

**TESTIMONY OF MASON M. BISHOP
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U.S. DEPARTMENT OF LABOR
BEFORE THE
SUBCOMMITTEE ON SELECT EDUCATION
COMMITTEE ON EDUCATION AND THE WORKFORCE
UNITED STATES HOUSE OF REPRESENTATIVES**

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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 the draft 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's American Community Survey, 12 percent of the total population in 2004 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, the Employment and Training Administration (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* brings 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 is May 5.

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 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 and enhancing our management of the program. 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 next step in the evolution of SCSEP performance reporting is the Internet-based SCSEP Performance and Results Quarterly Performance Report system (SPARQ), to be launched in May. This system will allow grantees to maintain their records via the Internet, reduce grantees' reporting burden and enhance 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 innovation in service delivery and program administration among the other national grantees. Grants funded by the current Solicitation for Grant Applications (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 program performance.

The SGA is designed to improve program efficiency by encouraging a regional service delivery architecture in order to reduce fragmentation of service delivery areas.

For instance, rather than having multiple grantees per county, which creates confusion for participants as well as unnecessary administrative burdens and expenses, a grantee must serve an entire county except in very large urban counties. In addition, we have provided enough time for an orderly transition, and we remain confident that this competition will promote better services to participants and foster additional program improvements.

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

Legislative Proposal for SCSEP Reauthorization

The draft bill on which we have been asked to comment incorporates a number of the key features of the Administration's legislative proposal. The draft bill is an important step in improving the SCSEP program for the needs of the 21st century labor market. We look forward to working with the Committee on this important piece of legislation.

The Department's key reform principles are largely reflected in the draft bill by 1) increasing the minimum age for eligibility, 2) enhancing the focus on employment outcomes and training for participants, 3) strengthening the capacity of the One-Stop Career Center system to serve older workers, 4) strengthening performance accountability, and 5) streamlining the program structure.

Increasing the Minimum Age for Eligibility

The draft bill, like the Administration's proposal, increases the minimum eligibility age from 55 to 65, while allowing for exceptions for individuals aged 55-64 with certain barriers to employment. Currently, 56% of SCSEP participants are aged 55-64. 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 support the exceptions to allow SCSEP programs to assist those individuals aged 55-64 who have barriers to employment.

In order to enhance the capacity of the One-Stop Career Centers to effectively serve individuals age 55-64, the draft bill, consistent with our proposal, sets aside 1.5 percent of funds for national activities to provide policy guidance, fund demonstrations and pilots, and disseminate best practices on serving older workers.

The Department also proposes to clarify the income eligibility standard for SCSEP, and calls for specifying what participant income should be considered when the income eligibility test is applied. Standardizing the income eligibility for SCSEP assures that the program is administered in a consistent and equitable manner.

Focusing on Employment Outcomes

The draft bill also reflects the Department's legislative principle of enhancing the employment focus of the program. Included in the draft bill is a provision to limit to two years, with a limited exception, the time for participants to obtain unsubsidized employment. The time limit encourages grantees to prepare their participants for work, invest in skills development, and work closely with local employers to provide meaningful work opportunities.

In order to reinforce the short-term training aspects of the program, the draft bill, consistent with the Administration's proposal, eliminates most of the participant fringe benefits that are allowable expenditures under current law. The exceptions to this prohibition include benefits that are required by law (such as workers' compensation), the costs of physical examinations, and necessary sick leave that is not part of an

accumulated sick leave program. Funds under the proposed legislation cannot be used for the cost of pension benefits, annual leave, accumulated sick leave or bonuses. It should be noted that many grantees have already eliminated fringe benefits, such as annual leave and cash outs of leave benefits. With that said, this provision brings SCSEP in line with other short-term training and employment programs administered by the Department, allowing for a more effective and cost-efficient administration of the program.

The bill also incorporates the Department's proposal to allow a greater proportion of grant funds to be used for training and supportive services. Specifically, the current law requirement that "no less than" 75 percent of grant funds be expended on wages is lowered to 65 percent, providing grantees with greater flexibility to use those funds to provide training to enhance workers skills and provide related services.

Strengthen Performance Accountability

The draft bill also incorporates the Department's proposal to include the use of common performance measures, which holds all grantees accountable for entered employment, retention in employment, and earnings. Grantees would also track additional outcomes, such as the provision of community services that are unique to SCSEP. The common measures are currently being implemented under administrative authority. This change ensures that the statutory requirements reflect current administrative practice.

Streamline Program Structure

One feature of the Administration's proposal not included in the draft bill is to streamline program structure by allocating funds exclusively to states according to a

statutory formula. Under our proposal, 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, reduce overhead costs, and create a more cohesive program. It also is consistent with the management recommendations included in the Program Assessment Rating Tool (PART) review of the SCSEP program. Eligible entities for state grants would include non-profit entities, for-profit entities, agencies of state government, or a consortia of agencies and/or organizations, including political subdivisions.

The Department envisions that 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.

Closing

Mr. Chairman and Members of this Committee, we believe the draft bill makes significant improvements to the SCSEP program. It better targets eligibility to those most in need, enhances the employment focus of the program, strengthens the performance accountability system, and better coordinates the program with the workforce investment system. We look forward to working with you and the Senate on reauthorizing Title V of the Older Americans Act. Working together, we are hopeful that this important legislation can be enacted this year.

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.