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U.S. DEPARTMENT OF LABOR
BEFORE THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE**

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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 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 Limited opportunities for flexible work schedules, outdated technology skills, pension plan disincentives, and a reluctance by some employers to hire older workers all limit the full potential of this productive,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.