

**Witness:**

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**Testimony**

Mr. Chairman and Members of the Subcommittee:

I am pleased to have the opportunity to testify before you today with my distinguished colleague, Josefina Carbonell, Assistant Secretary for the Administration on Aging, to discuss the reauthorization of the Older Americans Act (OAA). For over 35 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 what we believe to be the important principles to consider in 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**

As you know, the U.S. economy is entering a period of dramatic demographic change as our population ages. According to the Department of Labor's Bureau of Labor Statistics, by 2030, as the baby boom generation ages, 24.2 percent of the civilian noninstitutional population, or about 66.2 million Americans, will be 65 or older, compared to just 15.6 percent 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 more slowly.

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**

Yet, older workers face significant challenges to full participation in our workforce. Employment barriers include difficulties keeping pace with changing skill requirements and technology, the lack of opportunities for skills training and professional development, misperceptions among some employers about the abilities of older workers, the lack of flexible work schedules, and certain financial disincentives to working that may encourage early retirement. Many older workers want to remain in the workforce and many need to continue working for financial reasons.

There is a resource available to help: currently, our nation's taxpayers invest about \$15 billion in the workforce investment system. The workforce investment system, which includes SCSEP, has an important role to play in helping some older workers to obtain the necessary skills and access to opportunities that will enable them to continue working.

**Response by the Department of Labor to an Aging Population**

Our workforce investment system has an important role to play as well for employers who need a skilled workforce in order to grow and be competitive. If we are to meet the rapidly-changing skills demands of business and address potential labor shortages, we

will need to help employers seek out untapped labor pools, like older workers. Some employers already recognize the value that older workers bring to the workplace: they know that older workers are a human capital asset; bring responsibility, loyalty, dedication, experience and skills to the workplace; and serve as effective mentors to younger employees.

Still, more needs to be done to provide job training opportunities for mature workers and better connections to older workers for employers looking to hire.

At the Department of Labor we are taking steps to enhance the effectiveness of the workforce investment system to serve older workers, and we are pursuing new strategies and special initiatives to link mature workers to employers.

#### Older Worker Projects and Initiatives

##### Older Worker Task Force

In November 2004, the Employment and Training Administration convened an interagency taskforce comprised of representatives from the Office of the Assistant Secretary for Policy, the Bureau of Labor Statistics, the Employee Benefits Security Administration, and the Bureau of International Labor Affairs to focus on the older worker population. Its charge is to develop a comprehensive policy and investment strategy designed to address the key issues related to the participation of older workers in the labor market.

Three objectives have been identified for the taskforce:

1. Identifying and filling knowledge gaps that currently exist regarding older workers' employment opportunities.
2. Strengthening the capacity of the workforce investment system to provide comprehensive, integrated employment and training services to older workers.
3. Identifying and addressing the barriers to employment faced by older workers in order to improve employment outcomes for this population.

The taskforce's recommendations are under review, and I look forward to working with our public and private partners to move the recommendations from ideas into reality.

##### Protocol for Serving Older Workers

In January 2005, the Department of Labor released a written "Protocol for Serving Older Workers" to the over 1,900 comprehensive One-Stop Career Centers of the workforce investment system. The goal of this protocol is to enhance the services provided to older workers, and to promote the One-Stop Career Center system's adoption of innovative strategies for tapping into this labor pool.

We know the workforce investment system must do a better job serving a larger number of older workers and we must forge new partnerships with business and industry and organizations representing the interests of mature workers to ensure successful placement of older workers in jobs.

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 2005 appropriation for SCSEP is \$436,678,400. This funding will

support over 61,050 SCSEP positions, and will result in approximately 91,500 people participating during Program Year 2005 (July 1, 2005-June 30, 2006).

There are currently 69 SCSEP grantees, including 13 national grantees (12 national non-profit organizations and one Federal public agency), and 56 units of state and territorial governments. The 13 national grantees are:

- the AARP Foundation;
- Asociacion Nacional Pro Personas Mayores (ANPPM);
- Easter Seals, Inc.;
- Experience Works, Inc.;
- Mature Services, Inc.;
- National Able Network;
- National Asian Pacific Center on Aging (NAPCA);
- National Caucus and Center on Black Aged, Inc. (NCBA);
- National Council on the Aging, Inc. (NCOA);
- National Indian Council on Aging (NICOA);
- Senior Service America, Inc.;
- SER-Jobs for Progress National, Inc.; and
- The United States Forest Service.

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 rate of pay for persons employed in similar public occupations by the same employer.

The typical SCSEP participant is a woman with a high school education in her mid-sixties. At the end of Program Year 2003 (June 30, 2004), 73 percent of the participants were women, 44.3 percent were minority, 81.5 percent were age 60 or older, 8.7 percent were age 75 or older, and 70.8 percent had a high school education or less. SCSEP can make a difference for these individuals. A recent article on the SCSEP Web site featured the successful placement of an Ohio woman laid off from her 5-year secretarial job at a local hospital. She came to SCSEP for help, was found to be SCSEP-eligible and placed in a community service assignment in the grantee's resource room. In that capacity, she helped to provide services to other older workers as she pursued her own job search. Initially reluctant, she agreed to participate in the grantee's WIA-funded Job Club, refreshing her interviewing and job-seeking skills, and benefiting from shared information on job openings. As a result of a Job Club lead and these services, she is now employed at a mass transit company as the Administrative Assistant to the Executive Director--a challenging and interesting position. The SCSEP gave this participant an opportunity to earn money and engage in meaningful work while she gained the self-confidence to engage in a successful job search.

#### SCSEP Reforms

In 2000, the Congress enacted Amendments to the OAA, including the SCSEP program. The Department of Labor subsequently issued implementing regulations. As a result, there are a number of changes that have been made to SCSEP since 1999 when the last

reauthorization hearings were held.

The program has evolved from being focused largely on community services to a program that increasingly emphasizes the achievement of economic self-sufficiency through unsubsidized employment. While the statutory goal for private-sector placement is a minimum of 20 percent, our grantees place approximately 35 percent of participants in unsubsidized employment each year. Our goal is to increase this percentage. In fact, some of our best-performing grantees place from 50-75 percent of their participants each year. A community service assignment is the first stop in the SCSEP program, not the last station.

Currently, we estimate that SCSEP serves less than ½ percent of the eligible population—and, as we are all aware, the baby boomer aging cohort continues to grow. Therefore, achieving unsubsidized placements for employment-ready participants enables grantees to serve more eligible applicants. The new regulations tighten income eligibility guidelines to ensure that the statutory mandate to serve our neediest seniors is met. Further, the Amendments and the implementing Final Rule also require that grantees apply certain priorities and preferences in recruiting and selecting eligible individuals for SCSEP to serve those individuals with multiple barriers to employment.

In 2002-2003, the Department conducted the first open national competition for the national SCSEP grants. The Department made this decision to ensure that the best providers were selected, as well as to infuse the program with new and innovative ideas to improve its efficiency so more seniors could be served. Over 60 organizations applied and 13 organizations were awarded national grants—9 incumbents and 4 new grantees. The Department ensured a smooth transition through a variety of mechanisms, including: (1) permitting voluntary slot swaps; (2) providing additional resources to avoid potential layoffs of program participants due to over-enrollment; (3) convening a PY 2003 Orientation and Training Conference for all national grantees; (4) establishing an internal Transition Management Group; (5) instituting weekly conference calls between the Department and the national grantees; and (6) using the Department's Toll-Free Help Line to respond to questions about the transition.

The coordination roles and responsibilities between SCSEP grantees as One-Stop partner programs and the One-Stop Career Center system have now been clarified and strengthened. The Department has been committed to helping this system forge relationships that leverage resources to serve more older individuals.

Beginning July 1, 2005, SCSEP grantees will be held accountable for achieving specific performance measures relating to placements in unsubsidized employment, retention, earnings increase, and customer satisfaction. This means that the Department will have specific outcome data to show the Congress about the value-added we provide to older individuals.

Administrative procedures have also been strengthened. Grantees must now meet fiscal accountability provisions such as assuring there is no fraud and abuse in the grantee organization or failure to repay debts, similar to those required under the Workforce Investment Act.

The State Plan is now known as the State Senior Employment Services Coordination Plan, reflecting the new emphasis on collaboration and partnership. In order to improve the ability of States to coordinate services, grantees must arrange for the participation of a broad array of stakeholders in the development of an annual plan to ensure an equitable

distribution of projects within the State.

Section 502(e) of the 2000 Amendments is now a separate employer-based subsidized training program. These projects utilize innovative strategies and new work modes, such as flex-time, flex-place, and job sharing, to provide SCSEP participants with second career training and to prepare them for placements with private sector employers in high-growth industries. This program was designed to enhance the employer connections of the SCSEP grantees and increase placements of participants in jobs.

To support these legislative and regulatory changes, the Department has undertaken a number of initiatives. We are working with the business community—especially in high-growth sectors such as health care, retail, information technology and hospitality—to promote the benefits of hiring older workers. We are also providing technical assistance to our grantees to help them recruit participants who meet the new eligibility criteria. Finally, we have developed outreach materials to inform both employers and potential participants about opportunities to hire SCSEP participants, and will be mounting a high-profile celebration of the 40th anniversary of the program during Older Workers Week, September 18-24.

#### Principles for SCSEP Reauthorization

In view of the increasing importance of older workers in our economy, it is fortuitous that the reauthorization of both the Older Americans Act and the Workforce Investment Act are before the Congress this year. As you know, SCSEP is closely linked to the Workforce Investment System. It is a required partner in the WIA One-Stop delivery system. Additional provisions in both WIA and Title V link the two programs together. After considering our experience administering the program and input we have received from our grantees through “SCSEP Reauthorization Town Hall Forums” that we held earlier this month, we propose five principles for Title V reauthorization, which view SCSEP within the larger framework of the Workforce Investment System.

First, we need to help meet employers’ demands for skilled workers by attracting additional older workers into the labor force, encouraging others to remain in the workforce, and by offering opportunities for older workers to update their skills. SCSEP and WIA are each avenues to do this, and we will be recommending specific improvements to both programs to do it more effectively.

Second, we must make the One-Stop Career Center system more responsive to the specialized needs of older individuals seeking to work or upgrade their skills. Specifically, we need to better integrate services for older workers into the One-Stop Career Center system, in order to provide truly universal service and assist more older workers, regardless of income, to gain skills in demand. One-Stop Career Centers should be a primary destination for older workers seeking to work or upgrade their skills. An ideal One-Stop Career Center would have a resource room with a wide variety of worker information and might offer older workers information on job search and placement assistance, training and supportive services, starting a business, and volunteering, as well as retirement planning. It also would help older workers find opportunities for job sharing, part-time employment, and other work modes for older workers who want to or need to continue working, perhaps in second careers, but possibly not full-time, or who simply seek to ease into retirement.

SCSEP serves the low-income segment of the older worker population, and SCSEP grantees, often the experts on serving older workers in the One-Stop Career Centers, must

be integrally involved in this effort to integrate services for all older workers into the One-Stop Career Center system. They cannot do it alone, however. The larger WIA system must do a better job of serving older workers in general and it must serve more of them in order to meet employers' demand for skilled workers. The Protocol for Serving Older Workers was a step in this direction.

Third, we need to tailor SCSEP services to meet the needs of individual older workers by providing a range of training experiences, including on-the-job and classroom training or re-training, depending on the individual's background and experience. This range of training options will allow us to better address individual needs and prepare low-income older workers at varying skills levels for private sector employment.

Fourth, we must target SCSEP resources to effectively serve those older workers in need of work experience, including low-income older workers who lack basic skills or are unable to obtain private sector employment immediately. As I noted earlier, SCSEP currently serves only a small percentage of the eligible population. This principle therefore fits hand-in-glove with our second principle: as we target resources to meet the needs of the low-income senior population, we must ensure that other older workers can access appropriate and effective services through WIA.

Finally, we need to streamline the SCSEP program to make it easier to administer, in order to improve program performance, serve more participants, and get return on investment for the federal taxpayers' dollar. Some of the features and provisions of SCSEP have been in place for many decades and no longer make sense in view of the changing economy, increased longevity, and the current geographic distribution of the target population. We will have specific proposals to address these issues, as well as to improve program accountability and administration.

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

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