 2030, America's population over age 65 will be twice as large as it was in the year 2000.

To avoid future labor shortages and a "brain drain" of experienced talent, we must develop policies that encourage older Americans to stay in the workforce and remove barriers to working longer if they desire it.

Senator Kohl and I have requested that the Labor Department convene an interagency task force to develop legislative and regulatory proposals addressing the issues raised by the aging of our workforce. Last year, this Committee examined some of these issues, particularly the challenges confronting older workers when deciding whether to retire.

SCSEP serves some of our most vulnerable citizens, those that often don't have the luxury of a choice when it comes to retirement. Therefore, we need to ensure the program is functioning properly.

SCSEP is the sole remaining Federal job training initiative specifically designed to meet the needs of our aging workforce. For 40 years, the program has provided part-time community service employment to low-income adults age 55 and over. Program participants help staff community and faith-based organizations that without this help might not be able to provide their valuable services to the community.

Today, we will hear from the Labor Department regarding their administration of SCSEP. I am looking forward particularly with interest in learning why it took 4 years to implement the regulations mandated in the 2000 reauthorization, and I share the concern of many that the program may be restricting the participation of many seniors.

We will also hear from individuals who are grantees and subgrantees of the program. These witnesses will provide valuable information about the impact of the Labor Department's new eligibility criteria on grantees' ability to meet performance standards.

Congress must move forward in a timely fashion with reauthorization, and to provide better oversight of the reauthorization, this Committee will continue to work with GAO and SCSEP stakeholders to ensure the program best serves the needs of current participants and also is equipped to handle what will be an influx of potential participants from the burgeoning baby boomer population.

I would like to thank all of our witnesses who have joined us here this morning. I am eager to hear your thoughts as we engage in a meaningful and productive dialog that will shed light on the challenges and the successes of the Senior Community Service Employment Program.

Before I turn to Senator Kohl for his remarks, I would like to share with the Committee excerpts from a letter that I received from Linda Rae Alvarado, a SCSEP participant who is raising her four grandchildren in Washington State.

Said she, "I have not felt this good about a program since I served as an AmeriCorps VISTA volunteer. I have helped other grandparents raising children get qualified and placed. Just like me, they cried when the placement was made. I have talked with host agency staff who were thrilled with the placements and the work they are doing. I have helped place Social Security recipients and others who fell through the cracks of our safety net."

"I am only 57, but I have been looking for productive, full-time work for the past 4 years. It is as if there is a glowing sign over my head that blinks 'over 50' whenever I have an interview. The SCSEP program has been a God-send. I am still able, willing, ready to work. My youngest grandson graduates from high school

when I am 66 and college when I am 70, so I will be working for a while yet."

"This program provides positions, experience, skill-building, references that are current and positive for many of us who are between 50 and 65, when there aren't very many places to receive help. As we all know, work knows no age." With that, I turn to Senator Kohl.

OPENING STATEMENT OF SENATOR HERB KOHL

Senator KOHL. I thank you, Mr. Chairman.

As older Americans live longer and remain healthy and active, many are choosing to work longer. Even more would like to continue contributing to our communities, businesses, and economy, yet many find it difficult to do so. That is why I introduced the Older Worker Opportunity Act, which expands opportunities for older Americans to work longer if they so choose. Chairman Smith and I also requested that the Department of Labor convene an Older Worker Task Force to identify barriers to working longer and find solutions. We are pleased that Labor is moving forward with this task force.

Today's hearing focuses on another effort to help seniors find work in their communities. For over 40 years, the Senior Community Service Employment Program has served as the only Federal workforce program targeted to low-income older adults, providing community service and job opportunities to those over age 55. As millions of baby boomers approach retirement age and look for ways to keep working or give back to their communities, we need to strengthen this important program.

Of course, the most important way to strengthen SCSEP is to make sure that eligible seniors are enrolled. Yet today, the GAO will report that because the Department of Labor has restricted eligibility, grantees find it difficult to meet enrollment goals, leaving too many seniors without the opportunity to enroll. In addition, current funding is only sufficient to serve less than 1 percent of the eligible population. SCSEP funding has declined since 1998, and the Administration is proposing another cut of $44 million this year. To me, this makes no sense. The Census Bureau estimates that by 2008, there will be 6.7 million low-income Americans over age 55, many of whom will be eligible for SCSEP. Clearly, we need to boost funding, not cut it.

We must also remember that SCSEP is designed to promote both community service and self-sufficient employment. One goal should not be sacrificed for the other. Yet the Administration's proposal for reauthorizing SCSEP would significantly reduce community service opportunities. Some seniors may prefer community service to the private sector, while others may face barriers that make it difficult to obtain paying jobs. So we need to give seniors the flexibility to choose.

Finally, we need to know what is broken before we fix it. After Congress made changes to the program in 2000, the Department of Labor did not issue final regulations until 2004. As a result of this delay, we only have 1 year of performance data to evaluate the program. In addition, 2005 will be the first year that grantees will

be held accountable for performance since the 2000 changes were implemented.

Before we consider a major restructuring of the program, as the Administration proposes, I believe we should carefully study what has worked and what hasn't worked, and wait until the results are in. To that end, this hearing is a step in the right direction, and we look forward to the testimony of our witnesses today.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Kohl.

We have two panels today. We are informed that there will be a 10:30 vote, and Senator Kohl and I have agreed that one of us will go first, and the other will keep the hearing going. Then the other will go when there is a return.

So we shouldn't be interrupted because we want this hearing to be timely and not take any more time of your day than is necessary. But it is a very important topic, and as the letter I just read indicates, it means so much to so many people in our senior population.

We will call forward our first panel. We have representatives from the Government Accountability Office and the Department of Labor. Our first witness is Sigurd Nilsen. He is the director of education, workforce, and income security issues for GAO.

I certainly appreciate the resources that, Sigurd, you and your colleagues have taken to be here today and testify. I look forward to hearing GAO's preliminary findings on the impact of the 2000 Older Americans Act amendments on the Senior Community Service Employment Program.

We will call up also John Beverly. He is the administrator of the Office of National Programs at the Employment and Training Administration of the Department of Labor. We also look forward to discussing the progress that that department has made in implementing the 2000 reauthorization changes to SCSEP.

Sigurd, take it away.

STATEMENT OF SIGURD R. NILSEN, DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY ISSUES, GOVERNMENT ACCOUNTABILITY OFFICE (GAO), WASHINGTON, DC

Mr. NILSEN. Thank you, Chairman Smith, Senator Kohl.

I am pleased to be here today to discuss the Older Americans Act amendments of 2000 as they relate to the Senior Community Service Employment Program, known as SCSEP.

My testimony today will focus on three areas. First, changes in the distribution of SCSEP funds to national and State grantees as a result of the amendments. Second, the progress that Labor has made in implementing an enhanced performance accountability system. Third, the challenges that national and State grantees face in managing SCSEP.

First, the 2000 amendments have had little effect on the distribution of funds between national and State grantees, with the national grantees continuing to receive about 78 percent of the funds and the States about 22 percent. However, the distribution of funding and positions among national grantees has changed substantially.

An open competition for national SCSEP positions held in 2002 increased the total number of national grantees from 10 to 13, eliminating 1 incumbent grantee and introducing 4 new grantees, and reshuffled funding and positions among existing grantees. Of the 9 incumbent national grantees that were awarded continuing grants, 2 gained positions, and 7 lost positions.

Second, Labor has implemented new performance measures as required by the amendments, for program year 2005 which ends this coming June 30, will begin sanctioning grantees that demonstrate poor performance for the first time. For program year 2005, four SCSEP measures will be used to assess a grantee's overall performance. The four measures are placement, employment retention, service level, and services to the most in need.

A grantee must meet 80 percent of its goal, averaged across the 4 measures or be subject to sanctions. A grantee then could meet its overall average performance goal, but not individual performance goals and thus avoid sanctions.

For example, one State that met its overall performance goal for 2004, achieved less than half of its placement goal. Sanctions for poor performance begin with a corrective action plan and end with the grantee losing all funds if it fails to meet its goals for three consecutive years.

Grantees also report on the customer satisfaction of participants, host agencies, and employers, but this measure is not used for sanctions. Grantees must also report the number of community service hours participants contribute, but Labor has not developed a performance measure for this, as required by the amendments.

SCSEP grantees must also collect data on three common measures as part of a Government-wide initiative to provide comparable performance information across Federal programs with similar goals and operations—requiring SCSEP grantees to collect and report on nine different performance measures—some of which overlap, but which are measured differently.

Labor has designed a data collection system to capture performance information, but has not yet implemented the Internet-based version. In order to capture baseline information data in program year 2004, Labor rolled out an early non-Internet version of its data collection system.

However, this interim system is limited in its usefulness for helping to manage the program. For example, grantees are unable to access their quarterly progress reports directly and must wait for Labor to process and send the data back to them.

Likewise, grantees receive reports that notify them of errors in their data submissions, but the reports do not identify which records are problematic. Currently, Labor hopes to fully implement the Internet-based system by mid May of this year.

Third, changes to SCSEP eligibility criteria and coordination difficulties with WIA and the one-stop system pose major challenges to SCSEP grantees in managing the program. Although the amendments did not contain provisions changing the eligibility criteria, Labor modified some eligibility criteria to target SCSEP's limited funds to individuals it believes are most in need of SCSEP's intensive services.

For example, Labor modified the types of income it uses to determine the individual's eligibility for the program to include Social Security Disability Insurance and unemployment compensation, so that only those with the lowest incomes are targeted. In addition, Labor changed its previous policy of allowing low-income older adults who hold part-time jobs to enroll in SCSEP.

Grantees told us that the requirement that applicants be unemployed prevented some low-income older workers from receiving SCSEP services. For example, a state grantee noted that older workers who may work only 4 hours per week, have very low incomes but are not eligible for the program because they are not unemployed.

Another State grantee noted that many older workers who are not eligible for Social Security benefits often work part-time, and thus would be not eligible under the employment test, but would otherwise still meet the income eligibility criteria.

Many grantees were also concerned that Labor revised the period on which income is calculated. Labor requires grantees to annualize an applicant's income, using the most recent 6-months income prior to application and then multiplying by 2. Grantees noted that annualizing 6 months of income could distort the income for those who only had earnings during that 6-month period.

For example, one grantee noted that many older individuals in their State work during the planting and harvesting seasons, but are unemployed for the remainder of the year. Doubling the individual's 6-month income made many of these seasonal workers ineligible for SCSEP.

Conversely, certain other workers maybe erroneously included if they didn't have income in the most recent 6-month period, but may have had much higher income prior to that 6-month period. They would have been included, while those with more recent income were excluded.

All of the national grantees and most of the State grantees told us that they were concerned about their ability to meet the performance measures, saying that the program eligibility changes was making it harder for them to meet their service-level goals.

The 2004 performance data show that 7 of the 13 national grantees and 21 of the 52 State grantees did not meet their service-level goals. National and State grantees said that coordinating SCSEP activities with WIA services and obtaining intensive services and training at One-Stop centers presented major challenges for them.

While coordination with One-Stops for core services is very good, access to training or intensive services is very difficult. For example, many WIA providers are hesitant to provide intensive services or training to SCSEP participants because WIA providers are concerned that enrolling older adults would negatively affect their performance measures, particularly the earnings measure that is used in the WIA program. This is something we reported on in a 2003 report as well.

In conclusion, while Labor has made progress implementing the 2000 amendments, particularly in terms of increasing the programs focused on unsubsidized employment, challenges remain. While Labor has taken steps to establish an enhanced performance ac-

countability system, as of March of this year, the system was still not fully implemented.

The delay in implementing this system means that program year 2005 is the first year that grantees will be held accountable for poor performance. In addition, Labor's changes to the eligibility criteria appear to target SCSEP funds for the most in need, yet how this targeting was operationalized excludes certain low-income workers.

Finally, while the amendments were designed to enhance employment and training opportunities for older adults, we believe that Labor has not done enough to address unresolved issues concerning coordination between SCSEP and WIA and helping older adults obtain intensive services and training at one-Stop centers.

This completes my prepared statement. I would be happy to respond to any questions members of the Committee may have.

Thank you.

[The prepared statement of Mr. Nilsen follows:]

United States Government Accountability Office

GAO

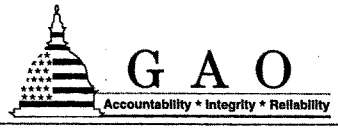
Testimony
Before the Special Committee on Aging, U.S. Senate

For Release on Delivery
Expected at 10:00 a.m. EDT
Thursday, April 6, 2006

SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM

Labor Has Made Progress Implementing Older Americans Act Amendments of 2000, but Challenges Remain

Statement of Sigurd R. Nilsen, Director Education, Workforce, and Income Security Issues



GAO-06-549T

GAO
Accountability·Integrity·Reliability

Highlights

Highlights of GAO-06-549T, testimony before the Special Committee on Aging, U.S. Senate

April 6, 2006

SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM

Labor Has Made Progress Implementing Older Americans Act Amendments of 2000, but Challenges Remain

Why GAO Did This Study

The aging of the baby boom generation and increased life expectancy pose serious challenges for our nation. Older adults often must re-enter the workforce in order to remain self-sufficient. The Senior Community Service Employment Program (SCSEP) is the only federal program that is specifically designed to assist low-income older adults by providing part-time community service jobs and training to prepare for employment. Since passage of the 2000 Older Americans Act Amendments (OAA), SCSEP has also increasingly focused on promoting economic self-sufficiency through placement in unsubsidized employment. In 2005, Congress appropriated about $439 million to serve about 100,000 older workers. Administered by the Department of Labor (Labor), SCSEP is implemented through 69 grantees, including 13 national organizations and 56 state and territorial agencies.

The Chairman of the Senate Special Committee on Aging asked GAO to (1) determine what effect the OAA Amendments have had on the distribution of SCSEP funds to national and state grantees, (2) describe the progress Labor has made in implementing the enhanced performance accountability system, and (3) identify the challenges faced by national and state grantees in managing the SCSEP program.

www.gao.gov/cgi-bin/getrpt?GAO-06-549T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sigurd R. Nilsen, (202) 512-7215 or nilsens@gao.gov.

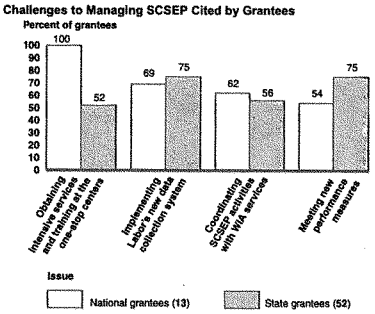
What GAO Found

The 2000 OAA Amendments have had little impact on the distribution of funds between national and state grantees, with national grantees continuing to receive approximately 78 percent of the funding and states about 22 percent. However, the distribution of funding among national grantees has changed substantially as a result of Labor's 2002 open competition for the national grants portion of SCSEP funding.

Labor has taken steps to establish an enhanced performance accountability system for SCSEP, but has yet to implement some features. For example, Labor introduced the new performance measures required by the OAA Amendments, but program year 2005—which ends on June 30, 2006—is the first year that grantees will be held accountable for meeting their goals. Labor has implemented an early version of a data collection system to track grantee performance, but the final Internet-based version is not yet available.

Changes to the SCSEP eligibility criteria and difficulties coordinating with the Workforce Investment Act (WIA) one-stop system have posed challenges to SCSEP grantees. Labor modified some eligibility criteria to target limited program funds to individuals it believes are most in need of SCSEP services. However, grantees expressed concern that these changes had made it more difficult for them to meet their enrollment goals. Finally, GAO found that despite provisions in the OAA Amendments to strengthen connections between SCSEP and WIA, problems persist in coordinating with WIA providers and obtaining intensive and training services for older workers at one-stop centers.

Challenges to Managing SCSEP Cited by Grantees



Source: GAO analysis of survey data.

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss the Older Americans Act (OAA) Amendments of 2000 as they relate to the Senior Community Service Employment Program (SCSEP). GAO has conducted several studies related to older worker issues,[1] and my testimony today is based on work that you requested concerning how the OAA Amendments have affected SCSEP.

The U.S. economy is experiencing a dramatic demographic change with the aging of the baby boom generation (people born between 1946 and 1964), the oldest of whom are turning age 60 this year. Older Americans are expected to represent a growing share of the population and have a longer life expectancy than previous generations. Many older adults may choose to remain in the workforce or need to continue working for financial reasons. Furthermore, the number of older adults living in poverty is expected to increase significantly. By 2008, the U.S. Census Bureau estimates that 6.7 million persons aged 55 and older will be below the poverty level, a 22 percent increase over the number living in poverty in 2000. This number is expected to jump to 9 million by 2015.

SCSEP is the only federal employment and training program targeted to low-income older adults. Originally authorized in 1965 by Title V of OAA, SCSEP is administered by the Department of Labor (Labor) to promote part-time community service activities for unemployed, low-income individuals 55 years and older who have poor employment prospects. Under the OAA Amendments, the program has evolved from being primarily focused on community service to a program that increasingly emphasizes economic self-sufficiency through unsubsidized employment. The amendments also made other changes to SCSEP including revising the funding distribution formula and establishing a performance accountability system. Furthermore, in anticipation of the upcoming

[1]For further information on older worker issues please see the following reports and testimonies: GAO, *Older Workers: Labor Can Help Employers and Employees Plan Better for the Future*, GAO-06-80 (Washington, D.C.: Dec. 5, 2005); *Older Workers: Policies of Other Nations to Increase Labor Force Participation*, GAO-03-307 (Washington, D.C.: Feb.13, 2003); *Older Workers: Employment Assistance Focuses on Subsidized Jobs and Job Search, but Revised Performance Measures Could Improve Access to Other Services*, GAO-03-350 (Washington, D.C.: Jan. 24, 2003); and *Older Workers: Demographic Trends Pose Challenges for Employers and Workers*, GAO-02-85 (Washington, D.C.: Nov.16, 2001).

reauthorization of Title V of OAA, the administration has proposed additional changes to SCSEP. In fiscal year 2005, Congress appropriated approximately $439 million for SCSEP that Labor distributed to 69 grantees: 13 national grantees (consisting of 12 national nonprofit organizations and 1 federal agency) and 56 state and territorial agencies.[2] These funds support about 61,000 SCSEP positions, through which approximately 100,000 participants are served each year. The grantees typically place older workers in part-time community service positions, such as nurse's aides, teacher aides, librarians, clerical workers, and day care assistants, so that these older workers can gain on-the-job experience and prepare for unsubsidized employment.

My testimony today will address (1) changes in the distribution of SCSEP funds to national and state grantees as a result of the OAA Amendments, (2) the progress that Labor has made in implementing an enhanced performance accountability system, and (3) the challenges that national and state grantees face in managing SCSEP.

In summary, our work shows that the OAA Amendments have had little effect on the distribution of funds between national and state grantees, with the national grantees continuing to receive approximately 78 percent of the funding and state grantees about 22 percent. Since the amendments took effect in 2000, SCSEP appropriations have experienced only minor fluctuations, and correspondingly, the total number of positions authorized for participants has remained generally constant. However, the distribution of funding and positions among national grantees has changed substantially as a result of an open competition that Labor held in 2002. Further, although the amendments were passed in 2000, Labor has yet to fully establish a performance accountability system. For example, program year 2005—which ends on June 30, 2006—is the first year for which grantees will be held accountable for their performance, and the final Internet-based version of Labor's data collection system is not yet online. Labor modified several eligibility criteria to target SCSEP's limited funds to individuals it believes are most in need of program services. However, most national and state grantees in our survey expressed concern that these changes had made it more difficult for them to meet their enrollment goals. Finally, we found that despite provisions in the OAA Amendments to strengthen connections between SCSEP and the Workforce Investment Act (WIA), problems coordinating with WIA

[2]Labor reserved $2 million for private employment projects.

providers and obtaining intensive and training services for older workers at one-stop centers persist.

We based our work, in part, on a survey of the 13 national organizations and 52 state grantees (including the District of Columbia and Puerto Rico). We received responses from all national and state grantees. We also interviewed Labor officials and representatives from four national organizations that received nearly two-thirds of the SCSEP funds allocated to national organizations in program year 2005:[3] AARP, Experience Works, Mature Services, and Senior Service America. In addition, we visited five states—California, Florida, Idaho, Ohio, and Oregon—and interviewed officials responsible for administering SCSEP. We used several criteria in selecting site visit locations, including geographic dispersion within the United States, relative size of the state population, proportion of the state population that is both elderly and below the poverty level, proportion of the state population that is over the age of 55, and the amount of SCSEP funding allocated to each state during program year 2004 (July 1, 2004, to June 30, 2005). We performed our work between July 2005 and March 2006 in accordance with generally accepted government auditing standards.

Background

SCSEP, as authorized under the OAA Amendments, promotes part-time opportunities in community service for unemployed low-income persons who are at least 55 years old and have poor employment prospects. The program is also designed to foster economic self-sufficiency by assisting older workers in transitioning to unsubsidized employment. Administered by Labor for over 30 years, the program operates in every state, the District of Columbia, Puerto Rico, Virgin Islands, American Samoa, Guam, and the Northern Mariana Islands. The program is administered through grants awarded to national organizations as well as state and territorial agencies. (See app. I for a listing of national grantees and funds and positions awarded in program year 2005.) In program year 2005, approximately $439 million was appropriated to support about 61,000 SCSEP positions, through which approximately 100,000 participants are

[3]A program year begins on July 1 of a year and ends on June 30 of the following year. A program year is designated by the year in which it begins. Thus program year 2005 began on July 1, 2005, and ends on June 30, 2006.

served.[4] (See app. II for a listing of funds and positions awarded by state in program year 2005).

SCSEP serves unemployed persons who are 55 years or older whose family incomes are no more than 125 percent of the federal poverty level. Participants are placed in part-time community service assignments in a local nonprofit organization or public-sector agency to gain on-the-job experience and prepare for unsubsidized employment. Program participants receive training and work experience in a wide variety of occupations, including nurse's aides, teacher aides, librarians, clerical workers, and day care assistants. Program participants are paid the highest federal, state, or local applicable minimum wage, or the prevailing rate of pay for persons employed in similar occupations by the same employer. The OAA Amendments require that at least 75 percent of SCSEP funds be used to subsidize participants' wages and fringe benefits and no more than 13.5 percent of the funds may be used for administrative expenses. The remaining funds may be used for other program costs such as assessments, training, job placement assistance, and supportive services.[5]

The OAA Amendments were designed to make a number of changes to SCSEP. The amendments contained provisions to

- establish unsubsidized employment as a program goal, while maintaining the community service aspect of the program;
- establish a performance accountability system that held grantees accountable for meeting specific performance measures, including placement and retention of participants in unsubsidized employment, community services provided, customer satisfaction, and number of persons served—particularly those with the greatest economic and social need or those with poor employment history or prospects, and those over age 60;
- improve coordination between SCSEP and WIA; and

[4]This figure does not include $2 million dollars for reserved for private employment projects.

[5]Supportive services assist participants to successfully participate in SCSEP. Such services include payments for transportation; health care and medical services; incidentals such as work shoes, uniforms, and tools; child and adult care; and temporary shelter.

- strengthen administrative procedures by defining administrative and program costs and applying uniform cost principles.

In addition, the amendments revised the distribution formula by specifying that the first $35 million in funding above the amount to maintain current level of program year 2000 activities be allocated 75 percent to state grantees and 25 percent to national grantees. Any additional funds above $35 million will be allocated evenly between state and national grantees.

OAA Amendments Have Had Minimal Impact on Funding Distribution between National and State Grantees

The OAA Amendments have had little effect on the distribution of funds between national and state grantees, with the national grantees continuing to receive approximately 78 percent of the funding and state grantees about 22 percent. Since the amendments took effect in 2000, the SCSEP appropriation has experienced only minor fluctuations, and correspondingly, the total number of positions has remained largely constant. However, the distribution of funding and positions among national grantees has changed substantially. An open competition for national SCSEP positions held in 2002 increased the total number of national grantees from 10 to 13 (eliminating 1 incumbent grantee and introducing 4 new grantees) and reshuffled funding and positions among existing grantees. In program year 2005, national grantees operated in all states (including the District of Columbia and Puerto Rico) except Alaska, Delaware, and Hawaii. Approximately two-thirds of both national and state grantee positions are located in metropolitan areas. However, the percentage of positions in metropolitan areas varied widely among national grantees. For example, three national grantees administered more than 90 percent of their SCSEP positions in metropolitan counties, while two have about 40 percent of their positions in metropolitan counties.

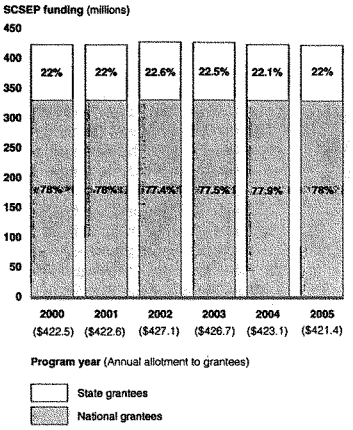
OAA Amendments Have Had Little Effect on the Distribution of SCSEP Funds

The revision of the funding formula outlined in the OAA Amendments has had little impact on the distribution of funds between national and state grantees. The formula takes effect only when SCSEP funding for national and state grantees rises above program year 2000 levels of approximately $423 million.[6] Because the SCSEP appropriation has remained relatively

[6]The formula for distributing SCSEP funding to national and state grantees applies to the balance after Labor reserves funds for private employment projects, the territories, and national grantees serving older Indians and Native Americans and Pacific Island and Asian Americans.

constant over the past 5 years, the distribution of funds between national and state grantees has also experienced little change. In each program year since 2000, approximately 78 percent of the SCSEP funding for grantees was allocated to national grantees and 22 percent was allocated to state grantees (see fig. 1).

Figure 1: Distribution of SCSEP Funding for Program Years 2000 to 2005



Source: GAO analysis of Labor data.

Note: The allotments are less than the annual appropriations because the formula for distributing SCSEP funding to national and state grantees excludes funds reserved for private employment projects, territorial grantees, and national grantees serving older Indians and Pacific Island and Asian Americans. For example, of the $439 million appropriated in program year 2005, Labor reserved $2 million for private employment projects, about $3.3 million for territorial grantees, and about$12 million for the two national grantees that serve minority communities. Thus, approximately $421 million was allotted by formula to national and state grantees.

For program year 2005, SCSEP appropriations funded 61,047 positions—160 fewer than were funded in program year 2000. Slight funding increases from program years 2002 to 2004 provided for as much as $4.6 million in additional annual funding for national and state grantees. Labor allotted approximately 75 percent of this amount to state grantees and 25 percent

to national grantees in accordance with the revised distribution formula. However, these funding increases did not markedly alter the overall distribution between national and state grantees.

2002 Competition Reshuffled Funds and Positions among National Grantees

Labor's 2002 open competition for the national grants portion of SCSEP funding increased the number of national grantees administering SCSEP and substantially reshuffled positions and funding among existing grantees. Labor decided to conduct the competition in order to ensure that the most qualified organizations were awarded grants, to open the grantee community to new organizations, and to provide better services to SCSEP participants. The competition—the first of its kind in SCSEP's history—yielded 68 applications. A three-member Labor review panel evaluated each application and scored it according to the applicant's plan for program design and services, coordination and oversight, and management structure and fiscal integrity. Based on these scores, Labor ranked each applicant, deemed that 13 applicants scored in a competitive range making them eligible to receive grant awards, and allotted positions by county to grantees on a winner-takes-all basis. Specifically, the highest ranked applicant received all the positions it requested, and each subsequent applicant received all positions not previously claimed by a higher-ranked applicant. All 13 competitive applicants were eventually awarded positions. The competition produced 4 new national grantees, increasing the total number from 10 to 13. One incumbent grantee, the National Urban League, was not awarded a grant to continue administering SCSEP. The competition also resulted in a significant reshuffling of funds and positions among incumbent grantees. Of the nine incumbent national grantees that were awarded continuing grants, two gained positions, and seven lost positions (see table 1).

Table 1: National Grantee Positions Before and After 2002 Competition

National Grantee	Program year 2002 positions (precompetition)	Program year 2003 positions (postcompetition)	Change
Incumbent grantees that gained positions			
AARP Foundation	7,097	10,487	+ 3,390
National Caucus and Center on Black Aged, Inc.	1,831	2,140	+ 309
Incumbent grantees that lost positions			
Experience Works, Inc.	14,915	12,051	- 2,864
National Council on the Aging, Inc.	5,334	3,069	- 2,265
National Urban League	2,163	(not selected)	- 2,163
Senior Service America, Inc.	9,015	7,017	- 1,998
USDA Forest Service	3,998	2,863	- 1,135
Asociacion Nacional Pro Personas Mayores	1,864	1,090	- 774
National Indian Council on Aging	867	862	- 5
National Asian Pacific Center on Aging	857	856	- 1
New grantees			
SER —Jobs for Progress National, Inc.	(new grantee)	3,681	+ 3,681
Easter Seals, Inc.	(new grantee)	2,267	+ 2,267
Mature Services, Inc.	(new grantee)	774	+ 774
National Able Network	(new grantee)	764	+ 764
TOTAL	**47,941**	**47,921**	**- 20**

Source: GAO analysis of data provided by Labor.

Labor determines the amount of funding to be allocated to grantees based on a "cost per authorized position" outlined in the OAA Amendments. As a result, following the 2002 competition, each of the 13 successful grantees received funding approximately equal to the number of positions it was awarded times $7,153—the pre-determined cost per authorized position. Among incumbent grantees, two gained additional funding and seven lost funding. AARP Foundation gained more than $24 million in additional funds, while Experience Works, Inc. lost $20.5 million in funding. Altogether, the four new grantees received approximately $54 million in SCSEP funding (see table 2).

Table 2: National Grantee Funding Before and After 2002 Competition

National grantee	Program year 2002 funding (precompetition)	Program year 2003 funding (postcompetition)	Change
Incumbent grantees that gained funding			
AARP Foundation	$50,764,841	$75,018,059	$24,253,218
National Caucus and Center on Black Aged, Inc.	$13,097,143	$15,310,083	$2,212,940
Incumbent grantees that lost funding			
Experience Works, Inc.	$106,686,995	$86,202150	-$20,484,845
National Council on the Aging, Inc.	$38,154,102	$21,952,313	-$16,201,789
National Urban League	$15,471,939	(not selected)	-$15,471,939
Senior Service America, Inc.	$64,484,295	$50,190,834	-$14,293,461
USDA Forest Service	$28,597,694	$20,483,709	-$8,113,985
Asociacion Nacional Pro Personas Mayores	$13,333,192	$7,793,500	-$5,539,692
National Indian Council on Aging	$6,201,651	$6,165,886	-$35,765
National Asian Pacific Center on Aging	$6,130,121	$6,120,400	-$9,721
New grantees			
SER – Jobs for Progress National, Inc.	(new grantee)	$26,319,150	$26,319,150
Easter Seals, Inc.	(new grantee)	$16,219,388	$16,219,388
Mature Services, Inc.	(new grantee)	$5,536,422	$5,536,422
National Able Network	(new grantee)	$5,462,600	$5,462,600
TOTAL	**$342,921,973**	**$342,774,494**	**-$147,479**

Source: GAO analysis of data provided by Labor.

On March 2, 2006, Labor announced an open competition for program year 2006 national grantee funding. This announcement is consistent with Labor's current proposal for the reauthorization of SCSEP, which recommends eliminating performance sanctions in favor of holding a competition for grants every 3 years. Using similar criteria to those used in the 2002 competition, Labor plans to award no more than 20 grants to national grantees, including at least 1 grant to an Indian and Native American organization and at least 1 grant to an Asian Pacific Islander organization. Labor is specifically seeking organizations that are able to foster partnerships with one-stop career centers and community colleges and that promote private employment through high-growth job opportunities. In order to increase program effectiveness and achieve economies of scale, Labor has consolidated the geographic areas over which grantees will administer SCSEP for the upcoming program year. When requesting positions, potential grantees must apply for at least 10 percent of a state's allocation, or $1.6 million, whichever is greater.

Furthermore, applicants that apply for more than one county in a state must request contiguous counties, and except in the cases of very large counties, they must apply for all the positions in a county.

Equal Share of National and State Positions Located in Metropolitan Areas

For program year 2005, slightly more than two-thirds of both national and state grantee positions are located in metropolitan areas. National grantees administer SCSEP in every state except Alaska, Delaware, and Hawaii, while state grantees operate SCSEP in all 50 states, the District of Columbia, and Puerto Rico.[7] Individual national grantees operate in as many as 39 states (Experience Works, Inc.) and as few as 2 states (Mature Services, Inc.). The share of positions in metropolitan areas varies widely among national grantees. Three grantees administer more than 90 percent of their SCSEP positions in metropolitan counties, while two grantees have fewer than half of their positions in metropolitan counties (see table 3).

[7]0.75 percent of the total SCSEP appropriation is also used to fund positions in American Samoa, Guam, the Northern Marianas, and the U.S. Virgin Islands. Each territory operates its own SCSEP program—national grantees do not serve these areas.

Table 3: Summary of SCSEP Positions for Program Year 2005

Grantees	Number of SCSEP positions	Number of states served[a]	Percent of positions in metropolitan counties
TOTAL	**60,590[b]**	**52**	**71**
State grantees	**12,982**	**52**	**69**
Nationals grantees	**47,608**	**49**	**72**
AARP Foundation	10,362	29	96
Asociacion Nacional Pro Personas Mayores	1,075	6	100
Easter Seals, Inc.	2,248	9	85
Experience Works, Inc.	12,029	39	41
Mature Services, Inc.	771	2	89
National Able Network	760	4	58
National Asian Pacific Center on Aging	836	8	100
National Caucus and Center on Black Aged, Inc.	2,129	11	82
National Council on the Aging, Inc.	3,020	12	80
National Indian Council on Aging	842	15	62
Senior Service America, Inc.	7,030	24	84
SER – Jobs for Progress National, Inc.	3,658	16	79
USDA Forest Service	2,848	38	39

Source: GAO analysis of Labor and USDA Economic Research Service data.

[a] Includes all 50 states, the District of Columbia, and Puerto Rico.

[b] Excludes the 457 positions allotted to the territories.

Labor Has Yet to Fully Implement an Enhanced Performance Accountability System

Labor has taken steps to establish an enhanced performance accountability system for SCSEP, but has yet to implement some features fully. While Labor has introduced the new performance measures that the OAA amendments required, program year 2005—which ends on June 30, 2006—is the first year for which grantees will be held accountable for their performance. Labor has also implemented an early version of a data collection system to capture performance information, but the final version is not yet available to grantees in its intended online format. In addition, Labor has recently undertaken a broad assessment of SCSEP on such issues as participant outcomes, program costs, and grantee challenges, but has not yet issued a report.

New Performance Measures Were Recently Implemented

Labor has implemented new performance measures, as required by the OAA Amendments, and will begin sanctioning grantees that demonstrate poor performance for the current program year —2005 —which ends on June 30, 2006. After Labor issued final regulations for SCSEP in April 2004, it instituted practice measures for program year 2004, as grantees transitioned to the new data collection and reporting requirements. Labor used the resulting performance data to help set baseline goals for grantees to meet during program year 2005.

For program year 2005, according to Labor, four SCSEP measures will contribute to a grantee's overall performance assessment:

- *Placement:* the number of participants attaining unsubsidized employment, either full-time or part-time, for at least 30 days of the first 90 days after exiting the program, divided by the number of authorized SCSEP positions.
- *Employment Retention:* the rate of retention in unsubsidized employment 6 months after placement.
- *Service Level:* the number of a grantee's participants divided by the number of the grantee's authorized positions.
- *Service to Most-in-Need:* the percentage of participants who are at least 60 years old and who have at least one of several additional barriers to employment, such as language barriers, poor employment history, or a physical or mental disability.

Labor officials told us they plan to assess grantees on their aggregate performance across these four SCSEP performance measures. A grantee satisfies its overall performance goal if it attains an average score across the four measures of at least 80 percent of the target goals. Thus, a grantee could meet its performance requirements by attaining less than 80 percent of some goals but more than 80 percent of the others. For example, Labor's data show that one state achieved 47 percent of its placement goal but performed well enough on the other measures to receive an average score well above the 80 percent threshold for satisfactory performance. According to Labor, grantees varied in their ability to meet goals for individual measures during the transitional period of program year 2004. (See app. III for a listing of the program year 2004 results compared to the performance goals for each grantee.) However, Labor officials said that most grantees managed to meet the 80 percent threshold for their overall performance goal. (See appendix IV for results

for each of the grantees.) They also stated that, based on Labor's assessment of data from the first 2 quarters of the current year, most grantees appear to be on track for meeting their performance goals for program year 2005.

Sanctions for poor performance are similar for state and national grantees and will begin after the first year of not meeting the 80 percent threshold for overall performance. If performance does not improve, sanctions will increase in severity after the second and third consecutive years. After the first year of poor performance, a grantee must submit a corrective action plan within 160 days of the end of the program year. In addition, Labor will provide the grantee with technical assistance to help correct the problem. A second consecutive year of failing to meet performance goals will generate a competition for 25 percent of the grantee's funds for the following program year. If a grantee continues to perform poorly for a third year, another competition will result for the remaining amount of the grantee's funding. Furthermore, in addition to meeting their own goals, national grantees must meet the performance goals of each state in which they administer the program. If they fail to meet the state's goals, Labor will require a corrective action plan after the first year of poor performance and may take other appropriate actions, including transferring responsibility for the project to other grantees. National or state grantees that fall short of one performance target but otherwise meet their aggregate goals will not be subject to sanction; Labor will instead provide them with technical assistance related to that performance issue.

In addition, Labor requires grantees to report on the customer satisfaction of participants, host agencies, and employers by surveying each group. While poor performance on this measure will result in technical assistance rather than sanctions, Labor officials told us that to date customer satisfaction has been very high. Grantees must also report the number of community service hours participants contribute, but Labor officials told us that they have struggled to create a measurable indicator for community service and do not plan to sanction performance in this area.

SCSEP grantees must also collect data to support several common measures as part of a governmentwide initiative to provide comparable performance information across federal programs with similar goals and

operations.[8] For job training and employment programs serving adults, the three common measures include entered employment, retention, and average earnings. Thus, between the SCSEP measures and the common measures, grantees must collect and report on data for nine different performance measures. The SCSEP placement and retention measures overlap somewhat with the common measures for entered employment and retention, although the SCSEP measures, as defined by the OAA Amendments, are computed differently. (See table 4.) Specifically, the SCSEP placement measure is calculated relative to each grantee's number of authorized positions, while the common measure for entered employment is based on the number of participants who exit the program. Likewise, the SCSEP retention measure evaluates employment 6 months after placement, while the common measure for retention assesses a participant's employment in both the second and third quarters after exit.

Table 4: Comparison of SCSEP Placement and Retention Measures with Common Measures for Entered Employment and Retention

SCSEP performance measure	Common measure
Placement: the number of participants whose placement into unsubsidized employment became final during the quarter, divided by the total number of authorized community service positions.	*Entered employment:* the number of participants employed in the first quarter after exiting the program, divided by the total number of participants who exit the program during the quarter.
Retention: the number of participants placed into unsubsidized employment and who are still employed 6 months after the date of placement, divided by the number of participants placed into unsubsidized employment.	*Retention:* of those participants who are employed in the first quarter after exiting the program, the number employed in both the second and third quarters after exit, divided by the number of participants employed in the first quarter after the quarter of exit.

Source: GAO analysis data of provided by Labor.

Grantees are not subject to sanction for performance on the common measures, which the Office of Management and Budget will use to evaluate the overall effectiveness of SCSEP. However, the administration's legislative proposal for reauthorizing SCSEP supports using the common measures. Additional measures, such as community services provided, could be tracked as secondary outcomes.

[8]The Office of Management and Budget (OMB) introduced common performance measures as part of efforts to link program performance to the budget. Common measures apply to job training and employment programs administered by the U.S. Departments of Labor, Education, Health and Human Services, Housing and Urban Development, Interior, and Veterans Affairs.

New Data Collection System Is in Interim Stage

Labor has designed a data collection system to capture performance information, but has not yet implemented the Internet-based version. The agency is in the process of moving to an Internet-based system that incorporates the new performance data required under the OAA Amendments. In order to capture baseline performance data in program year 2004, Labor rolled out an early, non-Internet version of its data collection system in time to receive data from the first quarter of that program year. Although it collects the required performance data, this interim system is limited in its usefulness for helping to manage the program. For example, grantees are unable to access their quarterly progress reports directly and must wait for Labor to process and send the data to them. Likewise, grantees receive reports that notify them of errors in their data submissions, but the reports do not identify which records are problematic. Moreover, since the initial roll-out, Labor has incorporated several modifications to the system and required data reporting elements. Currently, grantees either use the early version of Labor's new system or continue to use their own databases while they wait for the new Internet-based data collection system to undergo testing and be rolled out. If procurement and technical processes go as planned, Labor hopes to fully implement the Internet-based data collection system by mid-May 2006.

Labor has provided grantees with guidance and technical assistance on implementing the new data collection system. In addition to issuing written guidance, Labor and its contractors have conducted demonstrations and offer ongoing direct assistance, including an Internet-based forum for grantee questions on implementing the new system.

Labor Has Initiated an Assessment of SCSEP

Labor recently undertook an assessment of SCSEP, which it has yet to complete. In 2004, Labor contracted with DAH Consulting, Inc., and Social Policy Research to conduct an assessment of SCSEP. According to Labor, in addition to assessing the ability of grantees to find useful community service assignments and increase placements in unsubsidized employment, the assessment was supposed to gather information on participant training, the level of coordination with the one-stop system, program costs, outcomes, and other challenges faced by grantees. However, this study was not intended to be a true impact evaluation, but rather a more general review of SCSEP program operations. As of March 2006, Labor officials had received a draft of the study but sent it back to DAH Consulting with requested changes. However, because Labor had not provided us with preliminary results from the review, as of the date of this testimony we are unable to describe what the assessment found, and

cannot provide an evaluation of the methodology used to generate the report.

SCSEP Eligibility and Coordination with WIA Are among the Major Challenges Grantees Face

Changes to SCSEP eligibility criteria and coordination difficulties with WIA and the one-stop system pose major challenges to SCSEP grantees in managing the program. Although the OAA Amendments did not contain provisions changing the eligibility criteria for SCSEP, Labor modified some eligibility criteria to target SCSEP's limited funds to individuals it believes are most in need of SCSEP's intensive services. For example, Labor modified the types of income it uses to determine an individual's eligibility for the program to include Social Security Disability Insurance (SSDI) and unemployment compensation, so that only those with the lowest incomes are targeted. In addition, Labor changed its previous policy of allowing low-income older adults who work part-time to enroll in SCSEP, and revised the time period for which income is calculated. Most national and state grantees told us that these changes decreased the pool of eligible individuals, and were concerned that enrollments would decline as a result. Furthermore, the majority of the 13 national and 52 state grantees surveyed also identified coordinating with WIA providers, obtaining intensive and training services at one-stop centers, implementing Labor's new data collection system, and meeting new performance measures as being major challenges to managing the SCSEP program.

Labor Changed Eligibility Criteria to More Closely Target Program

Labor estimated that SCSEP's funding is only sufficient to serve less than one percent of the eligible population and, as a result, changed the eligibility criteria for SCSEP participation to target the program to those older adults it believes are most in need of program services. Labor issued guidance in April 2004 and again in January 2005 to reflect and clarify policy changes to SCSEP eligibility criteria that were previously established in guidance issued in December 1995. Major eligibility policy changes include what is to be counted as income, employment status at time of application, and the time period to be used for the purposes of calculating income. (See table 5.)

Table 5: Changes to Eligibility Criteria

Changes to eligibility criteria	Older Worker Bulletin 95-5, issued June 1995	Training and Employment Guidance Letter 13-04, issued January 2005
Social security income	25 percent of social security income excluded from income calculations	No exclusion, all social security income counted in income calculations
Social security disability insurance (SSDI)	Excluded from income calculations	Included in income calculations (other disability benefits excluded)
Unemployment compensation	Excluded from income calculations	Included in income calculations
Veterans' payments	Excluded from income calculations	Included in income calculations
Interest/dividends	$3,000 excluded from income calculations	Included in income calculations
Exclusion for enrollee recertification	$500 of includable income was not counted for enrollee recertification	No such exclusion
Time period for income calculations	Option of using either previous 12 months or 6 months annualized	No option, calculations based on 6 months annualized
Employment status	Not mentioned. Labor allowed applicants to be either under-employed or unemployed	Applicants must be unemployed

Source: GAO analysis of Labor guidance.

While, the OAA Amendments do not define what constitutes income, Labor decided to use the U.S. Census Bureau's Current Population Survey (CPS) as the standard for determining income eligibility for SCSEP. In the preamble to its April 2004 regulations, Labor set forth its intent to use the income categories collected in the CPS as the SCSEP definition of income for determining program eligibility. After receiving feedback from grantees, Labor decided to exclude certain forms of income. For example, Labor excluded disability benefits—except SSDI— as well as supplementary security income, workers' compensation, public assistance, child support, and several other sources of income. Most national and state grantees we surveyed expressed concern with the revised income criteria. For example, one national grantee told us that including SSDI is especially onerous because individuals receiving SSDI are among the hardest to serve. A state grantee stated that SSDI should not be included in determining program eligibility because other disability benefits were not included in calculating income eligibility. Another state grantee noted that social security is the only source of income for many older adults and including it provides a misleading picture of an individual's actual income.

The administration's proposal for the upcoming reauthorization of Title V of OAA contains provisions for standardizing the income threshold. Labor believes that reauthorization provides an opportunity for Congress to align SCSEP income eligibility criteria with those used by Labor and other federal programs that are means-tested. Labor noted that more uniformity

with respect to the types of income used to determine program eligibility, such as Social Security benefits versus earned income, would increase public confidence that these programs were being administered in a consistent and equitable manner.

Most national and state grantees surveyed were also concerned with Labor's policy change requiring applicants to be unemployed at time of application. Labor officials stated that the Office of the Solicitor took a strict interpretation of the OAA Amendments and determined that applicants must be unemployed at the time of application to be eligible for SCSEP. Labor officials noted that this interpretation was consistent with the department's philosophy that SCSEP should be targeted to those most in need of the program's intensive services. Prior to the OAA Amendments, Labor permitted applicants who held part-time jobs and met other eligibility criteria to be eligible for SCSEP services. The OAA amendments retained the language contained in the statement of purpose from the authorizing legislation that the program was to provide services to unemployed low income adults 55 years and older. The amendments further defined eligible individuals as those individuals who are 55 years and older and have income not more than 125 percent of the poverty guidelines, but did not refer to employment status. Grantees told us that the requirement that applicants be unemployed prevented some low-income older workers from receiving SCSEP services. For example, a state grantee noted that older workers who may work only 4 hours per week have very low incomes but are not eligible for program services because they are not unemployed. Another state grantee noted that many older workers who are not eligible for social security benefits often work part-time, and thus would not be eligible under the employment test, but would otherwise still meet the income eligibility criteria.

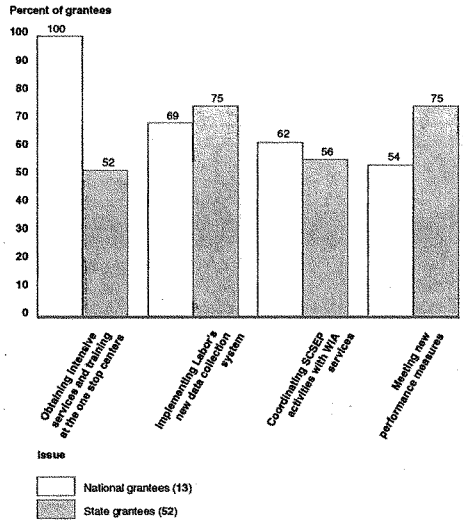
Many grantees were also concerned that Labor revised the period on which income is calculated. Prior to Labor's regulations issued in 2004, grantees had the option of calculating income using either the includable income for the 12 months preceding application or annualizing the includable income for the 6 months preceding application, that is doubling the 6-month income to calculate an annual income. Labor now requires grantees to annualize an applicant's income using the 6 months prior to application. Labor officials told us that changing the period on which income is calculated was intended to simplify the process and to reflect the most current income information. However, a national grantee and two state grantees noted in their survey responses that annualizing 6 months of income could distort income for those who only had earnings during that 6-month period. For example, a state grantee noted that many

older individuals in their state work during the planting and harvesting seasons but are unemployed for the remainder of the year. They noted that doubling the individual's 6-month income made many of these seasonal workers ineligible for SCSEP. Conversely, doubling 6-month earnings to calculate annual income can have the unintended consequence of including some individuals who would not otherwise be eligible for the program if a 12-month period was applied.

Other Challenges That Grantees Face

National and state grantees surveyed also identified other issues that presented major challenges to managing the SCSEP program. The majority of both national and state grantees identified several issues in the survey as being great or very great challenges, in particular coordinating SCSEP activities with WIA services, obtaining intensive services and training at one-stop centers, implementing Labor's new data collection system, and meeting performance measures (see fig. 2).

Figure 2: Issues Cited by Majority of National and State Grantees as Great or Very Great Challenges



Source: GAO analysis of survey data.

Although the OAA amendments sought to strengthen coordination between SCSEP and WIA, national and state grantees surveyed identified the coordination of SCSEP activities with WIA services and obtaining intensive services and training at one-stops as major challenges. For example, several national and state grantees responded that many WIA providers are hesitant to provide intensive services or training to SCSEP participants because WIA providers are concerned that enrolling older adults would negatively affect their performance measures. Older adults who receive intensive services or training from WIA providers are included in the computation of WIA performance measures. Another state grantee stated that while coordination with one-stops for core services is very good, access to training is very difficult. We heard a similar theme

among states we visited. For example, one state grantee we visited said that WIA is so performance-driven that few SCSEP participants are able to access intensive and training services under WIA.

The reported lack of coordination between SCSEP and WIA is especially relevant in light of the administration's proposal to increase the age of SCSEP eligibility from 55 to 65, with limited exceptions for those between the ages of 55 and 64. Labor believes that WIA, not SCSEP, should be the primary program for older adults age 55 to 64. However, we have previously reported that WIA has built in disincentives that discourage the providing of in-depth services, such as training, to older adults.[9] We noted that the Bureau of Labor Statistics and the Census Bureau data suggest that older workers are 50 percent more likely to work part-time and less likely to become re-employed after being laid off than younger workers. These characteristics may negatively affect outcomes on certain WIA performance measures, and, as a result, create a barrier to enrolling older workers into WIA intensive services and training.

While most of the 13 national and 52 state grantees surveyed also reported challenges with Labor's new data collection system, they noted that the agency provided helpful assistance with system implementation. Several national and state grantees stated that implementation of the data system was both time and labor-intensive. In particular, one state grantee told us that Labor rolled out the data collection system prematurely, resulting in a loss of productivity at the grantee and subgrantee level. Despite these concerns, most grantees indicated that they received training or technical assistance for the system from Labor or its contractors. Moreover, while several national and state grantees provided positive comments about Labor's assistance, with respect to staff responsiveness, others were less than satisfied and indicated the need for more assistance.

All of the national grantees and most of the state grantees that cited meeting performance measures as a great or very great challenge in the survey indicated that the program eligibility changes had the greatest effect on the ability to meet the performance measure dealing with SCSEP

[9]GAO, *Older Workers: Employment Assistance Focuses on Subsidized Jobs and Job Search, but Revised Performance Measures Could Improve Access to Other Services*, GAO-03-350 (Washington, D.C.: Jan. 24, 2003).

service level.[10] A number of state grantees mentioned that the greater difficulty in recruiting SCSEP participants translated into difficulty meeting the service level performance measure. Another of the state grantees that we visited said that the service level measure would present the greatest challenge because the income guidelines were too restrictive. According to Labor data, 7 of the 13 national grantees and 21 of the 52 state grantees did not meet their service level goals for program year 2004. Labor officials noted that some of the grantees who were concerned with low enrollments may not perform sufficient outreach or marketing.

Concluding Observations

The aging of the baby boom generation presents serious challenges for the nation's workforce investment system. The expected increase in the number of low-income older adults means that, more and more, older Americans will have to continue working in order to have sufficient income. Older adults often have difficulty re-entering the labor force and may rely on federal employment and training programs to help them find employment, with SCSEP being the only federal employment and training program targeted exclusively to low-income older adults. While Labor has made progress implementing the OAA Amendments—particularly in terms of increasing the program's focus on unsubsidized employment—challenges remain. More specifically, while Labor has taken steps to establish an enhanced performance accountability system, as of March 2006 the system has still not been fully implemented. The delay in implementing this system means that program year 2005 is the first year that grantees will be held accountable for poor performance. In this respect, given the upcoming reauthorization of the OAA, only limited data will be available to assess SCSEP performance. In addition, while Labor's changes to the eligibility criteria seem to have resulted in SCSEP funds being more targeted to those it believes are most in need of program services, one aspect of how this targeting was operationalized may have produced mixed outcomes. In particular, the requirement for grantees to double an applicant's income from the most recent 6-month period could have the unintended result of excluding some individuals with very low incomes from the program while including others with much higher incomes, depending on when the work was performed. Those who are excluded from participation in SCSEP may turn to other employment and

[10]This measure is defined as the total number of participants served to a grantee's authorized number of positions adjusted for the difference in wages required paid in a state or area.

training programs such as WIA. However, given the problems older adults often experience in obtaining in-depth services such as training, it is unclear whether the existing workforce system is able to provide the type and level of services this population may need. Thus, while the OAA amendments were designed to enhance employment and training opportunities for older adults, we believe that Labor has not done enough to address unresolved issues concerning coordination between SCSEP and WIA, and helping older adults obtain intensive and training services at one-stop centers.

Mr. Chairman, this completes my prepared statement. I would be happy to respond to any questions you or other Members of the Committee may have at this time.

GAO Contact and Acknowledgments

For further information regarding this testimony, please contact me at (202) 512-7215. Jeremy Cox, Wayne Sylvia, Rebecca Woiwode, Drew Lindsey, and Stuart Kaufman were key contributors to this testimony.

Appendix I

Table 6: National Grantee Funds and Positions for Program Year 2005

National grantee	Funds ($)	Positions
TOTAL	**340,542,384**	**47,608**
AARP Foundation	74,119,938	10,362
Asociacion Nacional Pro Personas Mayores	7,697,076	1,075
Easter Seals, Inc.	16,077,169	2,248
Experience Works, Inc.	86,033,517	12,029
Mature Services, Inc.	5,514,963	771
National Able Network	5,435,364	760
National Asian Pacific Center on Aging	5,978,047	836
National Caucus and Center on Black Aged, Inc.	15,228,375	2,129
National Council on the Aging, Inc.	21,602,605	3,020
National Indian Council on Aging	6,027,252	842
Senior Service America, Inc.	50,290,679	7,030
SER – Jobs for Progress National, Inc.	26,168,160	3,658
USDA Forest Service	20,369,239	2,848

Source: GAO analysis of data provided by Labor.

Appendix II

Table 7: Total Funds and Positions by State for Program Year 2005

	National		State		Total	
State grantee	**Funds ($)**	**Positions**	**Funds ($)**	**Positions**	**Funds ($)**	**Positions**
TOTAL	**340,542,384**	**47,608**	**92,860,928**	**12,982**	**433,403,312**	**60,590**
Alabama	6,320,471	884	1,615,788	226	7,936,259	1,110
Alaska	0	0	1,864,917	261	1,864,917	261
Arizona	4,508,899	630	1,160,235	162	5,669,134	792
Arkansas	6,213,586	869	1,587,316	222	7,800,902	1,091
California	29,193,091	4,079	7,481,025	1,045	36,674,116	5,124
Colorado	3,448,825	482	882,633	123	4,331,458	605
Connecticut	3,748,103	524	953,812	133	4,701,915	657
Delaware	0	0	1,864,917	261	1,864,917	261
District of Columbia	1,959,560	274	505,378	71	2,464,938	345
Florida	20,122,897	2,813	5,146,318	718	25,269,215	3,531
Georgia	7,560,338	1,057	1,936,098	271	9,496,436	1,328
Hawaii	0	0	1,864,917	261	1,864,917	261
Idaho	1,936,240	271	464,305	65	2,400,545	336
Illinois	13,248,612	1,852	3,395,289	475	16,643,901	2,327
Indiana	8,928,466	1,248	2,284,880	319	11,213,346	1,567
Iowa	4,368,036	611	1,117,527	156	5,485,563	767
Kansas	3,510,095	491	889,751	124	4,399,846	615
Kentucky	6,462,984	904	1,658,495	232	8,121,479	1,136
Louisiana	5,691,272	795	1,473,427	206	7,164,699	1,001
Maine	2,102,073	294	540,969	76	2,643,042	370
Maryland	4,688,692	655	1,202,943	168	5,891,635	823
Massachusetts	7,416,501	1,037	1,900,508	266	9,317,009	1,303
Michigan	11,355,634	1,587	2,911,264	407	14,266,898	1,994
Minnesota	8,126,440	1,136	2,071,340	290	10,197,780	1,426
Mississippi	4,204,146	588	1,081,937	151	5,826,083	739
Missouri	8,201,648	1,147	2,156,756	302	10,358,404	1,449
Montana	2,263,238	317	548,087	77	2,811,325	394
Nebraska	2,606,361	365	669,093	94	3,275,454	459
Nevada	1,723,459	241	464,305	65	2,187,764	306
New Hampshire	1,642,685	230	464,305	65	2,106,990	295
New Jersey	9,641,033	1,348	2,462,830	344	12,103,863	1,692
New Mexico	1,992,155	279	491,143	69	2,483,298	348
New York	22,540,759	3,151	5,765,585	805	28,306,344	3,956

	National		State		Total	
State grantee	Funds ($)	Positions	Funds ($)	Positions	Funds ($)	Positions
North Carolina	8,921,341	1,247	2,284,880	319	11,206,221	1,566
North Dakota	2,045,068	286	526,732	74	2,571,800	360
Ohio	14,871,277	2,079	3,808,133	532	18,679,410	2,611
Oklahoma	5,467,186	765	1,402,248	196	6,869,434	961
Oregon	5,016,473	701	1,281,241	179	6,297,714	880
Pennsylvania	18,297,675	2,558	4,669,412	653	22,967,087	3,211
Puerto Rico	4,688,692	655	1,195,825	167	5,884,517	822
Rhode Island	1,809,921	253	469,788	66	2,279,709	319
South Carolina	4,645,938	650	1,188,707	166	5,834,645	816
South Dakota	2,360,955	330	605,030	85	2,965,985	415
Tennessee	6,968,906	974	1,779,502	249	8,748,408	1,223
Texas	18,928,589	2,646	4,840,245	677	23,768,834	3,323
Utah	2,273,090	318	583,676	82	2,856,766	400
Vermont	1,866,926	261	484,024	68	2,350,950	329
Virginia	7,392,768	1,033	1,893,389	265	9,286,157	1,298
Washington	5,047,100	706	1,288,359	180	6,335,459	886
West Virginia	3,833,611	536	982,285	137	4,815,896	673
Wisconsin	8,737,884	1,221	2,235,285	312	10,972,938	1,533
Wyoming	1,642,685	230	464,305	65	2,106,990	295

Source: GAO analysis of data provided by Labor.

Appendix III: Summary of SCSEP Grantee Performance Data for Benchmark Year, Program Year 2004

The following baseline performance data for SCSEP grantees are from benchmark program year 2004 (July 1, 2004, to June 30, 2005). According to the Department of Labor, four SCSEP measures will contribute to a grantee's overall performance in program year 2005, the first year for which grantees will be held accountable for their performance.

The following measures are used:

- *Placement:* the number of participants attaining unsubsidized employment, either full- or part-time, for at least 30 days of the first 90 days after exiting the program, divided by the number of authorized SCSEP positions.
- *Employment Retention:* the rate of retention in unsubsidized employment 6 months after placement.
- *Service Level:* the number of a grantee's participants divided by the number of the grantee's authorized positions.
- *Service to Most-in-Need:* the percentage of participants who are at least 60 years old and who have at least one of several additional barriers to employment, such as language barriers, poor employment history, or a physical or mental disability.

These figures were provided by the Department of Labor and are included in this testimony for contextual purposes only. GAO has not verified the accuracy or reliability of these data.

Table 8: SCSEP National Grantee Performance, Program Year 2004

	Placement rate		Retention rate		Service level		Service to most-in-need	
Grantee name	**Goal**	**Actual**	**Goal**	**Actual**	**Goal**	**Actual**	**Goal**	**Actual**
AARP Foundation	35.0%	47.7%	50.0%	53.2%	150.0%	214.6%	50.0%	54.3%
Asociacion Nacional pro Personas Mayores	22.0	22.5	50.0	42.0	140.0	133.2	70.0	62.7
Easter Seals	27.0	17.0	50.0	69.8	147.0	145.3	80.0	72.4
Experience Works	29.0	21.6	50.0	64.4	142.0	153.3	65.0	66.5
Mature Services	30.0	24.2	50.0	74.5	150.0	145.9	80.0	70.3
National ABLE Network	30.0	20.2	50.0	44.8	140.0	162.0	80.0	57.5
National Asian Pacific Center on Aging	26.0	20.5	50.0	58.7	145.0	170.0	70.0	69.7
National Caucus and Center on Black Aged	24.0	17.8	50.0	59.8	145.0	142.7	70.0	72.7
National Council on the Aging, Inc.	26.0	30.7	55.0	68.5	140.0	154.7	78.0	65.5
National Indian Council on Aging	20.0	8.6	80.0	79.5	155.0	137.0	75.0	60.7
Senior Service America, Inc.	28.0	31.3	20.0	80.0	145.0	171.6	60.0	59.0
SER - Jobs for Progress National	20.0	17.1	40.0	69.7	140.0	132.9	70.0	70.0
USDA Forest Service	33.0	17.0	50.0	64.9	150.0	129.1	70.0	62.6

Source: Labor.

Table 9: SCSEP State Grantee Performance, Program Year 2004

	Placement rate		Retention rate		Service level		Service to most-in-need	
Grantee name	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
Alabama	22.0%	23.8%	50.0%	64.0%	140.0%	156.8%	70.0%	67.4%
Alaska	25.0	36.0	50.0	82.5	140.0	205.3	40.0	49.7
Arizona	25.0	14.9	75.0	92.3	140.0	154.6	69.0	70.3
Arkansas	23.0	19.3	50.0	89.7	148.0	157.0	70.0	64.0
California	25.0	21.0	70.0	74.6	140.0	177.0	68.0	69.0
Colorado	23.0	27.4	50.0	66.7	155.0	175.0	80.0	64.1
Connecticut	34.0	36.7	50.0	66.7	150.0	189.8	75.0	61.3
Delaware	28.0	28.3	50.0	82.6	140.0	160.3	75.0	57.0
District of Columbia	23.0	29.6	50.0	100.0	147.0	147.9	75.0	79.0
Florida	30.0	31.5	50.0	86.5	140.0	194.1	60.0	71.4
Georgia	26.0	35.7	50.0	82.5	175.0	183.8	70.0	67.2
Hawaii	22.0	26.0	40.0	85.0	140.0	174.0	70.0	65.8
Idaho	30.0	30.8	50.0	83.3	140.0	144.6	50.0	58.5
Illinois	22.0	17.7	70.0	87.9	140.0	154.2	60.0	59.5
Indiana	25.0	19.3	50.0	68.3	140.0	142.7	50.0	61.6
Iowa	25.0	24.2	50.0	83.3	140.0	144.6	65.0	53.3
Kansas	21.0	11.2	22.0	90.9	150.0	137.6	70.0	72.1
Kentucky	25.0	15.0	50.0	88.9	140.0	127.5	70.0	66.0
Louisiana	25.0	13.0	50.0	100.0	155.0	143.5	80.0	66.0
Maine	20.0	21.0	50.0	44.4	120.0	135.5	70.0	64.3
Maryland	25.0	11.8	50.0	86.7	150.0	134.9	70.0	63.6
Massachusetts	22.0	18.7	50.0	81.3	140.0	137.9	75.0	69.3
Michigan	23.0	18.8	50.0	80.6	148.0	133.9	70.0	59.9
Minnesota	23.0	14.8	50.0	57.9	120.0	132.6	65.0	65.0
Mississippi	20.0	7.9	50.0	50.0	140.0	136.2	65.0	71.0
Missouri	20.0	5.9	49.0	45.5	140.0	130.0	55.0	69.8
Montana	23.0	28.6	40.0	84.6	145.0	151.9	70.0	63.2
Nebraska	22.0	17.0	55.0	66.7	145.0	134.0	60.0	67.5
Nevada	23.0	70.8	20.0	90.3	140.0	236.9	75.0	79.2
New Hampshire	20.0	12.3	50.0	57.1	150.0	93.8	70.0	47.5
New Jersey	32.0	7.5	50.0	86.7	160.0	137.6	75.0	81.1
New Mexico	25.0	8.7	50.0	50.0	155.0	100.0	70.0	63.8
New York	26.0	23.5	50.0	73.8	150.0	151.4	70.0	63.9
North Carolina	22.0	15.0	50.0	69.7	160.0	134.0	65.0	60.7

Grantee name	Placement rate		Retention rate		Service level		Service to most-in-need	
	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
North Dakota	23.0	1.4	45.0	0.0	142.0	104.1	75.0	75.3
Ohio	27.0	22.4	50.0	55.4	140.0	157.1	75.0	63.1
Oklahoma	25.0	21.3	50.0	81.8	145.0	149.7	80.0	72.9
Oregon	29.0	27.3	25.0	72.7	140.0	182.8	50.0	53.0
Pennsylvania	27.0	16.4	50.0	60.0	170.0	137.4	75.0	66.9
Puerto Rico	20.0	9.5	50.0	100.0	145.0	125.6	75.0	52.1
Rhode Island	35.0	30.0	50.0	50.0	155.0	162.0	75.0	75.3
South Carolina	25.0	7.2	40.0	25.0	140.0	118.0	70.0	67.5
South Dakota	25.0	24.7	50.0	60.0	145.0	148.2	80.0	64.3
Tennessee	23.0	18.0	50.0	78.9	142.0	143.6	70.0	70.5
Texas	35.0	31.4	40.0	58.3	165.0	155.2	80.0	56.6
Utah	35.0	45.1	40.0	92.3	145.0	159.8	80.0	55.0
Vermont	30.0	30.0	50.0	83.3	140.0	170.0	70.0	37.6
Virginia	33.0	22.6	50.0	75.0	150.0	146.2	70.0	69.7
Washington	20.0	46.5	50.0	82.1	125.0	200.8	80.0	56.9
West Virginia	25.0	13.8	50.0	37.5	140.0	113.8	75.0	66.9
Wisconsin	30.0	20.6	50.0	85.0	160.0	157.9	65.0	55.4
Wyoming	45.0	33.8	50.0	76.9	175.0	183.1	70.0	58.0

Source: Labor.

Appendix IV: Aggregate SCSEP Grantee Performance for Benchmark Year, Program Year 2004

These figures were provided by the Department of Labor and are included in this testimony for contextual purposes only. GAO has not verified the accuracy or reliability of these data.

Table 10: Aggregate National Grantee Performance for Program Year 2004

National grantee	Percent of aggregate goal achieved
Met or exceeded 80% threshold for satisfactory performance	
Senior Service America, Inc.	182.1%
AARP Foundation	123.6
SER - Jobs for Progress National	113.8
National Council on the Aging, Inc.	109.2
Mature Services	103.7
Experience Works	103.4
National Asian Pacific Center on Aging	103.3
National Caucus and Center on Black Aged	99.0
Easter Seals	98.0
Asociacion Nacional pro Personas Mayores	92.7
USDA Forest Service	89.2
National ABLE Network	86.1
Did not meet 80% threshold for satisfactory performance	
National Indian Council on Aging	77.9

Source: Labor.

Table 11: Aggregate State Grantee Performance for Program Year 2004

State grantee	Percent of aggregate goal achieved
Met or exceeded 80% threshold for satisfactory performance	
Nevada	258.5
Kansas	165.3
Washington	157.1
Oregon	155.4
Alaska	145.0
Hawaii	137.3
Utah	134.6
Florida	133.9
District of Columbia	133.6
Montana	132.7
Georgia	125.8
Idaho	122.4
Arkansas	115.2
Delaware	114.2
Connecticut	112.4
Iowa	112.2
Colorado	111.4
Alabama	111.1
Oklahoma	110.8
Vermont	110.5
Indiana	109.7
Massachusetts	109.6
Tennessee	109.5
New York	107.6
Louisiana	106.8
Kentucky	105.8
Wisconsin	105.6
Michigan	104.8
California	104.7
Wyoming	104.1
Illinois	103.9
Virginia	103.8
Puerto Rico	100.9

State grantee	Percent of aggregate goal achieved
Nebraska	100.9
Maryland	100.4
South Dakota	100.4
Texas	100.1
Maine	99.6
Arizona	98.8
New Jersey	97.7
Rhode Island	97.7
Minnesota	97.7
Ohio	97.5
North Carolina	96.1
Pennsylvania	87.7
Mississippi	86.5
Missouri	85.6
Did not meet 80% threshold for satisfactory performance	
New Hampshire	76.6
West Virginia	75.1
New Mexico	72.6
South Carolina	68.0
North Dakota	44.9

Source: Labor.

GAO's Mission

The Government Accountability Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday, GAO posts newly released reports, testimony, and correspondence on its Web site. To have GAO e-mail you a list of newly posted products every afternoon, go to www.gao.gov and select "Subscribe to Updates."

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are $2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. Government Accountability Office
441 G Street NW, Room LM
Washington, D.C. 20548

To order by Phone: Voice: (202) 512-6000
TDD: (202) 512-2537
Fax: (202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm
E-mail: fraudnet@gao.gov
Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Gloria Jarmon, Managing Director, JarmonG@gao.gov (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, D.C. 20548

Public Affairs

Paul Anderson, Managing Director, AndersonP1@gao.gov (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, D.C. 20548

PRINTED ON RECYCLED PAPER

The CHAIRMAN. Thank you. We will get to those.

Now, John Beverly.

STATEMENT OF JOHN R. BEVERLY, III, ADMINISTRATOR, OFFICE OF NATIONAL PROGRAMS, EMPLOYMENT AND TRAINING ADMINISTRATION, U.S. DEPARTMENT OF LABOR, WASHINGTON, DC

Mr. BEVERLY. Thank you, Mr. Chairman and members of the Committee.

I am pleased to have the opportunity to testify before you today to discuss the reauthorization of the Older Americans Act and the Senior Community Service Employment Program, or SCSEP, as authorized by Title V of the act.

ETA has initiated activities in an effort to integrate services to older Americans with other ETA programs. I would like to first provide you with some context on where SCSEP fits in the broader workforce investment system.

In January 2005, ETA issued a national protocol for older workers. The protocol seeks to enhance the services provided to older workers through our broader public workforce investment system and inspire the system to pursue innovative strategies for tapping into this labor pool and connecting them with the job market.

In response to a GAO recommendation and at the request of this Committee, the department has convened a Federal interagency task force to focus on the aging of the American workforce and to examine the impact of this demographic change on the labor market. The task force on aging of the American workforce will bring together agencies from across the Federal Government to address workforce challenges posed by an aging population.

Assistant Secretary for Employment and Training Emily Stover DeRocco will chair this task force. The task force will identify and assess ways to address the barriers that prevent older workers from remaining in or re-entering the labor market and the impediments that prevent businesses from taking full advantage of this skilled labor pool. That committee should be convened and meeting sometime this month.

I would now like to turn to SCSEP. Based on our experience with administering SCSEP, the department has formed a legislative proposal to reauthorize the program on the principles that we shared with the Congress in May 2005. Those principles are, first, streamline the program structure. The department is proposing to allocate funds for the SCSEP program to States according to a statutory formula.

Each State would then hold competitions to award those funds to grantees, which would operate the program in their State. This step would establish one responsible entity per State rather than the current overlapping system of national and State grantees, some of which operate in the same locality.

Second, increase the minimum age for eligibility. The proposal targets limited SCSEP resources to older, harder to serve Americans by increasing the minimum eligibility age from 55 to 65.

Next, focus on employment outcomes. Our proposal enhances the employment focus of the program in the following ways. No. 1, increasing the limit on the percentage of grant funds grantees may

spend on training. Second, authorizing occupational training. Third, limiting to 2 years the transition from community service to subsidized employment. Finally, limiting fringe benefits, including pension benefits.

The last principle would strengthen performance accountability. We are proposing to use the common measures for SCSEP. That is entered employment, retention in employment, and earnings. The use of these measures will simplify performance reporting and hold grantees accountable for employment outcomes, though they can track and report additional outcomes such as community services as well. These reauthorization proposals will streamline the SCSEP program, target resources to those most in need.

Before I conclude, I would like to respond to some of the points made by the GAO testimony. We are aware that grantees are concerned about One-Stop's ability to provide a consistent level of service to older workers throughout the system. We are confident that the One-Stop system is not only serving older workers and can serve more, but is building the capacity to improve these services over time.

With guidance such as the protocol for serving older workers that I referred to earlier, the department continues to set standards for the workforce investment system's services to older workers. Governors also are required in their State plans to identify how they will serve workers with barriers to employment, including older workers.

Notably, the department's reauthorization proposal sets aside funding for technical assistance and the distribution of best practices to the workforce development system. We will continue to share with the One-Stop system those best practices in serving this important segment of the labor force.

We are also aware that grantees are concerned about the system used to report performance outcomes. The current system, called SPARQ 1, has, in fact, markedly improved the error rates, and all of our grantees continue to become more proficient in its use through the assistance that we are providing and that we will continue to provide.

SPARQ 2, or the Internet version of the system, will be launched this May, with increased functionality and ease of use. With continued technical assistance, we believe that grantees will master the new system and come to appreciate the improvement it represents. We are grateful to the GAO for carefully evaluating SCSEP, and we thank them for their insights into the operation of the program.

In closing, Mr. Chairman, we look forward to working with you to reauthorize the Older Americans Act. We are hopeful that, working together, this important legislation can be enacted later this year.

At this time, I would be pleased to answer any questions that you or members of the Committee may have.

[The prepared statement of Mr. Beverly follows:]

TESTIMONY OF JOHN R. BEVERLY, III
ADMINISTRATOR, OFFICE OF NATIONAL PROGRAMS
EMPLOYMENT AND TRAINING ADMINISTRATION
U.S. DEPARTMENT OF LABOR
BEFORE THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

April 6, 2006

Mr. Chairman and Members of the Committee:

I am pleased to have the opportunity to testify before you today to discuss the reauthorization of the Older Americans Act (OAA). For over 40 years, the Department of Labor has administered the Senior Community Service Employment Program (SCSEP), authorized by Title V of the Older Americans Act.

Before discussing our efforts to employ older workers and our legislative proposal for reauthorizing Title V, I would like to say a few words about America's aging population and workforce, and provide context on where SCSEP fits in the broader workforce investment system.

The Aging Population and Workforce

The U.S. economy is entering a period of dramatic demographic change as our population ages. According to the Census Bureau, in July 2003, 12 percent of the total population was aged 65 or over, and this percentage is set to expand rapidly in the coming decades. After the first Baby Boomers turn 65 in 2011, the older population will become twice as large by 2030 as it was in 2000.

Further, as a result of lower birth rates in recent years, combined with the aging and retirement of the baby boom generation, the American workforce is growing at a slower rate. The changing demographics of the labor force, in combination with the ever-

increasing skill demands of employers, have made it more critical that every available worker, including older Americans, be able to join or remain in the workforce to enable the continued competitiveness of American businesses in the 21st century.

Barriers to Employment Faced by Older Workers

The Baby Boomer cohort of older workers has different characteristics than in years past. Far more women have experience in the workforce than their counterparts a generation ago. More of this cohort are caring for grandchildren, and most envision a very different retirement than that of their parents -- one that includes at least some work, whether for social engagement, intellectual stimulation, or because of financial necessity. However, despite a need for their skills and their desire to remain in or re-enter the workforce, many older Americans find themselves unable to find suitable work. Limited opportunities for flexible work schedules, outdated technology skills, pension plan disincentives, and a reluctance by some employers to hire older workers all limit the full potential of this productive, experienced cadre of workers.

There is a resource available to help. The workforce investment system, which includes SCSEP, plays an important role in helping older workers gain the necessary skills and access the employment opportunities that will enable them to continue working. The workforce investment system also helps connect employers to the experienced and skilled workforce they need, including older workers, in order to compete in the 21st century global marketplace.

Response by the Department of Labor to an Aging Population

Some employers already recognize the value that older workers bring to the workplace. They know that older workers are a human capital asset, serving as effective

mentors to younger employees and bringing responsibility, loyalty, dedication, experience and skills to the workplace.

Still, more needs to be done to provide older workers with job training opportunities and better connections to employers looking to hire them. At the Department of Labor, we are taking steps to enhance the effectiveness of our programs as well as brokering better relationships with partner federal agencies and other organizations serving older American workers.

Protocol for Serving Older Workers

In January 2005, ETA issued a national "Protocol for Serving Older Workers." This important step in enhancing services to older workers was disseminated throughout the workforce investment system. The protocol seeks to enhance the services provided to older workers, and inspire the workforce investment system to pursue innovative strategies for tapping into this labor pool and connecting them with the job market. The protocol outlines a set of action steps that key stakeholders can take to achieve the goal of connecting employers with older workers. The stakeholder groups addressed in the protocol are: (1) the U.S. Department of Labor; (2) State and Local Workforce Investment Boards; (3) One-Stop Career Centers; (4) mature worker intermediaries and service providers; and (5) business and industry.

Older Worker Projects and Initiatives

Older Worker Task Force

To build on the Protocol for Serving Older Workers, the Employment and Training Administration convened a DOL-wide Older Worker Task Force last year to explore the key issues related to the participation of older workers in the labor market.

To continue the work of that task force, and in response to a GAO recommendation and a request from the Senate Special Committee on Aging, the Department of Labor is convening an inter-agency federal task force to focus on the aging of the American workforce and the impact of this demographic change. The *Task Force on the Aging of the American Workforce* will bring together agencies from across the federal government to work collectively to address the workforce challenges posed by an aging population. The first meeting of the task force will be held in April.

Assistant Secretary for Employment and Training Emily Stover DeRocco will chair the task force, which will identify and assess ways to address the barriers that prevent older workers from remaining in, or re-entering, the labor market and the impediments that prevent businesses from taking full advantage of this skilled labor pool. The task force's recommendations will be submitted to the Secretaries of all the participating federal agencies, and may form the basis for future recommendations for the President and members of Congress.

Now I would like to turn to the Senior Community Service Employment Program (SCSEP), a workforce investment program targeted exclusively to low-income seniors.

Title V: The Senior Community Service Employment Program

SCSEP serves persons 55 years of age or older whose family incomes are no more than 125 percent of the federal poverty level. Participants are placed in a part-time community service assignment in a local non-profit agency so that they can gain on-the-job experience, and prepare for unsubsidized employment.

The Fiscal Year 2006 appropriation for SCSEP is $432 million. This funding will result in approximately 92,300 people participating during Program Year 2006 (July 1,

2006-June 30, 2007). There are currently 69 SCSEP grantees, including 13 national grantees, and 56 units of state and territorial governments.

Program participants receive training and work experience in a wide variety of occupations, including nurse's aides, teacher aides, librarians, gardeners, clerical workers, and day care assistants at non-profit 501(c)(3) organizations and public agencies. Program participants also work in the health care industry, such as in hospitals, as well as in recreation parks and forests, education, housing and home rehabilitation, senior centers, and nutrition programs. They are paid the highest applicable minimum wage, be it federal, state or local, or the prevailing wage for persons employed in similar public occupations by the same employer.

Before I turn to the Administration's SCSEP reauthorization proposal, I'd like to discuss two of the recent developments in our management of SCSEP: 1) the implementation of electronic performance reporting, and 2) the competition for SCSEP national grants.

Electronic Performance Reporting

Electronic performance reporting has improved the accuracy and timeliness of our performance information, providing more immediate feedback on the outcomes of SCSEP participants. To accommodate the collection of data for the SCSEP statutory performance measures as well as the common measures for federal job training programs, the Department provided grantees with a software program that has allowed them to collect performance data through their existing management information systems. Each quarter, grantees electronically submit performance data files, which are then consolidated into a single database.

The final step in the evolution of SCSEP performance reporting is the Internet-based SCSEP Performance and Results Quarterly Performance Report system, which we call SPARQ, to be launched in May of this year. This system will store electronic records at the Department of Labor, and allow grantees to maintain their records via the Internet, reducing grantees' reporting burden and enhancing report accuracy.

SCSEP Grant Competition

In addition to electronic reporting, the other significant development in our management of SCSEP is the current grant competition. On March 2, 2006, the Department announced a grant competition for the SCSEP national grantees. This is the second time we have competed the SCSEP national grants; the first was three years ago. That competition opened the door for four new national grantees, and spurred innovations in service delivery and program administration among the other national grantees. Grants funded by this Solicitation for Grant Applications, or SGA, will be for Program Year (PY) 2006, which begins on July 1, 2006. This SGA is designed to strengthen program administration, including management systems, service delivery and performance of the program, and we have emphasized each of these important goals in the SGA's evaluation criteria.

The SGA is designed to encourage a move towards a regional service delivery architecture that will reduce fragmentation of service delivery areas by requiring that grantees apply to serve an entire county instead of a portion, except in very large counties. The SGA will also generally require grantees to apply to serve contiguous counties if multiple counties are served. Consolidated service areas better position a

national grantee to effectively manage the program and to engage with the One-Stop Career Center system.

I'd like to now discuss the Administration's proposal for SCSEP reauthorization.

Legislative Proposal for SCSEP Reauthorization

Last May, Assistant Secretary Emily Stover DeRocco testified before you on the reauthorization of Title V of the Older Americans Act, proposing five reform principles to strengthen and modernize the program within the larger framework of the workforce investment system. I am pleased to describe to you today the Department's legislative proposal based on those principles. As an overview, the key reform principles would 1) streamline the program structure, 2) increase the minimum age for eligibility, 3) enhance the focus on employment outcomes and training for participants, 4) strengthen the capacity of the One-Stop Career Center system to serve older workers, and 5) strengthen performance accountability.

Streamline Program Structure

In order to streamline program structure, funds would be allocated exclusively to states according to a statutory formula. Each state would then competitively select one or more grantees to operate the program in their state. A competition would have to take place at least once during each three-year period. This method of awarding grants would simplify administration, eliminate duplication, and create a more cohesive program. Eligible entities for state grants would include non-profit entities, for-profit entities, agencies of state government, or consortia of agencies and/or organizations, including political subdivisions.

National aging organizations would continue to play a major role in operating the SCSEP program in the states. However, the program would be streamlined by avoiding the current situation of having multiple national sponsors and the state program operating side-by-side in a state, sometimes administering programs with small numbers of positions.

Increase the Minimum Age for Eligibility

Our reauthorization proposal also increases the minimum eligibility age from 55 to 65. We believe the workforce investment system should be the primary deliverer of services for individuals age 55-64, and in fact, our One-Stop Career Centers are already serving this population. To facilitate a smooth transition to the new age minimums, we also propose exceptions to allow SCSEP programs to assist those individuals aged 55-64 who are hardest to serve, or have multiple barriers to employment.

In order to effectively serve individuals age 55-64, we have already begun the process of ensuring that the One-Stop Career Center system has the capacity to serve these workers. Our reauthorization proposal would set aside 1.5 percent of funds for national activities that would support the One-Stop system to provide policy guidance, fund demonstrations and pilots, and disseminate best practices on serving older workers.

The Department also proposes to clarify what the income eligibility standard for SCSEP should be. The Department's proposal calls for stipulating what participant income should be considered when the income eligibility test is applied. Standardizing the income eligibility of SCSEP would clarify eligibility for applicants and the general public, and would increase public confidence that the program is administered in a consistent and equitable manner.

Focus on Employment Outcomes

The Department's legislative principles for SCSEP reauthorization also enhance the employment focus of the program. A time limit of two years for participants to obtain unsubsidized employment would encourage grantees to prepare their participants for work, to invest in skills development, and to work closely with local employers with a need for skilled, experienced workers. The proposed elimination of fringe benefits would reinforce the short-term and training aspects of the program. Many grantees have already eliminated fringe benefits, such as annual leave and cash outs of leave benefits.

Grantees have raised concerns that, under current law, participants must be eligible for the grantees' pension programs. The Department's proposal would end the eligibility requirement and bring SCSEP in line with other short-term training and employment programs, allowing for a more cost-efficient administration of the program.

The Department has proposed that the reauthorized program allow grantees to place individuals in appropriate training, and specifically authorize occupational training before or concurrent with community service training. Such training, which could include classroom training or individual training as well as on-the-job training, would provide participants with the skills needed to obtain unsubsidized employment.

The Department has also proposed changing the current limit of "no less than" 75 percent of grant funds on wages to 65 percent, to provide grantees with increased resources to prepare participants for unsubsidized employment, such as training and supportive services.

Strengthen Performance Accountability

In order to ensure effective services for SCSEP participants and quality program operations, the Department proposes that reauthorization include the use of common performance measures, which would hold all grantees accountable for entered employment, retention in employment, and earnings. Grantees would be authorized to track additional outcomes, such as the provision of community services. The common measures are currently being implemented under administrative authority. This change would ensure that the statutory requirements reflect current administrative practice.

Lastly, the Department has proposed to retain separate grant awards for Indian and Asian-Pacific Islander organizations, and has set aside grant awards for these organizations in the current national grantees competition.

This legislative proposal for reauthorization will better serve seniors by streamlining the SCSEP program, strengthening its ability to meet employers' need for skilled experienced workers, and allowing grantees to tailor services to meet the needs of older workers. Reauthorization as proposed would also better integrate SCSEP services with WIA services, and target resources to those most in need while ensuring others receive services through the One-Stop Career Center system.

Closing

Mr. Chairman and Members of this Committee, I look forward to working with you and your Senate counterparts on reauthorizing the Older Americans Act. Working together, I am hopeful that this important legislation can be enacted later this year. I also look forward to working with you on the reauthorization of the Workforce Investment

Act, and on moving forward the President's ground-breaking proposal for Career Advancement Accounts.

Mr. Chairman, this concludes my prepared statement. At this time I would be pleased to answer any questions that you or other Committee members may have.

The CHAIRMAN. Thank you very much, John.

I hear you making a number of recommendations for changes to the program, yet I don't believe what was required in 2000 has even been fully implemented. So I am wondering if it is the right time to do that, and have the changes that have been made on the basis of 2000's reauthorization, has the program been fully implemented? Is it benefiting folks it is supposed to serve?

Mr. BEVERLY. Well, we believe that we have made sufficient progress in implementing the amendments. Certainly, it is a start.

We have put in place the performance accountability framework called for by the amendments and have instituted the reporting system needed to report on those performance outcomes. We have taken steps, such as the older workers protocol and organizing the task force that this Committee asked for, to bring together the services of the One-Stop system and better integrate services provided to older workers through SCSEP into the One-Stop system.

In addition to that, we have provided technical assistance to the grantees as they work through the implementation process. We are pleased with the progress that the grantees have made both in performing under the performance accountability framework and in delivering services to older workers through the program that was called for in the amendment.

As you know, Mr. Chairman, the program called for and the amendment also called for targeting services, at least in terms of giving priority of service, to workers who are 60 and older, and in particular those who have significant workforce disadvantages, that is. Second, it calls for increasing our efforts to place older workers in unsubsidized employment.

I think we have made progress in doing all of those things, and I believe we have plans that will help us continue that progress.

The CHAIRMAN. John, why negotiate performance standards and then require grantees to meet only 80 percent of the goal?

Mr. BEVERLY. Well, we want to provide some flexibility. As we move forward with this new performance accountability framework, we want to have high performance, but at the same time, we want to leave a little bit of flexibility to make sure that we are prepared to make adjustments as we move forward.

We believe that we have set our benchmarks for performance high enough so that 80 percent achievement represents good outcomes for seniors with respect to the measures and indicators represented by those performance benchmarks.

The CHAIRMAN. Sigurd, can you elaborate a little further on why problems persist and how the lack of coordination impacts SCSEP grantees and participants?

Mr. NILSEN. The main factor associated with how the WIA program serves the range of populations that come in for service are driven by WIA's performance measures. This affects not only the SCSEP program, but other programs as well, including dislocated workers and incumbent workers. That is workers who come in, are looking for better jobs.

Those performance measures provide disincentives for serving particular populations because, notably, there was in the past the earnings increase or earnings replacement goal. That is looking at people's prior earnings and then their subsequent earnings.

Problems for older workers are that if they were dislocated or came in and were only looking for part-time work or if they had a very high-wage job before they came in and then were going to have to change occupations, maybe start all over again, they were going to be coming in and starting off at a much lower wage.

So there was a disincentive. They would rather—the programs would rather, in order to meet their performance goals, would rather provide services to someone who was easier to place than an older worker, so they would get the placement rates, and also where they were most likely to get the earnings gain.

What we have recommended in the past is that they look at these measures and that they also collect data on everybody coming in the system. Right now, the WIA program only requires that people who get intensive services and training are reported on. We have estimated that this is less than 10 percent of the people coming in for services.

So what they do is, basically, they assess people for their likely success. If you are not likely to be successful or if they have questions, if you meet whatever profile they decide is putting you at risk, they will provide you with general services, placement assistance, maybe some help with resumes, but they are not going to sit down and provide the intensive services for you or recommend you for training, which would require that you be enrolled, and then they would be tracked for performance.

If you start having information on everybody, you can see how the programs are sorting people.

The CHAIRMAN. Very good. Thank you.

Senator Kohl.

Senator KOHL. Thank you.

Mr. Beverly, GAO reports that grantees found it hard to meet enrollment goals because Labor made it more difficult for seniors to qualify for the program. In fact, 7 of the 13 national grantees and 21 of the 52 state grantees did not meet their service-level goals in 2004.

Do you see this as a problem?

Mr. BEVERLY. Well, Senator, we certainly are familiar with those data, and we are certainly working to provide technical assistance to make sure that performance meets the benchmarks set.

With respect to not meeting those and the connection between that and the income eligibility guidelines, I guess we were confronted with the need to develop income eligibility standards against a reference that was widely accepted, given the fact that in the rulemaking we received only two comments about what standards should guide income eligibility.

We chose the current population survey standards and definitions for what was considered income and how those sources of income were defined. Basically, that was our starting point. We used that starting point because it is, indeed, the CPS—the Current Population Survey—data that is used by OMB and the Department of Health and Human Services to determine the poverty level.

As you know, Senator, the current program calls for an income threshold of 125 percent of the poverty level as the income threshold for participation in the program. So, basically, we use the defi-

nitions that the Current Population Survey use in order to come up with the standard for income eligibility.

We did exclude some income based on those sources that sort of spoke to dependency, such as public assistance and other sources of that kind. We also worked with the grantees to exclude some other sources of income based on exactly what you are indicating, Senator, their indication to us that they were having enrollment difficulties.

So we tried to use a standard that seemed to us to be the appropriate one. Given the fact that the threshold itself derived from the CPS, why not use the definitions and income standards in the CPS to at least have a starting point for eligibility? Then when we heard that there were still problems, we did meet with the national sponsors and made some further exclusions from that, hopefully, to get to the point where we have the right standards.

I think the issue of what should be the income standards that determine eligibility I think is an issue that we have addressed in all legislative proposals, suggesting that we need to look at other workforce programs and other programs that serve older workers, at least as a starting point, to determine what are the appropriate sources of income that should be included.

But again, I think this is an issue where reauthorization can provide a forum for working out that issue.

Senator KOHL. Mr. Nilsen, as you know, Labor is conducting a second national grant competition to choose SCSEP grantees. I would think that in choosing grantees, Labor would want to consider how well a grantee performed in the past. Yet it appears from your testimony that Labor does not formally consider past performance when awarding grants.

If we really want to choose the best grantees, don't you believe that past performance should be a major factor?

Mr. NILSEN. Certainly, Senator, I think now that the current grantees have had a track record to look at, and I think originally we heard from the Department of Labor that when they did the 2002 competition, they wanted to open it up to get some new blood in, if you will. They didn't have the performance measures prior to that, not the ones focused on employment.

But certainly, it is our experience that if you are recompeting grants, it is logical to include the performance of the grantees you already have in place as a factor as you are looking forward to see whether or not you want to give those grants back to them, renew their grant for the future. That certainly should be a factor to be considered in any competition.

Senator KOHL. I thank you.

I thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Kohl.

The Senator from Delaware?

Senator CARPER. Hey, thanks, Mr. Chairman.

To my colleagues, good morning.

To our witnesses, good morning and thank you for joining us today.

Just two issues that I would like to explore with you and probably more directly with Mr. Beverly. So if I could start there, and

Mr. Nilsen, if you want to jump in and offer some comments, you know, don't hold back.

First, on the age of eligibility, do I understand that the Department of Labor has proposed to raise the minimum age for participation for eligibility for the SCSEP program from 55 to 65?

Mr. BEVERLY. Yes, Senator. That is correct.

Senator CARPER. Do I understand that there are some exceptions? There would be some exceptions to those age eligibility requirements?

Mr. BEVERLY. Yes, Senator. We would certainly look to see whether or not in individual cases denying eligibility because the age threshold was not met would be a poor decision, given that individual's circumstances. So we would look to see circumstances under which an exception to that new age eligibility threshold might be made.

Senator CARPER. How would you go about making that determination? In a practical sense, how would it work?

Mr. BEVERLY. Well, we certainly look to work with the Congress in making that determination. But, for example, there may be older workers under the age of 65 who have multiple barriers to employment and then, in fact, could, in fact, benefit from the services of the SCSEP program because it does provide intensive and long-term services to older workers.

Persons with multiple barriers to employment perhaps can benefit from that, and certainly it seems to be a circumstance where one might consider making an exception to the overall threshold that is recommended in the proposal.

Senator CARPER. But again, in a practical sense, how would you view the decisionmaking process to make, or how would you recommend that it occur for a person in whether in Delaware or Wisconsin or Oregon or any other State?

Mr. BEVERLY. Well, I think that process would certainly have to be worked out by developing criteria to guide decisions in that connection, and certainly we would be looking to have a rational basis for decisionmaking with respect to offering those exceptions.

Senator CARPER. Within our States, who would make the decision? Within our respective States?

Mr. BEVERLY. Well, again, I think we would like to work with the Congress in determining who makes that decision. I guess perhaps that is the best way to do it.

Senator CARPER. Mr. Nilsen, any thoughts there?

Mr. NILSEN. I think it is a policy decision of how to target the program. Right now, I know the data show that about half of the people participating in SCSEP are between 55 and 64 years old. So this would radically redirect the focus of half the program.

I would leave it to the department, the States, and also the grantees to comment on how difficult would that be to do, to change the program that dramatically.

Senator CARPER. You may have said this earlier and I missed it, but do you have any views as to the merit of this recommendation?

Mr. NILSEN. No, I didn't comment on it. Like I said, for the most part, it is a policy issue. But implementing it would be a major change to the program, given that half the population that they are serving currently would be eliminated from eligibility.

Senator CARPER. OK. I also understand that the Department of Labor has proposed to limit SCSEP enrollment to 2 years and to eliminate fringe benefit like Social Security, and if we could just dwell on that for a moment.

Could you just tell us, Mr. Beverly, what is the current limit on enrollment? I presume it is more than 2 years, but what is it now?

Mr. BEVERLY. Senator, I may have to provide that for the record. But my recollection at this point is that there may be no hard and fast limit on enrollment. But I would like to offer for the record any amendment to that——

Senator CARPER. OK.

Mr. BEVERLY [continuing]. My sense of that.

Senator CARPER. I am looking at the audience to see if anybody is nodding their head yes or no. I see some yeses from the audience. So we will see. OK. If you could provide that for the record, we would appreciate it.

In my own State, some concerns have been raised about limiting the eligibility to 2 years. I am not sure whether those concerns are well-founded or not. I just don't know. Two years sounds like a reasonable amount of time. It may not be for some folks.

The issue of Social Security eligibility. You know, some of the folks who participate, the problem is, as we all know, have very, very low income and, frankly, not much prospect for Social Security. In my own State, some folks have said that they believe that the SCSEP should—the program, if modified, should allow these folks to continue to enhance their prospects for Social Security income.

Would you just react to that?

Mr. BEVERLY. Well, Senator, my understanding is, is that the program really doesn't limit Social Security. What the program does do with respect to the income eligibility guidelines is to indicate that Social Security income will be counted as income that counts against 125 percent threshold. Except for those older workers 65 and older, we would exclude that Social Security income net of Medicare deductions. That is one way Social Security, I believe, comes into the picture, if you will.

The second way Social Security comes into the picture is with Social Security Disability Insurance, where we said that income from that source would count against the 125 percent threshold. The reasoning being is that SSDI is not—to receive it, you don't have to pass an income test. You do have to be totally disabled, but you do have to also have a work history in order to receive it.

It is my understanding that the program also helps the disabled person, when that total disability passes, to transition back into the workforce. So those receiving SSDI have some support, it seems, re-entering the labor force. It is not an income-tested receipt of benefits. Therefore, we thought that it was appropriate to exclude that.

Hopefully, Senator, that is responsive to your question?

Senator CARPER. Yes. Responsive, and then some.

What I would like to do is we may want to come back and explore this with you a bit further as we go forward. Thanks.

Thanks, Mr. Chairman.

The CHAIRMAN. Thanks, Senator Carper.

I just have one follow-up question that really gets to the heart of my concern in this hearing. I am going to ask the question of Sigurd, and John, you can respond to it.

But, Sigurd, Mr. Beverly has said that the agency has adequate information to set a new course for the program and with this justifies their request for significant changes for this year's reauthorization. Based on your review of the system, did you find that adequate information exists to evaluate the impact that the 2000 changes have had on the program?

Mr. NILSEN. Given the fact that the first full year of data that the grantees will be held accountable for performance won't be available. The year ends this June 30. They won't be available for several months after that. The fact that, well, so far, the Labor Department has commissioned a study of the SCSEP program. It has not been issued or made public yet. It would seem to me we don't really have enough information to make radical changes at this point.

We just did our first, initial look at your request into this program about how well is it working. Given the fact that many of the changes have just been recently implemented—the new data system, performance measures, eligibility targeting—and we haven't really seen the impact of that yet, it seems like we would want to know, have more information on how well that is working first.

Mr. BEVERLY. Mr. Chairman, if I may?

The CHAIRMAN. Yes, John?

Mr. BEVERLY. I guess I have confidence in the ability of the system to move forward. Based on the information that we do have so far in the program year 2005, it certainly appears that the vast majority, with perhaps one or two exceptions—and all the data is not in—but the vast majority of the national grantees will, as well as the State grantees, will meet their performance goals if the last three quarters are any indication of that.

So I have confidence in the system. I think the system has proven its ability to move forward and to adjust to efforts to bring better services to older workers.

The CHAIRMAN. John, the study that Sigurd just referenced is from DAH Consulting, and we have asked Labor for the report, and they won't provide it. Can you provide it?

Mr. BEVERLY. Well, Senator, the report is not quite finished yet. It is in its draft stages. As soon as it is, in fact, finished and out of its draft stage, I am quite sure that it will be provided to the Committee and to you, Mr. Chairman.

The CHAIRMAN. So my understanding that they won't provide it is not accurate. It is just that it is not completed to be provided?

Mr. BEVERLY. Your understanding is correct, sir.

The CHAIRMAN. OK. Thank you very much.

Senator Kohl, do you have anything further?

Gentlemen, thank you for being here. It has been very helpful.

With that, we will call up our second panel.

Our witnesses on the second panel are Ms. Shauna O'Neil. She is the director of the Salt Lake County Aging Services. The Salt Lake County Division of Aging Services is responsible for providing programs and services on behalf of 97,000 residents in Salt Lake County who are age 60 and over. In her position as director,

Shauna administers the county Senior Community Service Employment Program.

She will be followed by Ms. Carol Salter, the national director of the Senior Community Service Employment Program for Easter Seals. Ms. Salter administers the Senior Community Service Employment Program in 9 States with 11 Easter Seals affiliate organizations as subcontractors.

Finally, we will hear from Ms. Melinda Adams, who is the Statewide older worker coordinator for the Idaho Commission on Aging. Ms. Adams has administered workforce programs for older Idahoans for 21 years, and she is also the aunt of one of my best staffers.

We welcome you all here.

Shauna, let us start with you.

STATEMENT OF SHAUNA O'NEIL, DIRECTOR, SALT LAKE COUNTY AGING SERVICES, SALT LAKE CITY, UT

Ms. O'NEIL. Thank you.

Chairman Smith, Ranking Member Kohl, it is a pleasure to be here today to talk about the SCSEP program.

I was struck listening to the report from the General Accounting Office because our experience of the last 2 years has really very markedly followed every one of their points. So, to some extent, I am just here re-emphasizing the points that Mr. Nilsen made.

I am proud to say that Salt Lake County, which has 68 of Utah's 82 SCSEP slots, is the reason that Utah has ranked in the top 5 States nationally for 4 of the last 6 years in the percent of participants placed in unsubsidized jobs. In recent years, our placement rate is down with the new rules, but we are still 18.5 percent above the national standard.

Serving people with employment barriers is one of SCSEP's most important goals. We have enrolled widows in their late 50's who have not worked for 30 years because they were raising families, who found themselves with no income, little savings, not eligible for Social Security, Medicare, or welfare benefits.

We have found jobs for ex-convicts immediately after their release from prison, for long-term alcoholics and drug addicts, as well as Vietnam and Korean War veterans still suffering from PTSD.

Many older work seekers face barriers, have few marketable skills, and little or no recent job-hunting experience, and we are proud of our experience in working with all of them.

The 2000 reauthorization of SCSEP did not truly start until the rules took effect 4 years later. These rules substantially changed the focus of the program and, largely because they continue to evolve and change, have created real challenges for agencies like ours that are struggling to implement them.

My written testimony goes into some detail. I would like to give you just some examples today. We used to be able to enroll underemployed participants. We now can only serve those who are unemployed. Thus, an older worker who is paid for baby-sitting on weekends isn't eligible.

The stricter income guidelines have radically changed the type of older worker. We couldn't enroll a 66-year-old divorced woman who had multiple age-related barriers because we had to count all of

her Social Security income. Without a job, she lost her home and is now in subsidized employment.

The performance measure reporting has changed numerous times, and it has caused us real problems. Also, other reporting requirements have become far more complex and have added significantly to our administrative expenses.

For example, we are required to gather wage information for 1 year after somebody moves to an unsubsidized job. An employer will give us that information once, frequently won't give it to us after that. But two of our performance measures require us to have that information.

In short, the program has significantly changed its focus, and we are still undergoing major transition. The ground continues to shift, and we really have not reached the point where we are operating smoothly under the 2004 rules.

I have three policy recommendations for you today. First is to maintain the independence of the SCSEP program. This is a specialized program serving a population with different needs. The needs of low-income older people with multiple employment barriers should remain the focus of an independent program.

Continue to serve those under 65. Of all of the people we serve, those under 62 years of age, who often have little or no income, little job history, and are ineligible for any other kind of assistance, are often in particularly desperate straits.

Three, retain the dual emphasis on community service and employment. Our program's 68 participants give 70,000 hours of important service annually, while gaining critical skills to help them find permanent unsubsidized employment, and they do find employment.

In closing, it is far too early to make an accurate assessment of the success or failure of the 2000 reauthorization. The system itself is still in flux. The reporting system that we are all relying upon to give the Federal Government data as to the program's success is not yet error free or operating at a fully functioning level.

SCSEP's significance through the years is that it has successfully blended two important policy goals for older Americans. It has bolstered their ability to return to and remain productive members of the labor force, while permitting them, as they have developed marketable skills, to serve the community in important ways.

Thank for you holding today's hearing. I would be pleased to answer any questions.

[The prepared statement of Ms. O'Neil follows:]

SALT LAKE COUNTY

AGING SERVICES

PETER M. CORROON
Salt Lake County Mayor

Jean Nielsen
Human Services Departmen
Directo

AGING SERVICES

Shauna O'Neil
Aging Services Division
Director

Salt Lake County
Government Center
2001 South State Street
Suite S-1500
Salt Lake City, UT 84190-2300

801 / 468-2454
801 / 468-2852 fax
801 / 468-2480 v/tdd

agingservices@slco.org
www.slcoagingservices.org

801 / 468-2480
www.55plusbook.org
information and referral

PROGRAMS:
ALTERNATIVES
IN-HOME SERVICES
CAREGIVER SUPPORT
CHORE SERVICES
FOSTER GRANDPARENTS
HEALTHY AGING
LEGAL SERVICES
MEALS ON WHEELS
OUTREACH/OMBUDSMAN
RSVP/BRIDGES/VOLUNTEERS
SENIOR CENTERS
SENIOR COMPANIONS
SENIOR EMPLOYMENT
TRANSPORTATION

Fostering independence for Salt Lake County's older generations by offering advocacy, resources, and volunteer opportunities.

TESTIMONY OF

Shauna O'Neil
Director

Salt Lake County Aging Services
Salt Lake City, Utah

Before the

U.S. Senate Special Committee on Aging

Hearing on the Senior Community Service Employment Program

April 6, 2006, 10:00 a.m.
106 Dirksen Senate Office Building
Washington, D.C.

Good morning, Chairman Smith, Ranking Member Kohl, and distinguished members of the Committee. I am Shauna O'Neil, Director of Salt Lake County Aging Services, the local Area Agency on Aging based in Salt Lake City, Utah. I am very pleased to be with you today to discuss our experience with the Senior Community Service Employment Program (SCSEP).

Introduction

Salt Lake County Aging Services is the largest Area Agency on Aging (AAA) in Utah and manages a comprehensive system of services to older people and their caregivers. This service array includes: one of longest-standing state-funded in-home services programs in the nation; a Medicaid waiver program for the elderly; a caregiver support program; 17 senior citizen centers; Meals-on-Wheels; transportation; information and referral/assistance; Healthy Aging Program; and a Long-Term Care Ombudsman program. And, for years, we have operated the SCSEP program.

We initially became interested in launching an employment program for older job seekers after numerous needs assessments revealed that income needs ranked among the first or second highest priorities of older adults in our area. Salt Lake County has 163,000 individuals who are over the age of 55, comprising approximately 41 percent of Utah's older population. Through the SCSEP under Title V, our AAA is able to help older job seekers obtain the necessary training, skills and experience that could lead to a job.

Salt Lake County, which has 68 of the 82 Utah SCSEP slots, has been the reason Utah has ranked in the top five states nationally for four of the last six years in the percentage of program participants placed in unsubsidized jobs. Our placement rate last year was

48.5 percent, which is 18.5 percentage points higher than the national placement standard of 30 percent.

Besides SCSEP, the Salt Lake County AAA is also a grantee for the Foster Grandparent and Senior Companion Programs, funded through the Corporation for National and Community Service. As the administrator of all three programs, we are able to help provide an additional source of income for low-income seniors and cross-refer appropriate candidates.

As an indication of the importance that our region places on the SCSEP, Salt Lake County, from its General Fund Revenue, provides approximately $230,000 in additional support every year. Additionally, by leveraging other funding, the Area Agency on Aging is also to provide SCSEP participants and their families' with needed information and services.

Assisting Older Adults to Overcome Barriers to Employment

We believe one of most important goals of the SCSEP is to serve older people who have barriers to employment. We have aided widows who have not worked for 30 years because they were raising families. These women, often in their fifties, typically have no income and little savings, and are not eligible for Social Security, Medicare or welfare benefits.

We have successfully worked with ex-convicts after their release from prison, and have been able to help them find a job and begin to build a place for themselves within our community. We have also achieved success in finding jobs for long-term alcoholics and

drug addicts, as well as Vietnam and Korean War veterans still suffering from post-traumatic stress disorder.

As these examples indicate, many older job seekers face considerable barriers and have few marketable skills necessary in today's job market and little or no experience in searching for a job. Consequently, they are in need of our assistance to overcome those barriers and obtain employment. The SCSEP offers these older adults a longer period of time for needed skill development, specialized assistance and referral than the local Workforce Investment Act "one-stop" employment centers can provide.

Fostering Private Sector Involvement with On-the-Job Training

Because our primary goal is helping older workers find a job, our program has always emphasized providing both job search skills as well as job skills training as a means of helping seniors move toward unsubsidized employment. The training provided by our non-profit and governmental training sites has given valuable service to the community as well as ably prepared participants for unsubsidized employment. Over the years, one of the most successful strategies we have used is "on-the-job experience" with a business in the private sector as a means of helping participants obtain gainful employment in the private sector. The SCSEP program subsidizes the training period of a participant in a private sector job, with the private employer agreeing to hire the participant upon successful completion of the training period.

Through our "on-the-job experience" efforts, we have developed a wider range of training sites that have enabled participants to find jobs in both the private and non-profit sectors. We have also used this training to develop good relationships with employers in

our community. This effort has helped create a wider range of employers within our county who see older workers as a valued asset and are eager to hire them, even without the incentive of a subsidy from a government program.

Program Operation Since the 2000 OAA Reauthorization

Rule Changes:

The changes instituted under the 2000 reauthorization of the SCSEP did not truly start until July 2004 when the implementing rules took effect. Those July 2004 rule changes substantially altered the focus of the program, and largely because these rules continue to change, have created challenges for agencies like mine that are struggling to implement them. Here are some examples of the challenges we currently face as a result of the rule changes.

The eligibility criteria changed. The eligibility criteria changed from permitting us to enroll underemployed participants to restricting enrollment only to those older individuals who have been unemployed. As a practical example, this means that an older woman who is paid for babysitting on the weekends is no longer eligible to participate in the SCSEP. As a result of her $50 a week babysitting job, she is prohibited from the SCSEP training, and thus unable to increase her marketable skills and financial self-sufficiency. Whether it is the older woman who babysits or the older man who takes on odd jobs, many older persons have small jobs such as these, yet need both more income as well as access to benefits than these jobs provide. However, because of the new restriction, they are not able to get help through SCSEP to improve their lives.

The implementation of stricter income eligibility guidelines for the program has radically changed the type of older worker who is now eligible for the program. Previously, we could count only 75 percent of an individual's Social Security income, and none of their income from Social Security Disability Income and Veteran's pension and disability payments, in determining their financial eligibility for the program. With the new eligibility requirements, we must count 100 percent of any Social Security, Social Security Disability Income and Veteran's pension and survivor benefits. This, together with fewer exclusions of income, has limited the type of senior we are able to bring into the program. Many older adults who we can no longer serve need the program and would have been excellent participants and highly successful.

Those excluded include a 66-year-old divorced woman who was referred to our program because of multiple age-related barriers to employment that kept her from obtaining a job. As a result of the 100 percent Social Security inclusion, we were not able to help her. Without a job, she lost her home and is now in subsidized housing — a situation we may have been able to have avoided if we could have helped her remain independent with a job.

The six month annualized eligibility determination rule change has made it more difficult for potential participants to access the SCSEP. Previously, a 65-year-old man referred to us from a vocational rehabilitation agency who had a job for three months during the last twelve months could be accepted into the program. Now, however, if that man had a full-time job for four of the last six months and had to quit because of health issues, we would be required to annualize his income and he would probably be ineligible for SCSEP assistance.

Reporting requirements relating to the SCSEP performance measures have been in a state of continual change. Efforts to improve the data collected from performance measures has resulted in changes in procedure without advance notice. These changes take time from the program's mission as staff is trained on the new procedures, new forms are created and additional steps are taken to implement them. Multiple changes in procedures result in a staff that is confused, and recruitment and training strategies that are imprecise and constantly in experimental stages, which increases the likelihood of error. It is costly in terms of both productivity and employee and participant morale.

Administrative Burdens:

Additionally, the program has become more difficult to administer and more expensive.

The reporting requirements for the program have become far more complex and have added significantly to the program's administrative expenses. The U.S. Department of Labor has instituted a software-based reporting system that has never worked effectively. From the time the system was first implemented, there have been problems and issues. We received limited software training on how to enter information in the system and have received little training on the ongoing system changes required for reporting. This lack of training has frustrated our staff members, who are trying to learn a system that is not user-friendly and to understand the process for making corrections to reporting information.

Whenever we receive notification that certain reporting files are rejected, we have to telephone the Department of Labor's contractor and try to get through to one of the three individuals who are available nationally to assist all those persons using the system throughout the United States. There have been no adequately trained staff on the state

level who can assist us with these questions, which has created real problems when we cannot access the national contractor.

We are awaiting the third re-write of this system, which is due in May 2006, and we are hopeful that the new version will be more successful in collecting the required 206 elements of information on every SCSEP participant. Despite all the work involved in using the national reporting system, we still have to maintain our own database system in order to operate such key SCSEP program functions as payroll and personnel record keeping.

Much of the data collection requested by DOL is burdensome. For our agency, follow-up data collection for all four required performance measures is a burdensome, time-consuming and costly process. For example, after a participant moves on to unsubsidized employment, we are required to follow-up with wage information for as long as one year. Our experience has shown that after the initial thirty day follow-up the employer is frequently unwilling to share any further wage information with us, especially if the individual has changed positions. Since this follow-up is critical to a performance measure that can bring sanctions to our program it almost requires another full-time staff member to do the necessary follow-up.

The SCSEP system has significantly changed in focus and we are still undergoing major transition. This transition continues to be made more difficult because of frequent procedural changes being imposed on a service system that has not been able to fully adapt to operate in a new environment. The ground continues to shift and we really have not reached the point where we feel we are operating smoothly under the 2004 rule changes.

Policy Recommendations

1. Maintain the Independence of the SCSEP Program

We are concerned about the direction of legislative recommendations and administrative actions that move towards consolidating the SCSEP into the Workforce Investment Act system. Although, we have an improving working relationship with our local WIA system, which serves the general population well, the local WIA organization continues to struggle to serve the needs of older individuals. The needs of older people with multiple employment barriers, particularly low-income older people, continue to be the SCSEP focus and we can only see this need increasing in the future.

2. Continue to Serve the Needs of the 55-64 Population under SCSEP

I feel strongly that our program needs to continue to have the ability to provide help in finding employment to the younger segment of the older population. These are the people who come to us with absolutely no income, little or no job history, and are ineligible for any other type of assistance. Of all the seniors that SCSEP serves, the ones who often are in the greatest need are ages 55-62. They are not yet eligible for Social Security and are unable to find employment on their own due to age discrimination, poor employment history, health and disability barriers, lack of the necessary skills for today's workforce and/or lack of job search skills. Through the training and job search skills provided under the SCSEP, these participants are able to reenter the workforce and earn sufficient wages and benefits until they are able to draw Social Security.

Containing one of less than twenty refugee relocation centers nationally, Utah has a diverse cultural population of individuals seeking employment. We have been able to assist a large number of refugee elderly find employment and become independent in their new country. We hope that future changes will embrace this population, especially those in the 55-64 years old age group, as a higher priority for access to employment services.

3. Retain the Dual Emphasis on Community Service and Employment

We strongly believe in the community service component of the SCSEP and feel that participants provide a valued service throughout the community. Our program has 68 participants who provide upwards of 70,000 hours of important service to our community annually. The SCSEP participants serve our community while at the same time gaining the critical skills to help them find permanent, unsubsidized employment that will benefit them and the community at large.

Conclusion

The changes from the 2000 reauthorization are still being implemented and providers have not completed the necessary transition. It is far too early to make an accurate assessment of success or failure of any element of the system that was changed as a result of the 2000 OAA reauthorization. In addition, the reporting system that we are all relying upon to provide the federal government with data as to the program's success is not yet error-free or operating at a fully functioning level. As a result, I do not recommend policymakers rely on the accuracy of this data when considering changes to SCSEP as part of the reauthorization of OAA.

In closing, Mr. Chairman, the significance of the SCSEP through the years is that it has successfully blended two important policy goals for older Americans. It has bolstered their ability to return to and remain productive members of the labor force, while permitting them, as they have developed marketable skills, to serve the community in important ways. It has enhanced their dignity and their ability to contribute to our society. It is a valuable tool and one that is not duplicated anywhere else in our system of services. In considering changes to this program, please be protective of the SCSEP mission and participants. Both are valuable to us all.

Thank you, Mr. Chairman, for holding today's hearing. I would be happy to answer any questions you may have.

The CHAIRMAN. Thank you, Shauna, very much. Those are good recommendations.

Carol Salter.

STATEMENT OF CAROL SALTER, NATIONAL SCSEP DIRECTOR, EASTER SEALS, WASHINGTON, DC

Ms. SALTER. Thank you, Senator Smith and Senator Kohl.

On behalf of Easter Seals and as their national director of the SCSEP program, I am very pleased to have the opportunity to testify before you today and to discuss the implementation of the 2000 Title V amendments.

I am pleased to tell you, through SCSEP, seniors are engaging in valuable community service across this Nation, as well as using SCSEP as a bridge to employment.

As one of the new grantees in 2003, Easter Seals faced several challenges—developing SCSEP policies and procedures, finding and transitioning participants to our payroll system and into our program, establishing a brand-new data collection system, and enhancing our partnerships. All this had to happen before we could actually get to our primary task of recruiting and training participants and helping them find sustainable employment opportunities.

In our second year, changes to the program regulations, coupled with learning the new DOL data collection and reporting system, presented new challenges to administrative operations.

Now, in our third year, we are finally starting to see some positive outcomes resulting from those changes made in 2004. We still face significant challenges in providing some Title V services. While our written testimony explains a number of these, I would like to address two specific areas, and I would like to provide some suggestions for consideration.

First, Department of Labor's modified eligibility rules now require inclusion of Social Security Disability Insurance payments as a countable source of income. Because SSDI eligibility requires that all other possible employment opportunities are exhausted, recipients are, by definition, in need of training in a new vocation.

This and other inclusions in countable income has significantly cut the number of seniors found eligible for services. In many locations, and especially in rural areas, these changes have made it extremely difficult to maintain a full enrollment level. We believe, at a minimum, SSDI income should not count against applicants' eligibility determination.

Second, a co-enrollment of SCSEP participants in the WIA programs. Easter Seals advocates for co-enrollment of SCSEP participants in WIA programs. However, WIA providers have a disincentive to enroll our participants. Often, seniors only want part-time employment, and WIA only receives credits for placements in full-time jobs. We believe that allowing WIA providers to receive performance credit for placement of seniors into part-time employment would create incentives for serving older adults.

While there have been some challenges in operating the program, there are a number of facets of SCSEP that have proven to work well since the 2000 amendments. First, Title V authorizes two dis-

tinct, yet connected service delivery partners—national and State grantees.

National grantees are able to identify and disseminate best practices across States and local regions. We are able to partner with national corporations and employer associations, national social service agencies, and training providers.

Our State agency partners coordinate all Title V services in their respective States. That enables SCSEP as a whole, to achieve Congress's vision of equitable distribution.

Second, Easter Seals also supports the concept of building relationships with One-Stops. Although initially One-Stops were hesitant to work with us, we have found that by educating managers on the benefits of collaboration, they have become valuable training sites. Many One-Stops have even hired our participants as core service providers in permanent jobs.

When SCSEP participants are co-located in One-Stops, they become onsite advocates for other older job seekers, using their expertise as peers in guiding seniors through the system.

Third, allowing us to continue providing services to those 55 and above remains essential. Over half of SCSEP participants this past program year were between the ages of 55 and 64.

In addition to being low income, many have poor work histories, undiagnosed disabilities, and limited education, and they are not eligible for programs such as Social Security or Medicare. SCSEP is designed and intended to meet these individual needs in unique and effective ways.

Last, Section 502(a)(1) of Title V establishes two unique, yet interrelated purposes for SCSEP—community service and unsubsidized employment. Department of Labor reports that in the program year 2004, SCSEP participants provided in excess of 46 million hours of community service. Those hours translate to over $230 million of wages earned for real work, supporting our Nation's public and private nonprofit sectors.

Community service supports the Act's overall principles of independence, socialization, and community engagement for seniors. Unsubsidized employment offers better wages and possible fringe benefits, enabling participants to find meaningful jobs and become self-sufficient. We believe that the current structure allows us to achieve both of these goals, meeting the original intent of Congress.

In conclusion, I would like to tell you the story of Ms. Gloria Mabry. She is a current SCSEP participant from Mobile, AL. Ms. Mabry, who is visually impaired, was referred to us by the State vocational rehabilitation agency this past December.

Although she earned her degree in gerontology as a young adult, she never had the opportunity to work in her field. The only jobs ever offered to her consisted of low-skill tasks, like assembling brooms.

Ms. Mabry's unique background was recognized, and she was placed at a local senior center. She now works in the Grandfriends Program, training as an activity aide, a role that has rekindled the energy and desire Ms. Mabry felt so many years ago when she received her degree.

Her confidence has been boosted, and her colleagues describe her as "blossoming." I am happy to tell you that the prospect looks very

good for Ms. Mabry to be hired this summer as a full-time activities director in the same host agency.

Ms. Mabry is just one of thousands of seniors whose lives are better because of SCSEP. We are honored to be a part of her story, as well as many other participants who have come through our doors.

On behalf of Easter Seals, I again would like to thank you for inviting us to testify, and I would be happy to answer any questions you have.

[The prepared statement of Ms. Salter follows:]

Easter Seals
Office of Public Affairs
700 Thirteenth Street, NW
Suite 200
Washington, DC 20005
202.347.3066 phone
202.347.7385 tty
202.737.7914 fax
www.easterseals.com

Testimony of

Carol Salter

National Director

Senior Community Service Employment Program

Easter Seals, Inc.

Before the

Special Committee on Aging

Of

The U. S. Senate

Regarding Low-Income Seniors' Employment and Community Service

April 6, 2006

Mr. Chairman and Members of the Committee:

My name is Carol Salter and I serve as the National Director for Easter Seals' Senior Community Service Employment Program. On behalf of Easter Seals, I am please to have the opportunity to testify before you today to discuss the implementation of the amendments to Title V of the Older Americans Act made during the Act's most recent reauthorization. It is my hope that this testimony will prove useful as you and your fellow colleagues enter into new reauthorization discussions for the Older Americans Act.

For 85 years, Easter Seals has been providing services that help children and adults with disabilities gain greater independence. Our primary services - medical rehabilitation, job training and employment, child care, adult day services, and camping and recreation - provided through a network of 88 independent 501(c)3 affiliate organizations with more than 500 centers nationwide benefit more than one million individuals with disabilities and their families each year. In 2005 Easter Seals provided employment and training services to over 37,000 individuals with barriers to employment through partnerships with a number of federal programs, including our participation as a Senior Community Service Employment Program (SCSEP) national grantee.

When the Department of Labor (DOL) announced its intentions to hold a national competition for SCSEP program operation in 2003, Easter Seals saw a unique opportunity to leverage our expertise providing supportive services to seniors and our history providing workforce development services for people with disabilities. As the nation's largest provider of adult day services, Easter Seals has a rich history of meeting the needs of seniors. Given the prevalence of disability among the senior population, we envisioned a service model that would tap our array of disability-related services in "wrap around" fashion, thus enhancing our ability to achieve program expectations. Consequently, we were awarded $16 million to operate SCSEP in 9 states. We currently subcontract with Easter Seals affiliates to provide these services in Alabama, Arizona, Connecticut, Georgia, Kentucky, Illinois, New Jersey, New York, and Utah, serving over 3,000 seniors annually.

Three years later, we are pleased to say that our hypothesis has proven true – the goals of SCSEP and the mission of Easter Seals are congruent. That is not to say that being new to the SCSEP world has not presented its own unique challenges, but overall, we feel that SCSEP fills an important role for low-income seniors and offers a valuable service to program participants, community-based host agencies, and private sector employers alike. Further, we feel that the current program construct achieves the vision laid out for SCSEP by Congress in the 2000 Title V amendments – seniors are engaging in valuable community service across this nation as well as using SCSEP as a bridge to employment opportunities that may have been thought impossible to achieve prior to program participation.

Easter Seals' Experience as a New Grantee

In July of 2003, Easter Seals had over a year's worth of work ahead to become established as a quality provider of employment services to low-income seniors. While all grantees experienced substantial changes during the time when the grant was competed and restructured, Easter Seals, as a new grantee, had a much greater challenge. Within the first few months, we had to:

- hire staff at the national and local levels,
- transition participants from their former grantee to our program,
- create paperwork for determining eligibility and enrolling participants,
- establish relationships with existing participants and host agencies,
- write procedures to guide staff in performing day-to-day tasks,
- establish means to collect participant data that was required to be reported quarterly to DOL, and
- develop/strengthen ties to the aging and workforce communities in our assigned counties.

All of this activity had to happen *before* we could get to our primary task as a Title V grantee of recruiting and training participants and helping them acquire jobs.

To prepare ourselves for the task, we relied on the support of other grantees to help us know what to do and how to go about doing it. AARP and Senior Service of America, Inc. offered themselves as mentors to us and provided us with much needed forms, procedures, and best practices to use as guides. After the initial orientation training by DOL in June 2003, these mentors became our support network for establishing Easter Seals' Title V program. It took much tweaking and changing of each of our policies and best practices before we began to streamline our administrative procedures for providing program services. Given the amount of time and resources we expended "getting up to speed" during this first year, we were unable to fully establish the program we had envisioned during the grant application process.

In PY2004, Easter Seals' second year of providing Title V services, we expected to "catch up". However, changes to program regulations, resulting from the 2000 OAA Amendments, coupled with the new data collection and reporting initiative, presented new challenges to administrative operations. We spent much time and organizational energy trying to convey to participants the program's greater emphasis on employment. While we strongly believe that this added focus on employment is beneficial to participants, translating this change to participants and host agencies diverted time and energy from establishing the service delivery model that we felt was necessary to be successful.

In the current program year, Easter Seals' third as a Title V grantee, we finally are able to realize our long-term strategy. Now we have the time to identify and address areas for improvement in our existing service delivery model. Additionally, we are finally starting to feel like we have developed close relationships with the One-Stop System, host agencies, and other partners, and are optimistic that we will be able to continually strengthen these partnerships for the benefit of our participants and their communities.

We are also just now starting to see the changes made to the program in 2004, resulting from the 2000 OAA amendments, having a positive impact on participants. Easter Seals is excited about the future of our SCSEP program and the strategies we have developed to provide the highest quality of service to our participants and have every expectation that we will meet our negotiated goals by June 30, 2006.

Challenges

Over the past three years, we have found that there are persistent challenges that we continue to face in providing Title V services. It is Easter Seals belief that if these issues were addressed, we would be able to serve older workers, host agencies, and employers more fully, as the OAA intended.

Participant Eligibility

Unemployment requirement – With the 2000 Amendments, unemployment was added as a condition of participant eligibility. Previously, a participant was allowed to be employed for as many hours a week as he or she desired, as long as the income from that employment did not cause the participant to exceed the income eligibility limit (currently $12,250 per year for an individual). In 2003, we had some participants that had jobs that only amounted to a few hours a week and others who occasionally participated in short-term employment opportunities (e.g. working at polling places on election-day.) These jobs certainly did not give these participants enough income to sustain economic self-sufficiency, but they did help the participant to pay a portion of their essential living expenses, such as rent or medication.

It is Easter Seals belief that participants who engage in short-term work opportunities should still be considered "unemployed" and thus still eligible for SCSEP according to the unemployment eligibility criteria. We also believe that limited part-time employment only benefits participants by way of providing them with nominal additional income and helping them to increase their skills.

SSDI as Countable Income – Among the variety of recent changes to the way income is calculated for SCSEP applicants, the change that most affected Easter Seals' participants is the inclusion of Social Security Disability Insurance (SSDI) as a countable source of income. Because SSDI eligibility requires that all other possible employment opportunities are exhausted, applicants who receive SSDI are inherently in need of training in a new vocation. Additionally, since SSDI's trial work period encourages recipients to try to re-enter the workforce, it is Easter Seals' belief that SCSEP's employment focus helps SSDI recipients to re-enter the workforce.

As SCSEP and SSDI both encourage returning to work, Easter Seals believes that SSDI income should not count against applicants and participants for the purpose of income eligibility determination.

Impact on Recruitment – These changes, and others implemented through the final regulations promulgated in April of 2004, caused a greater number of applicants to be found ineligible compared to the period before the eligibility criteria were changed.

Nearly all applicants who come to SCSEP are in financial need, yet many are found ineligible due to new income eligibility guidelines - when in reality they would significantly benefit from SCSEP services and the ability to work. In these cases, we must notify the applicant that they are ineligible and refer them to other community service agencies and One-Stops in their local area. In many locations, especially rural areas, these changes have made it extremely difficult to maintain a full enrollment level.

Transition from PY2002 to PY2003

Technical Assistance Provided by DOL - As I mentioned earlier, at the end of PY2002, when Easter Seals was awarded the SCSEP grant, we had much to learn and do before we could be "up and running" as a SCSEP program services provider. In addition to all of the systems that we needed to establish in a very short time-frame, we were faced with disparate support from the outgoing grantees/subgrantees in our service areas.

While DOL provided us with an initial orientation, weekly Q&A conference calls, and ad hoc TA, we feel that more specific technical assistance would have facilitated our program's implementation more efficiently and with fewer incidents. We were very appreciative of the DOL Title V staff and the assistance that they did provide. However, our experience would have benefited from additional technical assistance, such as a customizable standard operating procedures manual, to accommodate such a wide-scale, tightly-timed startup of program operations.

Impact on Participants and Host Agencies – It has been Easter Seals' experience that whenever there is program change, it produces anxiety in participants and host agencies alike. Some change is necessary for the long-term benefit of the participants, such as the recently adopted focus on participant employment. But when the change is frequent, both participants and host agencies fear that they will lose what they so desperately need: training and subsidy for participants and much needed labor for host agencies. Particularly with the participants, there was much emotional toll with the discontinuity that came when many of them found themselves with a new "home" on July 1, 2003.

The SCSEP grantees promote stability and consistency as strong qualities that our participants can bring to employers. When we do not offer our participants that same stability and consistency, we undermine those very principles. The people working at our subgrantees have now developed a rapport with the participants and host agencies in their areas. This bond is invaluable in helping motivate these entities to work with us in progressively moving participants towards unsubsidized employment.

Easter Seals recommends that alterations to program operations be reserved only for times when such disruptions and changes are *clearly* outweighed by the benefits to SCSEP participants and host agencies.

Administrative challenges - Data collection system implementation

On balance, Easter Seals believes DOL's new data collection and reporting initiative, including standardized data fields, data collection software, and customer service surveys, is necessary and beneficial to quality program management. However, there

have been some significant administrative burdens for grantees and subgrantees associated with this system. Easter Seals hopes that SPARQ2, the forthcoming online version of the data collection software, will begin to alleviate these burdens, but we believe there is much that can be done in addition to adding this new technology.

The main burden of data collection comes from the number of changes that are continuously being made to the data collection system, including information to be captured in new data fields, updates to database software, and changes in the way the customer service surveys are administered. Additionally, the communication of these changes, while comprehensive, can become overwhelming and difficult to keep track of.

Easter Seals suggests an alternative approach that program changes be "bundled" and made at annual intervals so as to minimize the experience of ongoing program disruption. This approach would be more efficient and minimize the diversion of grantee resources necessary to implement program changes.

Another cause of administrative burden related to the data collection system is the amount of effort that is necessary to submit files and to correct data on a quarterly basis. This task is time-consuming for both subgrantees and the grantee. Additionally, due to the amount of data that is collected, the limited resources for training data collection system users, and the complexity of the system, it is also difficult to get highly accurate data. If data cannot be made 100% accurate in this system, which calculates performance rates and is the ultimate proof of program success or failure, the quality and quantity of work that our subgrantees perform is not reflected in the reports to DOL and the public.

It is our hope that DOL will continue to enhance the data collection system and expand the training and resources available to grantees and subgrantees to ensure that data is collected efficiently and accurately.

Lengthy Regulatory Process

An additional challenge that all grantees faced, that was further complicated by our status as a new grantee, was implementing the new vision for Title V services without final regulations. As you know, Congress completed its work to reauthorize the Older Americans Act in 2000; those changes were not fully realized until April, 2004, when DOL finalized its SCSEP regulations. While we recognize and appreciate the complexity of the regulatory process, we feel it is also appropriate to recognize the challenge we faced in developing program models, policies, and processes under interim regulations. Nearly half of the current SCSEP grant cycle had passed before final regulations were issued, leaving grantee operations in flux and heightening uncertainty about DOL expectations.

It is our hope that regulatory change resulting from the Act's impending reauthorization will be expedited by DOL. Moving through this process quickly will better enable grantees to accomplish SCSEP's goals and serve program participants.

WIA Relationship

One-Stop System Partnerships – While we believe partnership with the One-Stop System is critically important to SCSEP program operations, developing such relationships has been a struggle for us in some cases. In establishing our relationships with the One-Stops in our service delivery areas, we have had to educate the One-Stops on the benefits of collaborating with SCSEP providers, even though we are a mandatory partner of this system, as stated in the Workforce Investment Act of 1998. We are still struggling to this day to "get our foot in the door" in a few One-Stop locations.

Easter Seals believes that collaboration, particularly through SCSEP staff co-location at One-Stop facilities, is mutually rewarding for both the One-Stop system and SCSEP. We have evidence through our subgrantees that do maintain a full co-location presence in their One-Stops, that they have become successful at securing quality training and placement opportunities for SCSEP participants. Additionally, when we assign our participants to perform community service training at the One-Stops, they are able to provide rich and meaningful services to other older Americans and other One-Stop consumers.

Easter Seals believes that the One-Stops and Title V are necessary partners in serving older adults, and only through collaboration between the two systems can low-income older adults receive the level of employment services that they deserve.

Co-enrollment of SCSEP Participants in WIA – Easter Seals highly encourages our subgrantees to seek out any co-enrollment options for SCSEP participants in WIA funded programs. Qualified participants who are enrolled in and receive services from a WIA training program are able to secure employment sooner. However, a problem lies in the fact that WIA providers have a disincentive to enroll our participants because often SCSEP participants are seeking part-time employment, and WIA only credits placement into full-time employment (noted in GAO Report 03-350).

We believe that allowing WIA providers to receive performance credit for the placement of co-enrolled SCSEP participants into part-time employment will benefit our participants and other older adults in need employment and training services by encouraging, not discouraging, our nation's employment and training system to work with all seniors seeking employment.

Unemployment Insurance

Because SCSEP participants are trainees, not employees, the Title V rules and regulations instruct grantees to not pay Unemployment Insurance tax for participants, except where required by state law. Because NY State requires it, Easter Seals subgrantee there has to pay UI tax for its participants. This additional expense takes away $88,482 of Title V funds annually from the Easter Seals New York SCSEP program; money that should be spent providing additional training to those same participants. To further complicate matters in NY, a few Easter Seals participants who have filed for UI after exiting the SCSEP program have been denied UI benefits, because the state considers them trainees.

We hope that this issue can be clarified through the impending reauthorization process.

What's Working Well

While the previously mentioned areas have presented challenges to the grantees, there are a number of facets of SCSEP that have proven to work well since the 2000 amendments.

Two Partner Service Delivery Structure

Title V authorizes two distinct yet connected programmatic sides for SCSEP service delivery: the national grantee structure and the state programs. While initially the two structures struggled with role and relationship under the new construct, the states and the national grantees have now settled into a positive working relationship, recognizing the strengths of both approaches in accomplishing Title V's intent.

The national grantees continue to add value to SCSEP through their ability to leverage best practices across states and localities. They have developed and replicated successful program models by partnering with regional and national corporations, national employer associations, national social service agencies and other service providers. The connections between the national grantees also creates a natural cadre of partners at the national level that can work together to address the broad employment issues facing our nation's seniors.

Since we contract within our own affiliate network, Easter Seals is able to standardize operating procedures and forms, provide immediate (same day) information to all subgrantees of changes or new issues coming out of DOL, document and disseminate best practices found in high-performing affiliates, and monitor/review local program services to ensure high quality services are offered in each of the nine states we operate.

Our state agency partners have served to coordinate all Title V services offered in their respective states, which effectively enables the entire program to achieve Congress' vision of equitable distribution. Additionally the state program serves to reinforce the connectivity of SCSEP to the other components of the aging services network. As most state grants are under the authority of the State Units on Aging, Title V services are able to be offered among the array of services to seniors authorized in the Act as well as other state specific initiatives. Further, Title V services are better able to support the aging services infrastructure by providing a much needed workforce to other partner senior programs.

One-Stop System Relationships

Easter Seals believes that Title V's collaboration with the One-Stop System is vital to successful program outcomes. Once One-Stops have been trained on how this relationship is beneficial to them and to work in partnership with Title V, they become great training providers for participants; many have hired participants as core staff members at their facilities. Familiarizing SCSEP participants with One-Stop services not only educates the participants about the resources that are available through the One-Stop system, but also encourages them to aggressively seek unsubsidized employment. This experience also sets participants up for self-sufficiency; should they ever lose their job,

they will be able to negotiate employment services through the One-Stop as a result of their SCSEP experience.

In turn, the SCSEP participants and subgrantee SCSEP staff that are co-located at the One-Stop become on-site advocates for older workers, by using their expertise with that population in guiding seniors through the system. It also assists the community at large through the provision of core services in the seamless fashion envisioned by the Workforce Investment Act.

Unsubsidized Employment & Community Service

When Congress increased Title V's emphasis on unsubsidized employment, it balanced that emphasis with a recognition of the important role that community service plays not only for program participants but also for the communities in which they reside. We feel that Congress struck the right balance and the program is meeting this intent.

DOL reports that in PY2004, SCSEP participants provided in excess of 46 million hours of community service. Those hours translated into over $230 million of wages earned for real work done to support our nation's public and private non-profit sector. Community service enables SCSEP participants to provide critical labor to the broader aging services network - over half of the community service hours worked by Easter Seals SCSEP participants in PY2004 were done in support of additional services to seniors.

Community service also supports the Act's overall principles of independence, socialization, and community engagement for seniors as well as expanding services and supports that help seniors remain healthy and active. Our affiliate program staff regularly report the positive impact that community service has for our program participants. They note dramatic improvements in affect, attitude, and overall outlook on life once a senior begins work in supporting his or her community. Participants are able to expand their existing skill sets or learn new ones through a hands-on approach in a more controlled environment, which leads to better results and higher participant satisfaction. National grantees are responsible for monitoring host agencies to ensure the environment is of a training nature and that these organizations are not taking advantage of the SCSEP participants. We, and other national grantees, monitor all sites to ensure that the terms of the Maintenance of Effort stipulation is not being abused.

We also have observed the importance of emphasizing unsubsidized employment. New participants enter our programs understanding that the goal of their SCSEP experience is employment and our staff work diligently to achieve that goal. We place a great deal of emphasis on establishing and cultivating business partnerships at both the local and national levels to enable our subgrantees to meet performance goals.

Services to Those 55 and Above

SCSEP's focus on services to individuals 55 and above continues to be significant. Over half of SCSEP participants in PY2004 were between the ages of 55 and 64. For Easter Seals, nearly 47% of our participants that year fell into this age range. This participant sub-group presents a unique challenge in that in addition to being low-income and having

poor work histories, undiagnosed disabilities, and/or little education, they are not yet old enough to qualify for additional support programs such as Social Security or Medicare. They are literally stuck between the proverbial rock and hard place.

SCSEP is designed and intended to meet these individuals' needs in a unique and effective way. AARP, DOL, and other organizations have undertaken important initiatives to prepare for the retirement of the baby boomers – strategies to deal with knowledge transfer, labor force and skills shortages – and Easter Seals is actively supporting these efforts. However, these strategies are of little value to a low-income 59 year-old with a poor work history who is losing her sight and does not yet qualify for Medicare Part D or Social Security benefits. SCSEP offers her and those in her peer group a valuable and sometimes life changing service.

Conclusion

Section 502 (a)(1) of Title V establishes two unique yet interrelated purposes for SCSEP: community service and unsubsidized employment. Our experience providing SCSEP services leads us to conclude that the program as currently administered by DOL meets both of these goals. Congress intended this program to meet the needs of seniors facing the most challenging circumstances and SCSEP has responded: more than 70% of all SCSEP participants are women; over 80% are 60 years of age or older; over 80% are at or below the poverty line; and one-third have less than a high school education.

I would like to leave you with the story of Ms. Gloria Mabry, a SCSEP participant from Mobile, Alabama. Ms. Mabry, who is visually impaired, was referred to Easter Seals Alabama by the state vocational rehabilitation agency this past December. Although she had earned a degree in Gerontology as a young adult, she never had the opportunity to work in her field. The only jobs ever offered to her consisted of low-skilled tasks, like assembling brooms. After many years of staying home, she wanted a chance to work. Our program manager in Mobile recognized the unique background Ms. Mabry offered and worked to find a host agency that would tap her formal training. That site was a local Senior Center, where Ms. Mabry works in the Grandfriends Program, planning events and assisting in daily center activities. Her role as an activity aide has rekindled the energy and desire Ms. Mabry felt so many years ago when she received her degree. Her confidence has been boosted and her colleagues describe her as "blossoming." I am happy to let you know that prospects look good for Ms. Mabry to be hired this summer as a full-time activities director in the same host agency.

Ms. Mabry is just one of the tens of thousands of seniors whose lives are better because of SCSEP. We are honored to be a part of her story and the many other participants who have come through our doors. Easter Seals experience as a grantee demonstrates that SCSEP can and does work. We have seen the difference this program makes in the outlook of seniors, how it can revive the spirit, and how it can change lives.

On behalf of Easter Seals, let me thank you again for this opportunity to offer insights from our experience as a SCSEP grantee. I would be happy to answer any questions you may have at this time.

The CHAIRMAN. Thank you, Carol. Thanks for all the great work of Easter Seals. You have got some very valuable insights for us.

Just so the witnesses and the audience know, there is a vote going on. Senator Kohl will come back, and then I will go vote.

But in the event that we don't want you to feel short-circuited if we don't get all our questions asked, we may submit questions for written responses because we need to hear what you are seeing on the ground and how we can better improve this important program.

Melinda, I am happy to tell you on the record that Betsy is terrific, and you can be proud of her. But we look forward now to your testimony.

Ms. ADAMS. Betsy is a terrific niece.

The CHAIRMAN. Yes, she is. I am sure.

STATEMENT OF MELINDA M. ADAMS, STATE–WIDE OLDER WORKER COORDINATOR, IDAHO COMMISSION ON AGING, BOISE, ID

Ms. ADAMS. Chairman Smith and members of the Special Committee on Aging, good morning.

Thank you for this opportunity to testify.

I represent the Idaho Commission on Aging, which is our State unit on aging. We are responsible for all Older Americans Act and State-funded services for older Idahoans.

I serve as staff to Governor Kempthorne's State Workforce Council, am on the One-Stop Career System Leadership Team, and have administered Idaho's Title V program for the past 21 years.

We hold the Title V program in high regard for the unique population it serves, for the economic opportunities it affords, and for the vital community service it provides.

In the past, our State Title V program, which serves the rural stretches of the State, has been very effective. To illustrate, the U.S. Department of Labor ranked Idaho's program first in the Nation 7 of the past 15 years for success in placing seniors in jobs.

However, since the U.S. Department of Labor initiated policy and eligibility revisions, our placement rate has decreased from 58 percent to 26 percent. Enrollments have decreased by 28 percent, and the number of community service hours has declined by 46 percent from 52,000 to 28,000 hours.

The negative impact of the policy changes appears significantly greater in rural areas. Unfortunately, we find ourselves in the predicament of having to return unspent funds to the Department of Labor while, at the same time, turning away low-income seniors in dire need of work experience and training.

Why is that? In large part, our agricultural base and seasonal economy, coupled with the frontier spirit of taking any short-term job just to put food on the table, make many older people ineligible because any part-time or short-term employment is prohibited.

A case in point. Our Title V participants were unable to take a 1-weekend job delivering telephone books to rural communities because the short-term job would render them ineligible for the program.

Moreover, the cost structure of the program does not acknowledge the higher costs of providing services where towns are far

from each other, and the lack of public transportation severely limits options available to participants.

For these reasons, we propose the creation of a "Frontier Section" within Title V of the Older Americans Act. The "Frontier Section" would allow each Governor to designate as "Frontier" planning and service areas where there is a majority of frontier counties.

For States having 80 percent or more of planning and service areas designated as frontier, the entire State could be deemed frontier. Each State could amend income eligibility inclusions and exclusions based on the characteristics of "Frontier" economies.

Individuals in "Frontier" areas could take occasional short-term jobs and remain eligible for Title V, as long as their income at application and recertification remains at or below 125 percent of poverty. The existing cap on enrollee wages and fringe benefits would be reduced to 50 percent. This would allow greater use of existing grant funds for transportation assistance, distance learning, skill training, and front-line staff.

This proposal is budget neutral. It does not take any money away from anyone. What it does is provide both national and State grantees the flexibility we need to better serve frontier participants.

With regard to the U.S. Department of Labor's reauthorization proposal, we oppose raising the age at eligibility from 55 to 65 because that neglects a significant population who are underserved by other programs, who are largely ineligible for Social Security, and discouraged about their employment future.

We support formula funding to the Governor and State Unit on Aging. We oppose national-level procurement in favor of State-based open competition. We support the 65 percent cost structure revision, but with 50 percent designated for frontier planning and service areas.

We endorse inclusion of underemployment as an eligibility factor, as well as the proposal to change income requirements to make them uniform with other similar Federal programs. We heartily support inclusion of Community Service as a performance measure against which program success is judged.

With reauthorization impending, it is critical to make the right changes for the people this program is intended to serve. The Title V program is too great to lose.

With that, I thank you.

[The prepared statement of Ms. Adams follows:]

Comments of Melinda M. Adams

On behalf of the

Idaho Commission on Aging

Before

The United States Senate Special Committee on Aging

"Employment and Community Service for Low Income Seniors: Are We Getting the Job Done?"

The Senior Community Service Employment Program

Washington D.C.

April 6, 2006

Chairman Smith and Members of the Special Committee on Aging, good morning. Thank you for this opportunity to testify.

I represent the Idaho Commission on Aging. As the State Unit on Aging, we are responsible for funding and establishing policy for all Older Americans Act Programs and state-funded services for older Idahoans.

I serve as staff to Governor Kempthorne's State Workforce Council, am a member of the One-Stop Career System Leadership Team and have administered Idaho's Title V Program for the past 21 years.

We hold the Senior Community Service Employment Program (SCSEP) in high regard -- for the unique population it serves, for the economic opportunities it affords and for the vital community service it provides.

Impact of Current Statute and Policy Changes

In the past, our state SCSEP program, which serves the rural stretches of the state, has been very effective. To illustrate, the U. S. Department of Labor has ranked Idaho's program first in the nation seven of the past fifteen years for placement success. Likewise, enrollment levels, historically, have been high. However, since the U. S. Department of Labor initiated eligibility and policy revisions, **our Placement Rate has decreased from 58% to 26%, our enrollments have decreased by 28% and the number of community service hours has declined by 46% (from 52,317 to 28,485 hours).**

The negative impact of the policy changes appears significantly greater in rural areas. We find ourselves in the unfortunate predicament of returning unspent funds to the U. S.

Department of Labor while turning away low-income individuals in dire need of work experience and training.

Our agricultural base and seasonal economy coupled with the frontier spirit of taking any short-term job, just to put food on the table, make many older individuals ineligible, because any part-time or short term employment is prohibited. A case in point -- our SCSEP participants were unable to take a one-weekend job delivering telephone books to rural communities, because the short-term job would render them ineligible for the program. Moreover, the cost structure of the program does not acknowledge the higher costs of providing services where towns are far from each other and the lack of public transportation severely limits the options available to participants.

Creation of a "Frontier" Section within Title V of the Older Americans Act

For these reasons, we propose the creation of a "Frontier" section within Title V of the Older Americans Act. The "Frontier" section would allow each **Governor to designate as "Frontier" Planning and Service Areas where there is a majority of "frontier" counties. For states having 80% or more Planning and Service Areas designated as "Frontier", the entire state could be deemed "Frontier".**

Each state could **amend existing income eligibility inclusions and exclusions based on the characteristics of frontier economies**. Individuals in "Frontier" areas could take occasional, short-term jobs and remain eligible for the SCSEP as long as their income at application and recertification remains at or below 125% of the Federal Poverty Level. The existing cap on enrollee wages and fringe benefits would be reduced to 50%. This would allow greater use of existing grant funds for transportation assistance, distance learning, skill training and front-line staff. This proposal is budget neutral; it does not take any money away from anyone. It provides both national and states grantees the flexibility they need to better serve frontier participants.

The Administration's Reauthorization Proposal

With regard to the Department of Labor's Reauthorization Proposal, we oppose raising the age at eligibility from 55 to 65 because that neglects a significant population who are underserved by other programs, largely ineligible for Social Security and discouraged about their employment future. We support formula funding to the Governor and State Unit on Aging. We oppose national level procurement in favor of state-based open competition.

We support the 65% cost structure revision but with 50% designated for frontier Planning and Service areas. We favor inclusion of "under-employment" as an eligibility criterion as well as the proposal to change the income requirements to make them uniform with other similar federal programs. **We support inclusion of Community Service as a performance measure against which program success is judged.**

With Reauthorization impending, it is critical to make the right changes for the people this program is intended to serve. The Senior Community Service Employment Program is too great to lose.

The CHAIRMAN. Melinda, I thank you for what you do in Idaho and for your service to this program in that great neighboring State of Oregon.

On an unrelated matter, has Dirk Kempthorne been a good Governor? [Laughter.]

Ms. ADAMS. Senator Smith, we are very sorry to see him come to Washington. Yes, we will miss him.

The CHAIRMAN. Well, he was a great U.S. Senator. Just want your opinion, should I vote to confirm him as Secretary of the Interior?

Ms. ADAMS. I would say yes.

The CHAIRMAN. OK. Well, now onto the matter at hand. Any of you can answer this. How has limiting the eligibility for SCSEP affected your ability to run other Older Americans Act programs? Anyone have a comment on that?

Ms. O'NEIL. I think in one way, we are enrolling far more troubled, far more difficult clients in a much higher percentage of our enrollees. Wherever possible, we are assuming them and providing other Older American Act services to them and to their families. I am really pleased that we are serving them in those ways.

Administratively, the difficulties with the data system, the changes in the reporting structure, the whole problems with the performance measures has been a real burden. So, we are diverting what limited administrative costs, staff, monies we have not only from the program, but from other resources within the agency in order to support that part of the system.

We have spent a lot of time, our information technology staff has spent a lot of time trying to work with the data system. So it is in that regard that the pressure has been most difficult.

The CHAIRMAN. Anybody else have a comment different than that?

Ms. SALTER. Well, we don't run any other programs. But I can tell you some of the things that we have heard and some of the things that we experience at the local level.

One of those is, because of the added pressure to get people into unsubsidized employment which is not bad; but at the cost of less community service, one of the things that we have to do is use their individual employment plans and maybe rotate them out of a position so that they can go somewhere else to get new experiences.

Often, it is other aging programs where the people are going out of, and those programs are hurting when we take the individuals away from them. They let us know that.

Ms. O'NEIL. Senator Smith, might I follow up with that?

The CHAIRMAN. Please do follow up with that. I apologize. I am going to go vote and turn the gavel over to my colleague.

Senator, you can conclude the hearing, if you would like, after your questions. I will likely have some written follow-up questions.

Thank you so very much, all of you. You have contributed measurably to our hearing today.

Ms. O'NEIL. A critical point in terms of the impact on other programs. One of the areas that we have liked to place appropriate enrollees has been working in our system, and we have hired many of them.

Because we are now enrolling a much higher percentage of people who have criminal backgrounds and very difficult backgrounds, we are not able to place—just in terms of the protection necessary, we are not able to place them in situations in which the enrollees would be working with vulnerable adults. We are not able to place them with the sheriff's office because they will not accept people who have criminal backgrounds.

It really has shifted our ability, both in terms of community service, but it has required us to work very hard to find a whole new set of community placements.

Ms. ADAMS. If I might add, the Title V program provides valuable infrastructure support to our aging network in Idaho, to the area agencies on aging, and all the services they provide, especially to frail homebound.

As I indicated earlier, in Idaho, with these new eligibility requirements, the number of community service hours has dropped from 52,000 to 28,000 hours in just 1 year. That has a serious impact on the support this program provides via Title V enrollees doing data entry for the Adult Protective Service Program, seniors delivering meals to frail homebound, seniors working as educational aides in Head Start and in our schools, and seniors working at the Red Cross.

You can see the dramatic effect that these eligibility policies are having on our communities and aging services.

Senator KOHL [presiding]. Ms. Salter, according to the AARP, in 2004, the national sponsors provided over 40 million hours of community service with an estimated value of more than $680 million. That value far exceeds the program's cost of $432 million.

How would Labor's proposal affect the community service opportunities of participants, and why should that be of concern?

Ms. SALTER. I think it affects it in a couple of different ways. One is lowering the requirement for tracking community service hours. Right now, DOL is not even measuring how many community service hours that we provide. They do collect that information, but it is with the emphasis on employment and making the employment goals. It de-emphasizes the community service.

What we do is move those individuals out of those situations where they are providing those services. About half of our host agencies are in the sector supporting the other types of older worker programs. Once we start moving people out, we want to find appropriate people to move back in. Sometimes that leaves large gaps.

I think that the Department of Labor's proposal would significantly de-emphasize the good work that people are doing in community service.

Senator KOHL. Ms. O'Neil, in your written testimony, you say that implementing changes to your program has been costly in terms of both productivity and employee and participant morale. You also noted that you are still struggling to operate smoothly in the face of ongoing changes in the program.

Would you tell us what effect further changes would have on your program?

Ms. O'NEIL. Well, it would exacerbate it. I think that with the changes—when the program is required to make a change, there is

a learning curve. The staff, we must develop new forms. We have to develop new data entry systems. We have to develop new strategies for recruitment for training because the nature of the trainee has changed.

The changes have—it wasn't that they just changed in 2004. It was that they changed in 2004 and then have been modified kind of on an unexpected ongoing basis since then. So, we are constantly kind of rethinking what we are doing.

We need a chance to figure out how to really work with the existing system and settle into it and refine and modify and sharpen recruitment, training, follow-up strategies.

As I mentioned in my testimony, one of the things we are having to do is figure out ways to work with unsubsidized employers to get them to do post hiring reporting. They don't want to do that. You know, they have never been involved in a Government program. They just hired somebody.

We need to figure out how to create those relationships and how to improve to do that. There is a myriad of those kinds of situations. We need to have a chance to settle in and operate a program.

Staff actually get confused about what is the rule today. It was "I know it was something yesterday. It is something today. What is it?" So if we can settle in and operate smoothly, then staff morale is improved, and our effectiveness increases.

But from your perspective, I would think, more importantly, you can see the impact of the system you have designed and that you have legislated. Where it is continually in a flux and we are not quite sure where we are functioning, you know, you can't get good data from us because we are not performing at our most effective.

Senator KOHL. Good answer.

Ms. Adams, you stated that because Labor has restricted who is eligible for SCSEP, your agency is in the position of having to return unspent funds at the same time that you are turning away low-income seniors who need help, but don't fit the restrictive criteria.

Wouldn't Labor's proposal for reauthorization make this problem even worse? How can we make sure that the money we appropriate for this program truly does find its way to the people whom it is designed to help?

Ms. ADAMS. The eligibility criteria must be revised, or we will continue to be unable to serve seniors who, as I said earlier, desperately need this program. At the very least, I know our Idaho Commission on Aging requested that the previous eligibility criteria, those that were in place before the 2000 amendments, be reinstated.

We have to look at exclusion of a portion of Social Security. Underemployment must be restored as an eligibility factor. We are losing so many people, turning them away because of a 4-hour a week job or as my colleague mentioned, because of a baby-sitting job on a Saturday.

Unemployment Benefits is another issue. I think it is very important that we exclude Unemployment Insurance Benefits when we determine eligibility for this program. There are huge disparities between how income is counted for the purpose of the Title V pro-

gram and how it is counted for the purposes of the Workforce Investment Act (WIA) program.

For example, in WIA, 100 percent of Social Security is excluded. In Title V, 100 percent is included. In WIA, 100 percent of UI—unemployment insurance—payments are excluded. In Title V, 100 percent of unemployment insurance payments are included.

WIA excludes SSDI. Title V includes it. In WIA, underemployed individuals are eligible. In Title V, underemployed individuals are not eligible. In WIA, the eligibility threshold—this varies State by State—is 200 percent of poverty. In Title V, it is 125 percent of poverty. WIA includes Workers' Compensation payments. Title V excludes it.

I urge the Department of Labor and Congress and all grantees and States to take a hard look at what eligibility criteria makes sense for the people this program should be serving.

Senator KOHL. Thank you.

Any other comments members of the panel would like to make?

Ms. SALTER. I would like to give one example of a participant that we have up in Arizona in Yavapai County, a very rural part of Arizona.

She has been diagnosed as morbidly obese. She is a diabetic. She uses a walker. She has to carry her oxygen tank around with her. There are no job openings in her town, and there are actually no other host agencies in her town either.

With the implementation of the suggested changes from the Department of Labor, this person would have to be sent home. She would have to be put out of the program because she won't ever become employed. Well, chances are very slight that she would ever become employed.

Because of that and because of her lack of the little bit of income that she gets from the stipend from her training, she would probably have to go into assisted living and couldn't continue living on her own.

So I think that keeping the emphasis on community service as well as unsubsidized employment is very important.

Senator KOHL. That is a good comment.

Ms. O'Neil.

Ms. O'NEIL. I just want to say thank you very much for your interest in this issue. It is an important one.

Senator KOHL. Thank you so much.

It is very important, and your testimony has been very helpful in trying to figure out what works and doesn't work and what needs to be done.

So we thank you all for coming, and this hearing is adjourned.

[Whereupon, at 11:26 a.m., the committee was adjourned.]

○