

**WORKFORCE INVESTMENT AND
REHABILITATION ACTS:
IMPROVING SERVICE AND EMPOWERING
INDIVIDUALS**

HEARING

BEFORE THE
SUBCOMMITTEE ON 21ST CENTURY
COMPETITIVENESS

OF THE
COMMITTEE ON EDUCATION AND
THE WORKFORCE

HOUSE OF REPRESENTATIVES
ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, DC, MARCH 11, 2003

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**WORKFORCE INVESTMENT AND REHABILITATION ACTS:
IMPROVING SERVICE AND EMPOWERING INDIVIDUALS**

Tuesday, March 11, 2003

Subcommittee on 21st Century Competitiveness

Committee on Education and the Workforce

U. S. House of Representatives

Washington, D.C.

The Subcommittee met, pursuant to call, at 2:00 p.m., in Room 2175, Rayburn House Office Building, Hon. Howard P. "Buck" McKeon, Chairman of the Subcommittee, presiding.

Present: Representatives McKeon, Boehner, Johnson, Ehlers, Gingrey, Burns, Kildee, Tierney, Wu, McCarthy, Van Hollen, Ryan, Payne and Hinojosa.

Staff Present: Stephanie Milburn, Professional Staff Member; Stacey Dion, Professional Staff Member; Travis McCoy, Legislative Assistant; Krisann Pearce, Deputy Director of Education and Human Resources Policy; Maria Miller, Coalitions Director for Education Policy; David Cleary, Professional Staff Member; Amanda Farris, Professional Staff Member; Jo-Marie St. Martin, General Counsel; Kevin Frank, Professional Staff Member; Deborah L. Samantar, Committee Clerk/Intern Coordinator.

Mark Zuckerman, Minority General Counsel; Michele Varnhagen, Minority Labor Counsel/Coordinator; Denise Forte, Minority Legislative Associate, Education; Alex Nock, Minority Legislative Associate, Education; Joe Novotny, Minority Clerk/Staff Assistant, Education; Dan Rawlins, Minority Staff Assistant, Labor.

Chairman McKeon. A quorum being present, the Subcommittee on 21st Century Competitiveness will come to order. We are meeting today to hear testimony on the Workforce Investment and Rehabilitation Acts: Improving Services and Empowering Individuals.

If other Members have statements, they may be included in the record, but we will hear Opening Statements from the Ranking Member and myself today. With that, I ask unanimous consent for the hearing record to remain open 14 days to allow Members' statements and other extraneous material referenced during the hearing to be submitted in the official hearing record. Without objection, so ordered.

Good afternoon. Good to see you all here. Nice warm place out of the snow. I was in sunny California yesterday. It was 90 degrees. I was sure glad to get out of that heat.

***OPENING STATEMENT OF CHAIRMAN BUCK MCKEON,
SUBCOMMITTEE ON 21ST CENTURY COMPETITIVENESS, COMMITTEE
ON EDUCATION AND THE WORKFORCE***

Thank you for joining this important hearing today to hear testimony on recommendations for reauthorization of the Workforce Investment Act of 1998 and the Rehabilitation Act. This will be our fourth hearing on the Workforce Investment Act within the last 2 years and first hearing focusing on the Rehabilitation Act.

In 1998, under this Committee's leadership, Congress passed the Workforce Investment Act to reform the nation's job training system that formerly was fragmented, contained overlapping programs, and did not serve either job seekers or employers well. WIA consolidated and integrated employment and training services at the local level in a more unified workforce development system. The act created three funding streams to provide for adult employment and training services, dislocated workers employment and training services, and youth development services. The local, business-led workforce investment boards direct these services.

One of the hallmarks of the new system is that in order to encourage the development of comprehensive systems that improve services to both employers and job seekers, local services are provided through a One-Stop delivery system. At the One-Stop centers, assistance ranges from core services such as job search and placement assistance, to access to job listings and an initial assessment of skills and needs, intensive services, such as comprehensive assessment and case management, and if needed, occupational skills training.

In addition, to further promote a seamless system of services for job seekers and employers, numerous other federal programs also must make their services available through the One-Stop system. Vocational rehabilitation is one of the mandatory partners in the workforce development system.

The WIA system contains the federal government's primary programs for investment in our nation's workforce preparation. Even though the system is still maturing since its full

implementation in July of 2000, States and local areas have created comprehensive services and effective One-Stop delivery systems. The system is serving the needs of unemployed workers seeking new jobs in this time of economic recovery. In addition, the training services provided through WIA are invaluable in helping employers find the workers they need in areas of the country facing skill shortages.

Nonetheless there have been challenges with the system. For example, we have heard of the need to increase the financial contribution of the mandatory partners in the One-Stop career centers, while at the same time increasing the service integration among the partner programs. This includes serving through the One-Stop system special populations that have unique needs. We have heard recommendations to simplify the local and State governance processes and to strengthen the private sector's role. In addition, we have heard about the need to increase training opportunities and improve performance and accountability. We look forward to hearing our witnesses' comments on these issues as we seek to enhance the system so that it will continue to meet the training and employment needs of the information-based, highly skilled 21st century workforce.

We also are considering the Rehabilitation Act, which authorizes the nation's major program providing comprehensive vocational rehabilitation services to help persons with disabilities become employable and achieve full integration into society. The 1998 reauthorization simplified certain aspects of vocational rehabilitation to expand consumer choice of services and providers, coordinate the vocational rehabilitation system with the One-Stop delivery system, and to increase consumers' involvement in the planning process and development of employment goals.

The vocational rehabilitation system largely has succeeded in achieving its purpose of providing more control to the individuals it serves; however, we do look forward to examining the degree to which the system is integrating with workforce development and how well the One-Stop system is serving individuals with disabilities.

Today we have the opportunity to hear reauthorization recommendations from the Administration and several important stakeholder groups. First we will hear from Assistant Secretary Emily DeRocco from the Department of Labor and Assistant Secretary Robert Pasternack from the Department of Education regarding the Administration's proposals for reauthorization of these two vital programs. Then we will hear from leaders in the fields of business, workforce development, and vocational rehabilitation to learn their thoughts and recommendations for these Acts. The Subcommittee welcomes your insights as we move toward reauthorization.

I look forward to working with the Members of this Committee, the Administration and all stakeholders as we work to craft legislation that will build upon and improve the systems we created in 1998 and continue to empower individuals in improving their careers.

WRITTEN OPENING STATEMENT OF CHAIRMAN BUCK MCKEON, SUBCOMMITTEE
ON 21ST CENTURY COMPETITIVENESS, COMMITTEE ON EDUCATION AND THE
WORKFORCE – SEE APPENDIX A

Mr. McKeon. I now yield to my good friend Congressman Kildee, Ranking Member of the Subcommittee, for any opening statement that he may have.

**OPENING STATEMENT OF RANKING MEMBER DALE KILDEE,
SUBCOMMITTEE ON 21ST CENTURY COMPETITIVENESS, COMMITTEE
ON EDUCATION AND THE WORKFORCE**

Thank you, Mr. Chairman. I am pleased to welcome Assistant Secretaries Pasternack and DeRocco and our other witnesses today. I am looking forward to hearing their testimony.

Our nation's system of job training and vocational rehabilitation is a key component of ensuring our nation's workers, the disabled and non-disabled alike, have the skills they need to secure long-lasting, high-paying employment. I have toured a One-Stop center in my hometown of Flint, Michigan recently, and I have seen the positive impact that an accessible One-Stop center can have. While WIA and its One-Stop center system are relatively young, they have begun to show their success.

Vocational rehabilitation is also an enormously critical and important program both for our nation as a whole and for adults with disabilities. Our nation benefits from vocational rehabilitation programs when adults with disabilities are able to return to work and contribute to our economy. Our entire country benefits from maximizing the potential of all our citizens.

Unfortunately today's economic situation is grave. We have 8.3 million individuals who are out of work. We have some of the highest unemployment rates in a decade. My own city of Flint, Michigan, and the area around there is certainly suffering. We have growing budget deficits projected to top \$300 billion this fiscal year, and our economy continues its downturn. Workers and their families are struggling to secure high-paying, long-lasting employment. These are serious, serious issues facing our Nation.

In light of these economic conditions, I have grave concerns about the Administration's WIA reauthorization proposal. Rather than constructively addressing the challenges facing the WIA system, I fear this proposal would significantly hamper the progress being made by many of our One-Stop centers.

First, the Administration's proposal to block grant adult dislocated workers and employment service funding streams is shortsighted and likely to lead to reduced funding for job training. I have been in Congress for 27 years, and over time I have seen block granting, and I have seen diminution of spending. A program tends to lose its identity, and it loses its advocacy and then loses its spending. I have seen this time and time again. So whenever I see block grant, I have to go back to my own experience on that. I would think the biggest diminution took place in 1981 when David Stockman was OMB Director and we went into block grants. So I have a concern about that.

Second, the Administration's proposals to eliminate services for in-school youth and eliminate youth councils will result in less focus on these issues. Our youngest workers are the hardest to employ.

Third, WIA should not require mandatory partners to contribute a set percentage of their funds for One-Stop center operations while also eliminating their seat on local workforce boards. I am particularly disappointed that the Administration would seek to carve out funding of mandatory partners such as vocational rehabilitation and adult education. Funding increases for these programs have been paltry and even nonexistent over the years. Instead we should be seeking to provide operational funding for the One-Stops through a separate line item.

Lastly, we must make it easier for community colleges and other providers to participate in the One-Stop system. Community colleges in general have cited burdensome reporting requirements. We must alleviate these barriers while ensuring that we maintain accountability for the use of WIA funds.

I am hopeful that the Administration's reauthorization ideas for the Rehabilitation Act are more positive than its proposal for WIA. The top priority for reauthorization should be a dedicated funding stream to help State agencies work with school districts to make the transition for children with disabilities more effective. Too often children with disabilities are left without any services once they leave our K-12 schools. That is a deficiency we have to address. This reauthorization must provide resources to address this issue.

As we contemplate changes to these programs, it is critical for us to consider how those who receive services will be affected. Under WIA we cannot lose sight of the need to serve unemployed workers. However, we must also focus on how we can improve access and services to low-income individuals, minorities and women. These populations are critical as we ensure that everyone has the opportunity to benefit from job training.

Under vocational rehabilitation we cannot forget that 37 State agencies presently do not have the resources to serve all individuals with disabilities and are operating under an order of selection. I believe that is intolerable. The needs of individuals served by these programs should be our paramount concern.

I would be remiss also if I did not express disappointment at this hearing being our only opportunity to discuss issues about the reauthorization of these programs. We have been informed that the Committee intends to complete its work on these programs prior to the Easter break. This does not leave sufficient time to examine the Administration's proposals. It also effectively bars us from consideration of comments and suggestions that Chairman McKeon and I requested on a bipartisan basis earlier this year.

Mr. Chairman, I think the individuals who are served by these programs would be best served if we took sufficient time to hold additional hearings on these programs and allow for a more thoughtful reauthorization process. This would allow us the time to carefully consider the impact of many changes being sought for these programs. Mr. Chairman I wish we had more time. You and I have always worked well together. We utilize time well together. And if we can have

more time, I think we could do a better job. But thank you very much, Mr. Chairman.

Chairman McKeon. Thank you, Mr. Kildee.

We have two panels of witnesses today. I will begin by introducing the first panel. The first witness is

Assistant Secretary Emily DeRocco. Before becoming the Assistant Secretary for the Employment and Training Administration at the Department of Labor, Ms. DeRocco was a Cabinet officer for both the Department of the Interior and the Department of Energy during the Reagan Administration. That is pretty good experience. She also served 10 years as the Executive Director for the National Association of State Workforce Agencies, and comes very well qualified to her position, as does Assistant Secretary Robert Pasternack, our second witness.

Before serving as Assistant Secretary for Special Education and Rehabilitative Services, Dr. Pasternack was the State director for the New Mexico State Department of Education. Dr. Pasternack also served as chair of the New Mexico Developmental Disabilities Plan and Council and as CEO of New Mexico's first licensed comprehensive children's community mental health center.

Before the first panel begins their testimony, I would like to remind the Members that we will ask questions after the panel has testified. In addition, Committee rule 2 imposes a 5-minute limit on all questions.

Assistant Secretary DeRocco, you may begin, please.

STATEMENT OF EMILY STOVER DeROCCO, ASSISTANT SECRETARY OF LABOR, EMPLOYMENT AND TRAINING ADMINISTRATION, U.S. DEPARTMENT OF LABOR, WASHINGTON, D.C.

Thank you, Chairman McKeon and Members of the Subcommittee. Thank you for the opportunity to come before you today to testify on the Administration's Workforce Investment Act reauthorization proposal. Our proposal is designed to strengthen the workforce investment system and its One-Stop career centers that States and local communities have developed to serve the workforce needs of businesses and individuals.

As you know, 5 years ago under the strong leadership of this Subcommittee, Congress passed the Workforce Investment Act. WIA was groundbreaking law that has dramatically improved the delivery of employment and training services nationwide, and it expires on September 30th, 2003.

Over the past year the Department of Labor has widely consulted with stakeholders on how the workforce investment system could be further strengthened. Our challenge is to make WIA more effective and responsive to the needs of local labor markets and to build on the innovations that have been developed. We propose to do this in six ways.

First, we want to create a more effective governance structure. Too often the State and local boards are too large and unwieldy, and they have been mired in administrative detail rather than focused on strategic policy matters. The Administration proposes to strengthen the role of State and local boards by changing the membership and refining their focus. State boards should continue to be chaired by business, and a minimum set of membership requirements should consist of the State agency One-Stop partners, business and worker representatives, and State legislators. The State Board sets statewide policies and priorities for the delivery of workforce services through the One-Stop delivery system.

Local boards would be streamlined by eliminating the partner programs to provide an increased voice at the local level for employers, community groups and worker advocates, making the boards more responsive and strategic. And the requirement for a local youth council would become an optional feature.

Second, the operational cost of the One-Stop system would be financed through dedicated One-Stop infrastructure funding. Each partner program would contribute to the One-Stop infrastructure funding at either the federal level or in a State set-aside. This would create a greater sense of partner ownership of the system and would alleviate a great deal of the current local negotiation around operations. In addition, we believe this partner buy-in will better connect the One-Stop delivery system with other programs, such as adult education and TANF.

Third, we do propose to combine the WIA Adult, Dislocated Worker and Wagner-Peyser funding streams into a single formula program. This change would greatly aid program integration, help the system be more responsive to local labor market conditions, and result in streamlined program Administration at both the State and local level by reducing the current complexities of managing across three separate funding streams.

We also propose to permit more flexibility in the delivery of services to adults. Under current law some have misinterpreted the sequence of service requirements, and they believe that it means spending a certain amount of time in each level of service before moving on to the next. Under our proposal individuals would receive the services that are most appropriate for their unique needs.

Additionally, we do propose to eliminate the burdens of eligible training provider requirements to incentivize more education and training providers to participate fully in the workforce investment system.

Fourth, we propose to create a targeted approach to serving youth. The Administration recommends focusing WIA resources on out-of-school youth through a targeted State formula program and challenge grants to cities and rural areas.

Fifth, we propose to strength the performance accountability system and address many of the concerns we have heard from our State and local partners about the performance accountability provisions of WIA. We want to focus on four performance measures for youth and four for adults. And as part of the coming performance measurement systems, these indicators would cut across all

Federal job training programs and would have a common set of definitions and data sets.

Finally, we propose to provide States with the flexibility to design and implement the most effective workforce system and program for their citizens. The Administration recommends that statutory limitations for increased waiver authority be removed, and that the current Work-Flex in WIA be simplified to allow Governors to apply for block grant authority. Under such authority, if granted, Governors would have discretion as to how to administer WIA Title I formula programs for adults and youth.

In closing, we need to ensure our workforce investment system provides business and workers with the opportunities and tools they need to be successful. I believe that the Administration's proposal for reforming the Workforce Investment Act will continue to steer our Nation's workforce system in this direction. Secretary Chao and I look forward to working with this Subcommittee and with all Members as we move ahead. This concludes my prepared remarks, and I look forward to answering your questions.

WRITTEN STATEMENT OF EMILY STOVER DeROCCO, ASSISTANT SECRETARY OF LABOR, EMPLOYMENT AND TRAINING ADMINISTRATION, U.S. DEPARTMENT OF LABOR, WASHINGTON, D.C. – SEE APPENDIX B

Chairman McKeon. Thank you very much.

Dr. Pasternack.

STATEMENT OF ROBERT H. PASTERNAK, ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES, U.S. DEPARTMENT OF EDUCATION, WASHINGTON, D.C.

Mr. Chairman, Members of the Subcommittee, thank you for the opportunity to appear before you today on behalf of the Department of Education and with my colleague Emily DeRocco, the Assistant Secretary of Labor for Employment and Training. She and I have been working together to ensure that the workforce investment system provides accessible, effective and appropriate job training and employment services to all individuals, including those with disabilities.

The New Freedom Initiative is one of the very first policy statements released by the President in his Administration. The major goal of the New Freedom Initiative, as you know, sir, is increasing the ability of Americans with disabilities to integrate into the workforce. Although many people with disabilities are obtaining jobs and remaining employed, the unemployment rate for people with disabilities is still unacceptably high. The reauthorization of the Workforce Investment Act provides us an opportunity to strengthen and improve programs that will play an important role in improving employment and community integration outcomes for individuals with

disabilities, to help fulfill the President's vision articulated in the New Freedom Initiative. Employment is vital to the full participation and so many other aspects of American life for individuals with disabilities.

The Vocational Rehabilitation State Grants Program administered by the Department of Education is the primary Federal vehicle for assisting individuals with disabilities, particularly those with the most significant disabilities, to prepare for, obtain or retain employment consistent with their capabilities, interests and informed choice. In 2004, this \$2.7 billion program will provide a wide range of services to assist over 240,000 individuals with disabilities obtain meaningful, competitive, integrated employment.

The Voc Rehab State Grants Program is currently a mandatory partner in the local One-Stop service delivery system established under WIA. WIA's One-Stop system connects employment, education and training services into a coherent network of resources designed to help individuals obtain jobs and assist employers to find qualified workers. Many of the individuals who are unemployed and seeking assistance at the One-Stops are people with disabilities. The New Freedom Initiative notes the unemployment rate of the 54 million adults with disabilities continues to be at 70 percent, and unfortunately this rate has not changed in the last decade.

As partners in the One-Stop centers, State voc rehab programs have contributed significantly to the enhancement of the One-Stop system and the expansion of its capabilities in meeting the needs of people with disabilities. State VR agencies provide expertise relating to needs of people with disabilities in many of the local workforce areas. Participation of the voc rehab agencies has also been instrumental in creating an awareness of the consumer population among the partners.

In addition to providing assistance and evaluating and monitoring the accessibility of One-Stop centers, local voc rehab programs through their mandatory partnerships continue to be instrumental in training other partner programs and their staff concerning the specialized assistance many people with disabilities need to become employable and maintain employment. Although One-Stop centers have made progress in modifying their programs and facilities, barriers still remain, and the level of physical and programmatic accessibility varies widely among centers across the country. Barriers to technology, such as the availability of appropriate computerized information systems, present an even larger challenge in some centers. We are committed to working with our partners to ensure that individuals with disabilities can participate fully in the One-Stop system, allowing these individuals to obtain competitive, meaningful, integrated employment.

The One-Stop system facilitates access to the services provided by the VR program. There are some individuals with disabilities who with the accommodations or modifications can take advantage of the services One-Stops offer as intended in WIA. However, there are many individuals with disabilities, particularly those with the most significant disabilities, whose complex needs require the expertise and specialized services of the State vocational rehabilitation program. Most of the people served through the voc rehab program, about 87 percent of the people served in 2002, are individuals with the most significant disabilities. The largest category of consumers of voc rehab is persons with mental or cognitive disabilities. Due to their complex

needs, they require specialized services such as various therapeutic services, adaptive technology, transportation devices, sign language interpretation such as you see occurring in this very hearing room, communication aids, personal assistance services, mobility training, and a variety of accommodations which occur at the workplace and also in the home. The State voc rehab program has an 80-year history of providing a wide range of rehabilitation training, employment placement and other more specialized services to our country's individuals with disabilities, and it has a proud history.

Voc rehab agency staff members and their community-based providers receive specialized training and have tremendous collective expertise in assessing the comprehensive rehabilitation needs of individuals with disabilities and providing individualized programs of vocational rehabilitation to address those needs. Given these specialized services, the cost of serving some of these individuals is typically higher than the cost of serving individuals with less significant disabilities. Because of the cost of resource limitations, nearly one-half of all State voc rehab agencies are operating under an order of selection, as Congressman Kildee indicated in his opening remarks.

Our partnership in WIA allows greater access to the traditional employment and training resources of One-Stop centers for individuals with less significant disabilities who might otherwise be forced to wait for services or not receive any employment services at all. The voc rehab program has also benefited from closer coordination and collaboration among related workforce programs and services and from increased exposure to an array of additional service providers and resources, such as the individualized training accounts under the current WIA.

The Department of Labor will be proposing changes to WIA that will strengthen the role of the State Workforce Investment Board in the management and coordination of services within each State. Despite its significant size and unique needs of its consumers, many State VR programs have had only indirect representation on State Workforce Investment Boards as part of a larger umbrella agency. We believe the VR program and the specialized employment needs of individuals with disabilities must be directly represented, particularly if the State Board is to have an enhanced management role.

Finally, we must all work together to increase the participation of individuals in the competitive labor market. I look forward to working with Members of this Committee and my WIA partners to improve the workforce investment system so that it can provide accessible, effective and appropriate services to all individuals, including those with disabilities. I think the message, Mr. Chairman and Members of the Committee, is that disability is not an inability, and that people with disabilities can make profoundly important contributions to the workforce in this country if they are given the right kind of support services and accommodations.

I look forward to answering any questions that you may have, and, again, thanks for the opportunity to be here today.

WRITTEN STATEMENT OF ROBERT H. PASTERNAK, ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND REHABILITATIVE SERVICES, U.S. DEPARTMENT OF EDUCATION, WASHINGTON, D.C. – SEE APPENDIX C

Chairman McKeon. Thank you very much.

Ms. DeRocco, in your testimony you note that WIA attempted to move local boards away from operational details and towards strategic planning, yet that shift has not occurred in many areas. Could you please talk in more detail about how your proposal will make such a shift occur?

Ms. DeRocco. Absolutely, Mr. Chairman.

As we have met with many local boards across the Nation and many representatives of business interests across the nation, their principal complaints on both sides have been that many businesses tried their hand at sitting on the local workforce investment board, but found that the agendas for discussions and meetings were mired in the administrative details of the cost allocation plans, or of the square footage in One-Stop career centers. They didn't have an opportunity to focus in with the limited time that those business members had available to contribute to the system on the kinds of strategic economic development planning that would make a workforce investment system a true player in economic development for communities across the country.

Our proposal is to give the partner programs their administrative and policy voice on the State Board level. Then allow the business representatives, worker advocates, and community and educational institutions at the local level to focus all of their time and attention on understanding what the declining industries in the local economy are, what the growth industries are, what skill sets are required for good jobs at good pay in those growth industries, and then direct the workforce investment resources to assure that that is what we are training dislocated and unemployed workers to accomplish, a good job at good pay with a career pathway. That seems to implement the vision of the Workforce Investment Act in a far better way than we have been able to with the large boards mired in administrative detail.

Chairman McKeon. Thank you.

In your proposal, taking the three programs down to the one funding stream, the State is going to give up some responsibility, and the local workforce investment boards are going to pick up more responsibility. Are we in agreement that they will receive more funding?

Ms. DeRocco. Actually the Administration's proposal for the allocation of the funding stream, Mr. Chairman, is a 50-50 split. As you know, the current funding streams in the Wagner-Peyser is 100 percent State; the adult funding stream is 15 percent State, 85 percent local; and the dislocated worker-funding stream is 40 percent State, 60 percent local. When you combine them, we had to look at the most equitable way to achieve a balance among the State and local interests, and our proposal from the Administration is to have a 50-50 split.

The 50 percent distributed to the locals would be 40 percent by statutory formula and an additional 10 percent by a formula that is designed to meet the economic and demographic characteristics of the local labor markets. And then the state would have 50 percent at its disposal to provide rapid response services, to develop a statewide quality assurance for the delivery of services in the One-Stop, and also to determine precisely how to deliver the core services in the One-Stop that have in many cases been traditionally delivered by the employment services under Wagner-Peyser.

Chairman McKeon. I took a pencil to those figures, and I came up with the local workforce boards losing money. We are going to have to get together and talk about this because we are going to have to work together to pass something.

Ms. DeRocco. I understand that.

Chairman McKeon. I can't support those levels. So we will have to come up with a compromise that we can work with, and we will have to do this quickly. We have talked about this before.

Ms. DeRocco. Yes, we have.

Chairman McKeon. I just wanted to get it on the record because it is very important that with the increased responsibility of the local workforce investment board, they have more funding to carry on the additional responsibilities.

Ms. DeRocco. If I may clarify, Mr. Chairman, if you take the three funding streams and run the current appropriations separately, the split is about 52 percent local, 48 percent State. So we came as close as we could to the equity in our proposal that we send forward to you. I understand that is an item would you like to work more on. We look forward to working more with you.

Chairman McKeon. I know one time I was helping one of my children with their homework, and the teacher said "jungle math" doesn't work. But that is what I learned. And we will look at the figures and see how we come out on that.

My time is up, but I have some questions for Dr. Pasternack. If we don't have another round, I will get them to you, and maybe you could answer me in writing.

Dr. Pasternack. I would be happy to respond to any questions you have, Mr. Chairman.

Chairman McKeon. Thank you very much.

Mr. Kildee.

Mr. Kildee. Thank you, Mr. Chairman. I concur with you on your math and your principle on getting more money to the local level. So we will work together on that.

First of all, I want to welcome both of you here. Through the years, Secretary Pasternack, I have enjoyed working with you and your predecessor doing some very, very good work, and look

forward to working with you in the future. I wish we could have a separate hearing on voc rehab itself, because I think that would be very helpful to us as we go through this reauthorization.

Secretary DeRocco, Congress time and time again has made the determination that dislocated workers have different job assistance needs than other job seekers, and has allocated separate funding and attention to their needs. Why has the Administration decided to change Congress's priority for dislocated workers?

Ms. DeRocco. We don't believe we are changing Congress's priority for dislocated workers. In fact, in large measure what we have seen in the past year at many local boards and in many States with plant closings and mass layoffs occurring in communities across the country is the need for dislocated worker assistance. Funding has been significantly greater in many areas than the need for funding specific to the adult disadvantaged population and the WIA allows for some waiver authority for the Secretary of Labor. The majority of waivers that have been requested have enabled the local boards and States to transfer funding between the adult funding stream and the dislocated worker funding stream to assure that they can meet the very specific needs of their local labor market.

In general, the services available to both adults and dislocated workers under WIA include the core employment services, the intensive services of case management or assessment of skills and determination of employment plan, as well as training opportunities and supportive services that are made available to allow individuals in both the dislocated worker population and the adult population to access those training services. So we see great similarities between the services that are available to the adult population and to dislocated workers, and we would like to extend those services to the greater population.

Mr. Kildee. In my institutional memory of the Congress, we have seen differences in the needs of the dislocated worker, and the other job seekers. We have seen this in the old industrial northern rust belt where people had worked for a number of years, say, in the auto industry, with good wages, mortgages on their home, children in college, and car payments.

All job seekers have problems, but because dislocation is so disruptive to their lives Congress really felt that there should be a separate funding stream. And I still am reluctant not to have some distinction made there. They do have different needs do they not?

Ms. DeRocco. Every individual job seeker that comes into a One-Stop career center has unique needs in some respect. We serve eighteen million of the universal population that comes by for core services. But the core and intensive and training services that WIA has made available will not change under the Administration's proposal. There will still be those three sets of services that are available to every job seeker.

Many dislocated workers, as you have noted, will require all three. They will need information and the job referral assistance, but their skills may not be transferable in their local labor market. They may need additional assessment of their skills and intensive services, and very definitely they may need training services to take on new skills that will make them marketable in

the local labor market.

We are absolutely committed to those dislocated workers and getting them back to work as quickly as possible. We believe our proposal strengthens the local workforce boards and the local One-Stops' ability to provide those very important services to every job seeker that comes to the One-Stop career center.

Mr. Kildee. Thank you very much.

Dr. Pasternack, what can be done to encourage a better transition from IDEA to voc rehab for those children with disabilities, because there is not a smooth transition very often?

Dr. Pasternack. Well, Congressman, unfortunately you are right. Twenty-eight years into the implementation of the IDEA, we should be doing a better job of helping students with disabilities transition from school to postsecondary opportunities, and employment and postsecondary education, if that is their choice.

We are working on some proposals that we look forward to talking with you about during the upcoming reauthorization of the IDEA. We are looking at joint monitoring between the Rehab Services Administration and the Office of Special Education programs as they go to States and we are looking at developing a closer working relationship between the voc rehab system and the special education system. We are looking at issues where the independent living centers perhaps can play a stronger role in meeting the needs of younger people with disabilities than they currently do. We are looking at perhaps some conforming language that might exist in the IDEA and the upcoming reauthorization of the Rehab Act. We are looking at constantly building the capacity of people in special education and voc rehab to more effectively meet the needs of individuals with disabilities as they seek competitive, meaningful, integrated employment, entrepreneurship opportunities.

One of the major issues we are concerned about, Congressman, is the fact that we still have way too many students with disabilities dropping out of school before they get a diploma. As you well know, sir, someone's life trajectory is fundamentally different if they have a high school diploma compared to not having a high school diploma. So, for example, in the last annual report that we submitted to Congress, the 23rd report, we documented that the graduation rate for students with disabilities has changed to the highest rate ever. However, we still have 40 percent of the students with disabilities in the 14 categories out of the 6-1/2 million kids currently receiving special education in this country that are leaving school without a standard diploma. So we have to do a better job in making sure we accomplish the President's vision of leaving no child behind, and that we help these students receive the free appropriate public education in the least restrictive environment they are entitled to under the IDEA.

Mr. Kildee. I am grateful you have given so much thought and attention to this. This is a very grave concern of mine. I am glad to see you focusing on that. I appreciate that.

Chairman McKeon. Thank you.

Mr. Ehlers.

Mr. Ehlers. Thank you, Mr. Chairman.

I am going to do something a little bit unusual. I hope you don't mind. But frequently at our hearings we have just a few people. Today we have a lot of people. Obviously they are deeply interested in this topic and very concerned about it. But by the time they get a chance to speak, you will be gone. So I am going to ask each of you if could give a quick summary of what the major objections to the Administration's proposals you hear from people are. Give your response to us as to why you think your proposal is, in fact, good and why the objections being raised are not particularly valid, and how they will be met by the legislation you are proposing.

Dr. Pasternack, you have been getting the short end of the stick, so we will start with you and go the other way.

Dr. Pasternack. Thank you, Congressman. That is an excellent question. I think that what I would like to do is just confine my remarks to the relationship between the voc rehab system and the Workforce Investment Act, which I think is the primary topic of today's hearing.

I think the objection that we are hearing is that there hasn't been enough attention paid to the need for the State voc rehab agencies to be mandatory partners in the Workforce Investment Act system by increasing the capacity of the entire One-Stop system to more effectively meet the needs of people with disabilities. We need to make sure we differentiate the fact that One-Stops can do a wonderful job, and that the promise of the One-Stops is to help people with less significant disabilities who are looking for competitive, meaningful, integrated employment. People can come in the door and find that there is a capacity there to meet their needs, so we can maintain the integrity of the vocational rehabilitation system in meeting the needs of people with more significant disabilities.

I have heard people say that we are trying to gut the voc rehab system by supporting the One-Stop system, and that is quite the contrary. What we are trying to do is strengthen the ability of the One-Stop system to meet the needs of all people who are seeking employment and send the message that disability is not inability, and people with disabilities can make profoundly important contributions to the workforce if they are given the opportunity to work with the accommodations to which they are entitled under law.

It is incumbent upon us as members of the voc rehab community to help build the capacity of the entire system to more effectively address the needs of people with disabilities who arrive at that system looking for work and who are currently unable to find the hope that they need. I think that is probably the loudest objection we have heard to the work that we are doing to try to more effectively partner within the voc rehab system and the One-Stop system.

Mr. Ehlers. Are you convinced that the money you are proposing will be sufficient to accomplish those tasks?

Dr. Pasternack. Congressman, I think we need to look at a financial contribution that would help build the infrastructure of the workforce investment system and the One-Stop system to effectively meet the needs of all the people who are coming into the system looking for work.

I think the Administration would support a decision where States have an opportunity to consider what is the best way for the mandatory partners to contribute. To build the infrastructure that is required for these systems to be more effective is something that my colleague and I are currently discussing very actively and will hopefully be able to come to you in the very near future with more substantial information on the actual amounts.

Mr. Ehlers. Thank you.

Secretary DeRocco, what are you hearing, and what is your response?

Ms. DeRocco. First, let me just say how committed I am to the commitment you have just heard from Assistant Secretary Pasternack to make the One-Stop career center system an incredibly valuable and important tool for individuals with disability. That is something we are working so closely on together and we are both passionate about.

The two concerns that I have heard most often that I would like to respond to today are, number one, Mr. Kildee's concern related to the consolidation of three funding streams. And my response to that concern, in addition to what I was able to articulate in response to his question, is that we do believe that the consolidation of the three funding streams will allow our local workforce boards and One-Stops to better serve their local labor markets, businesses, and the job seekers who need the kinds of services that the One-Stop makes available. This will ensure that the local levels are not constrained by federally set eligibility requirements or set percentage of dollars that can be used for certain individuals so that they have the freedom to serve the needs of their local community. We believe that was the vision of the Workforce Investment Act, and we believe it is important to remove the remaining constraints in quality service to individuals at the local level.

We also believe the consolidation will move to far greater integration of services. Particularly unfortunate in some States and communities, the employment service has not been well integrated as the provider of core services in the One-Stop career centers, and we believe that integration should occur and will occur under the Administration's proposal.

And last, we believe that because we will be removing some additional administrative costs associated with managing three funding streams, there will be additional dollars available to actually fund training for the individuals the system is intended to serve. So that is one concern and three responses.

The second concern we have heard is related to the Administration's proposal for focusing the State formula dollars on out-of-school youth as opposed to in-school youth. And this was a very, very difficult area for us to come to grips with to determine an appropriate proposal for WIA dollars. I have a personal passion for the vocational education needs of in-school youth, but what we have found is that the workforce investment system in many cases is the only answer for out-of-

school youth. Very eloquent, well-versed and well-researched youth development experts counseled us that the three most at-risk populations of out-of-school youth are dropouts, court-involved youth, and youth aging out of foster care. If we could successfully target the available WIA youth resources to those young people, we would be contributing to their future, in fact opening doors to a future that they otherwise simply wouldn't have.

So we feel committed to focusing the available resources through workforce investment youth activities on those three targeted at-risk youth populations.

Mr. Ehlers. I have one last comment, Mr. Chairman.

If you do succeed in your goal of moving local boards away from operational details and towards strategic planning, perhaps you can help the Congress do the same. Thank you very much.

Chairman McKeon. Thank you.

Mrs. McCarthy.

Mrs. McCarthy. Thank you, Mr. Chairman.

I want to follow up on the financing again because looking at the statistics that are put out by the Department of Labor, between 2002 and 2004 there is a cut of 12.46 percent. We are asking the States to take on a burden that 48 of them are not going to be able to afford because all of them are in deficit now. I am looking at New York State alone and these figures, which probably are a little bit higher right now, 6.3 percent as far as New York State unemployment, 8.4 percent of the labor force unemployed. So we are going to have to work on those numbers, because if you actually want to really do the job, we can't hand an unfunded mandate back down to our States.

Another thing as far as the summary of the Administration's WIA reauthorization proposal, this part bothers me under services states that priority services would go first to the unemployed, obviously we should do that, and if funds were limited, then to low-income individuals. So we are not going to be able to service the people that really need to go to work, and how are you going to do this? I am looking at the same numbers as my Chairman, and I don't know how you are going to put this program together.

One of the other things that I see that you have zeroed out is for veteran's employment. Well, according to this Department of Labor source, veteran's employment is zeroed out between 2002 and 2004.

Ms. DeRocco. I am not responsible for the Veterans Employment and Training Service, but I guarantee they are not zeroed out. What I think that is reflecting is there was an Administration proposal between fiscal year 2002 and in the President's 2003 budget to move the Veterans Employment Training Service to the Department of Veterans Affairs. That did not happen. There was no authorization for that. So I can guarantee you they are fully funded in the President's 2004 budget. I am not sure what that paper reflects.

Mrs. McCarthy. Let me follow up my question on veterans. Number one, we don't have enough money in the veterans funding for all the services they need now. So if you were going to turn it over to the Veterans Employment and Training Center, I would doubt that they would even have the money. Unfortunately, if we are facing a war coming down the road, we are going to have more veterans than ever that will possibly need to be retrained.

Ms. DeRocco. Absolutely. We are not turning anyone away seeking advance employment and training services at this juncture. There was a proposal to change department management in the 2003 budget that didn't happen. There is a fully functional Veterans Employment and Training Service now within the Department of Labor. They actually deliver employment and training services through two sets of specialized staff. They are called disabled veterans outreach personnel, DVOPs, and local veterans employment representatives, or LVERs. And those two sets of staff actually work out of the One-Stop career centers to provide very focused attention on all veterans who come to the One-Stop career centers to access this array of services that is available through the Workforce Investment Act and other partner programs.

So they are fully funded in the 2004 budget, and services continue to be delivered through those specialized staff. In fact, there is a new law that gives a higher level of veteran's priority in all of our training programs to assure that they get a focused priority treatment for the availability of services; Congress just passed that law last year. We are in the throes of implementing it with the help of the Veterans' Affairs Committees in both the House and Senate.

As it relates to our consolidated grant proposal, when added together to support the consolidated funding stream the actual funding levels in the 2003 budget for each of the three is exactly the same amount. There has been no cut in the WIA funding streams that we are proposing to consolidate. Some of the differences you are seeing between FY 2002 and FY 2004 relate, for example, to one-time appropriations that occurred in 2002. One, in fact, was a \$32.5 million one-time appropriation to New York City to respond to the terrorist attacks of September 11th. There are several programs in there whose authorization expired in 2003; for example, the H1-B Training Grant Program and the National Skills Standards Board.

Mrs. McCarthy. So basically you are saying there is an increase.

Ms. DeRocco. I am saying there is no cut in the WIA programs between FY 2003 and FY 2004.

Mrs. McCarthy. Is it flat?

Ms. DeRocco. That is correct.

Mrs. McCarthy. So you have put nothing in for inflation or anything else especially with the numbers of unemployed. If there is high unemployment, certainly these needed extra services are going to be on the lower end.

Ms. DeRocco. What we do know is that the States are still carrying over.

Mrs. McCarthy. States aren't going to have any money.

Ms. DeRocco. They are carrying over about \$1.7 billion in both of these programs, from 2002 to 2003 and 2003 to 2004, according to our projections.

Mrs. McCarthy. So you are saying the States have the money to do these programs.

Ms. DeRocco. Yes, ma'am, I am, to maintain the level of services they are currently producing.

Mrs. McCarthy. New York State is \$10 billion in debt, and you are saying they have money left over.

Ms. DeRocco. They have money in these programs to expend on the workers who are coming into the One-Stop career center system to access these services, but they are appropriated dollars for these purposes only, so the debt is apparently in other areas of the State budget.

Mrs. McCarthy. If I may, Mr. Chairman, if you are going to do this in block grants, is there any guarantee that the money is going to go definitely for these services, or could the Governor have the flexibility to use that money towards their debt?

Ms. DeRocco. No, ma'am, I would absolutely believe the funds must be used for services authorized under the Workforce Investment Act.

Mrs. McCarthy. Thank you, Mr. Chairman.

Chairman McKeon. I think that is something we will have to watch very carefully. I know in our State of California the Governor has used monies from IDEA for other portions. So we will have to watch that very carefully.

Mrs. McCarthy. I agree with you, Mr. Chairman. Thank you.

Chairman McKeon. Mr. Johnson.

Mr. Johnson. Thank you, Mr. Chairman.

Her questions on veterans reminded me of one I have. In our area just this past week, veterans who are out of work were refused work training because they owned a home. They had too much money. Is that part of our law or not?

Ms. DeRocco. No, sir, it is not part of the law.

Mr. Johnson. So they should be helped under any circumstance if they need work.

Ms. DeRocco. Yes, sir.

Mr. Johnson. And veterans do have priority.

Ms. DeRocco. They have priority of service for all employment and training programs under the Department of Labor's jurisdiction.

Mr. Johnson. Okay. I will jump their case when I get back there.

Ms. DeRocco. So will I, if you tell me where they are.

Mr. Johnson. You indicated in your testimony that you believe the boards are too large to effectively address all the concerns. I have been to some of those board meetings. I swear I don't know how they get anything done. So what is your proposal to fix that?

Ms. DeRocco. Our proposal is to focus the membership of the boards and thus their mission. At the State level we want to focus on a business-led board, but primarily on the partner programs in the One-Stop career center system to ensure that those partner programs are invested in the service delivery system and contributing to its success by integrating services to best serve the businesses and job seekers.

Mr. Johnson. How are you going to reduce the size of the board?

Ms. DeRocco. That actually does reduce the size of the board. The current law has a lengthy list of required members on both the State and local boards. We are suggesting that that be replaced with a minimum set of membership requirements at the State level, the partner programs, business worker advocate and State legislature representative. At the local level we suggest removing those 17 partner programs and focusing on business education, worker advocates and community-based organizations.

Mr. Johnson. That is the recommendation you are making.

Ms. DeRocco. That is correct.

Mr. Johnson. Okay. You also state that while customized OJT is authorized, it is kind of bureaucratic. How are you going to get around that?

Ms. DeRocco. We are recommending making it clear in the legislation that at the State level, incumbent worker training and customized on-the-job training are permissible activities with State dollars, and at the local level 10 percent of their funds could be used likewise. We are sure that the system is going to respond to a very important need that the employer community has identified for us, because it is through incumbent worker training that employers build the skills of their current workers and move them up the career ladders, opening up the door for new entry-level workers to come in. That is the important part of the dynamics of the labor market that we want this system to encourage.

Mr. Johnson. Thank you.

Dr. Pasternack, the Subcommittee is considering requiring mandatory partners to contribute a small percentage of their funds to help pay for infrastructure at the One-Stops. Do you support that?

Dr. Pasternack. Yes, Congressman. We are talking about the fact that each partner needs to contribute a portion of funds to support the infrastructure of the system. I think the amount is something that needs to be determined at the State level based on the different models that are occurring across the country currently.

Mr. Johnson. So you believe in giving the States the authority to figure that out?

Dr. Pasternack. Yes, sir. That is the proposal that we are currently discussing with our colleagues at the Department of Labor.

Mr. Johnson. That is super. Thank you both very much.

Thank you, Mr. Chairman. I Yield back the balance of my time.

Chairman McKeon. Thank you.

Mr. Tierney.

Mr. Tierney. Thank you, Mr. Chairman.

I thank both of you for testifying and for the work that you do. I don't know whether to direct this to one or the other of you, both of you, or the Chairman.

Mr. Chairman, are we going to have a second round of questioning here today?

Chairman McKeon. I think our rules say if you ask for a second round, we will have a second round.

Mr. Tierney. Like you, I think I will have more questions than we will have time for.

I am more than a little disturbed by the fact that the current Workforce Investment Act is authorized until September of 2003, and we are jamming this into a couple of weeks. It smacks of a political effort to get some rhetoric out there about the state of our economy, and it doesn't sit well. You just look around this room at the number of people that are involved and interested in this issue.

I can tell you that when I went back home, I am the only Member from New England; we had a series of meetings throughout the region set up for people involved in this workforce investment system to meet and provide input on what they wanted to have in this bill. And it is more than a little distressing to find that the Majority here, if it is the Majority, or the Administration is jamming this thing through on some political index as opposed to making sure

we do the most thorough and appropriate job we can do.

I would hope that we can do that in relatively short order, but I can tell you I don't think it is a good idea that we have so few hearings.

Chairman McKeon. Is that a question for me?

Mr. Tierney. No. That is a statement, Mr. Chairman, and I hope you heard it, because I think the folks at home certainly will hear that they have been disenfranchised on this aspect or whatever. And I don't think it helps either of the Assistant Secretaries to do their jobs, because I think you are dedicated people who want to do the job right on this, and I think you are being put in a difficult position.

Let me ask some of the questions that I have. You are combining the Workforce Investment Act, Adult and Dislocated Worker and Wagner-Peyser funds into one stream in your proposal. So my question would be are you going to have a caveat that decisions concerning the allocation of those funds will remain at the local level? Or where is that going to be?

Ms. DeRocco. Yes, there will be an allotment of the funding across the States, and then the States will have a statutory formula for distribution of the funds. Within the State, the use of the funds is a local determination.

Mr. Tierney. So they will still decide how to use the funds?

Ms. DeRocco. Yes, absolutely.

Mr. Tierney. Would you do me the favor of defining career scholarships in a little more detail for me, because I look at it in the materials you sent out, Assistant Secretary, and you say "expanded use of individual training accounts no longer are going to be restricted to the WIA Title I Adult and Dislocated Workers." You want to expand that out. Expand it out to what? The only thing I can find is that you want to pay employers for the systems that they set up, employer-paid systems. So is this some sort of an effort to pick up a cost that the employers should be picking up and taking that away from them?

Ms. DeRocco. No, absolutely not. We are trying to recognize that in today's economy, some 80 percent of the jobs that are created, not enough are created, I grant you that, require some postsecondary education and training. That means that individuals need a greater opportunity to access education and training. In some instances it is longer-term training than the publicly funded workforce investment system has been equipped to provide in the past. So it is an opportunity to assure that an individual employer can add funds of his or her own. An employer could contribute to an individual training account to assure the completion of training that would benefit both the worker and the employer, and to assure that other sources of public funds like Pell Grants could be added to the benefits of an individual training account.

Mr. Tierney. Do you expect that to be spelled out more clearly in your final presentation?

Ms. DeRocco. Yes.

Mr. Tierney. I hope so, too. I won't even get into the implications of your remarks about sometimes needing a little bit more education and training with respect to the personal reemployment accounts. Those questions will go on for a while.

You want to reduce performance measures from 17 to 8, saying that they are too burdensome and too numerous. But my local boards tell me, in fact, they don't want to shed the ones that relate to consumer response, and that is what you are recommending, as far as I see it. What they say clearly is that those are the primary drivers of what they call continuous quality improvement at the One-Stop centers. They are the drivers that give employers and job seekers the opportunity to feed back and indicate what it is they want. So can you tell me what you are about on that?

Ms. DeRocco. I absolutely agree with them and believe they should collect customer satisfaction responses and use them for their management responses if they deem that appropriate. The surveys were done in different ways: a roll-up nationally of customer satisfaction responses. Some were what one would call smile surveys; others were scientifically based labor market information-driven surveys. A national aggregate of that is not a helpful barometer for us to create any technical assistance or training through the system that would be useful.

We think it is very useful at the local level, and we are particularly encouraged by the Massachusetts One-Stops who use them very effectively, and certainly wouldn't be precluded from using them. We would encourage them to do so. We are just not requiring them as a Federal barometer.

Mr. Tierney. Can you explain to me in some detail your intentions with regard to the block grant? The way I read it in your memorandum is there is going to be very little local control left. You will allow Governors to determine just how much they will provide to the sub-State entities, and then the Governor is going to select what partner programs are going to be involved and what array of services will be distributed. So it appears in the memorandum that you are letting the Governors write their own program.

Ms. DeRocco. No, that is not what we envision. As Mr. McKeon said, obviously we have some work to do on the distribution, the quantity of funds, but under our proposal there would be a formula distribution of 40 percent of the funds directly to the locals, which they would determine how to use, where to use, whom to serve, and what their priorities would be. An additional 10 percent would be distributed directly to the locals based on economic and demographic factors in the State, which differ State by State, as you know. And again, that percentage of funds would be available for local workforce boards to determine the investment priorities and the clientele.

Mr. Tierney. But then you are giving 50 percent to the Governor.

Ms. DeRocco. We are giving 50 percent of the consolidated grant to the Governor, which is about what he gets now under the separate funding streams. Our breakout, as I said to the Chairman, was

52/48.

Mr. Tierney. Under the block grant program?

Ms. DeRocco. We propose 50-50; keeping in mind those Governors who sought to provide more directly to the locals would have the flexibility to do that.

Mr. Tierney. But they would also have the flexibility not to pass it along in that respect.

Okay. Thank you.

Chairman McKeon. Thank you.

Mr. Gingrey.

Mr. Gingrey. No questions.

Chairman McKeon. Mr. Hinojosa.

Mr. Hinojosa. Thank you, Mr. Chairman.

I want to thank both of you for coming to testify before this Subcommittee. We appreciate all the work that you do to handle this very difficult problem that we have nationally.

My first question is addressed to Madam Secretary DeRocco. I believe that we must get the community colleges more involved in this Workforce Investment Act. I happen to be the founding chairman of a community college board of directors in south Texas, and they are a very important component of helping us with those who are unemployed or laid-off for different reasons. Would the Administration change the training provider requirements that have discouraged community colleges from serving as providers under WIA?

Ms. DeRocco. Absolutely. Part of our proposal is eliminate those burdensome eligible provider training provisions that have required community colleges to report outcomes on all students, not just those that are WIA-funded. I have worked very closely with the community colleges across the country in the context of providers of choice for workforce development skills, and we have embarked upon numerous national models of how the workforce investment system, community colleges and businesses can really address the economic development needs in communities across the country. So our proposal will address those reporting requirements. We hope it will bring all community colleges back to the table as providers of services under WIA.

Mr. Hinojosa. In the proposal that they submit to be considered as the providers, is there a way in which they could receive a few extra points that would give them an advantage so that we can get them back to the table, because we did a poor job here over the last few years.

Ms. DeRocco. I believe from the many meetings I have had with community colleges, presidents and trustees across the country, they are just waiting for to us eliminate these burdensome

requirements and are calling upon Congress and the Administration to do that. Then they are ready to come to the table, to be board members at the local level to ensure that their thoughts about the education and training requirements in a community are fully voiced at the local workforce board level, and we want them there. I think they are ready to come with that additional incentive.

Mr. Hinojosa. All right.

The second question that I have for you is, for example, in my area we have a lot of textile workers who lost their jobs after NAFTA was implemented. So in this determination the dislocated workers have different job assistance needs than other job seekers have, and separate funding and attention allocated for their needs. Why has the Administration decided to change Congress's priority for these dislocated workers?

Ms. DeRocco. Again, we don't think we have changed your priority at all. We have allowed the full array of services to be provided to dislocated workers all across the country under the consolidated funding treatment. If anything, in some areas where dislocated workers are the primary population to be served, there will probably be more resources allocated by the local workforce boards for dislocated worker services, be they intensive services, training services or supportive services. This gives the local communities and the local workforce investment boards the opportunity to really target and address those needs.

Mr. Hinojosa. I want to address our concern for limited English proficient individuals who have worked for companies like Haggard and Levi's for 20 to 25 years, done a good job, been loyal workers, and then lost their jobs because the companies were moved to another country. Therefore, we ask for customized programs that would deal with their limited English proficiency so that they could be retrained for new jobs.

What have you done about that?

Ms. DeRocco. Numerous things. One, we are working very closely with the Department of Education, because we do believe that the adult education program is a tremendous resource to address limited English proficiency and the identification of literacy and language skills to help adults reconnect with the workforce through the One-Stop career center system.

Number two, we now have a task force at the Department of Labor dealing specifically with limited English proficiency to provide the State and local workforce system the kinds of tools they need to begin to address in a much more aggressive way the literacy and language skills that so many of our new workers to the American workforce require to be successful in our labor markets.

We are dedicating resources, we are dedicating staff expertise, and we are working very closely with the Department of Education on the adult education program to make sure these resources are brought to this particular issue.

Mr. Hinojosa. Because my time has run out, I will wait and see if during the second round I can ask Bob a question or two. But give me the name of the program that the Department of Education

uses for addressing this concern.

Ms. DeRocco. The limited-English proficiency program?

Mr. Hinojosa. Yes.

Ms. DeRocco. We would like the adult education program to focus on English and language skills.

Mr. Hinojosa. Let me tell you, adult education was not even funded by the Administration for 2004.

Ms. DeRocco. I believe adult education was. You may be thinking of something else.

Mr. Hinojosa. I would like somebody to look that up. I was very concerned about programs that were zero or flat funded. Our adult education proposals were hurt severely in the 2004 budget.

Ms. DeRocco. We will get that information for you immediately. I feel quite comfortable that adult education was funded, or there was a proposal for funding.

Mr. Hinojosa. Thank you, Mr. Chairman.

Chairman McKeon. Thank you.

All right, everybody has had a chance on the first round, so I will begin the second round.

In responding to the statement that was made that we were rushing too quickly on this, I guess the thing that I have learned in my 10 years here in Congress is either things go too slowly or too quickly. Generally if the majority party is moving on something faster than the minority wants, they are moving too quickly; if they are moving slower than the minority wants, they are moving too slowly.

I understand the frustration because I spent my first term in the minority. There were times when I sat on this Committee and I felt as if we had no voice whatsoever and we might as well not have been here.

Mr. Tierney. Will the gentleman yield for one second?

Chairman McKeon. I will as soon as I am finished making my wonderful statement here.

Mr. Tierney. You will be the judge of that, though, right?

Chairman McKeon. I think political statements are constantly made on both sides, but I don't believe that we can always know the motives of people and why they are asking for something to move quickly. I would prefer to say that we are moving quickly on this so that we can better help people.

When we go through the whole legislative process, we have the Subcommittee, we have the Full Committee, we have the Floor, and after that we hope that the Senate will move, and then we go to Conference. So there is quite a ways to go before we will get this bill done. My goal is to finish it this year. If it takes getting our side to finish before April so we can get the process moving quicker, I think that is better.

I yield for one second to the gentleman from Massachusetts.

Mr. Tierney. Mr. Chairman, it is nice of you to say those things, except that the way I understand your schedule, we are having a Subcommittee markup next week, Full Committee the week after, and to the Floor by mid-April. In 1922, the JTPA Act had 22 hearings, and in 1998 the WIA act had 36 hearings. One was a Democratic majority; the other was a Republican majority. We spent quite a bit of detail on this.

Again, this Act is in effect until September of 2003. Twenty-two hearings, 36 hearings, and one hearing, there is a significant difference there. We may have had four hearings total, I guess, over a period of time. But there is a sharp distinction in those things. I think there are a number of people here and in our respective districts that would like a lot more input on that.

I again express my disappointment. I have always had a good working relationship with the Chair. You have been absolutely involved in this particular piece of legislation in the past. You have had the hearings. I think it is totally out of character, and we can ascribe whatever motives we want for it, but certainly I can only see one myself. I think other people may also see that.

Chairman McKeon. Now back to the questioning.

Assistant Secretary Pasternack, some of the questions I had for you were answered, but one of the highlights of the 1998 reauthorization was increasing consumer choice and control. In your opinion, has the system met this objective since it was passed in 1998? Has it moved in that area?

Dr. Pasternack. Mr. Chairman, I think we are clearly moving in that area under Olmsted, and we recognize the importance of providing choice for individuals with disabilities. I think there is a significant importance in having a variety of options available for people to choose from. I think we are truly committed to this notion of consumer empowerment and consumer choice.

I think the President very clearly, in articulating the New Freedom Initiative, which he released in his first month in office, talks about the barriers that are still in place preventing Americans with disabilities from fully participating in American life.

For example, if you have 70 percent of the 54 million adults with disabilities unemployed, it makes sense why less than 10 percent of individuals with disabilities own their own home. If you cannot work and demonstrate to a bank a credit history, you cannot choose to own your own home. You cannot exercise one of the fundamental rights many Americans enjoy as part of fulfilling the American dream.

We are really trying to move from this culture of dependence and helplessness, which seems to still be in play, to a culture of empowerment and independence. That is something that we are clearly committed to working on in this Administration and in the rehabilitation community.

Finally, as an example of what we are trying to do, we have struck a partnership between the Department of Education and the U.S. Chamber of Commerce and their 3 million members to make the business case that it is a good business decision to hire people with disabilities.

I think for too long we have tried to appeal to people's sense of fair play, sympathy, and pity. We are trying to present some data that it is a good business decision. People with disabilities make good employees. They are motivated, productive, and they have lower turnover rates, they are better for employee morale.

There are things we can do to bring data and evidence to bear on the business community to convince them it is a good business decision. Also by creating a disability-friendly work environment, they attract some of the \$175 billion that the 54 million adults with disabilities will have in disposable income this year that they would choose to spend in a business that might be considered disability friendly.

I think all of that really relates to the notion of creating choice and opportunity and empowerment. That is part of the mentorship proposal we have in the 2004 budget as well as in terms of showing people with disabilities that there are role models of success, some of whom are here in this room today, sir.

Chairman McKeon. Thank you very much.

Mr. Kildee.

Mr. Kildee. Thank you, Mr. Chairman. I certainly agree that it is a good business decision to hire people with disabilities.

Several years ago, I hired somebody on my staff that did extraordinarily great work for me and is now working over in your shop, and it cost me less than \$4 to make an adjustment to the desk for that hiring. I got someone who has done so much to make this country a better country, and to make education better. So it is a good business decision, I think, to make sure these people have meaningful employment.

Just prior to Thanksgiving, Dr. Pasternack, the Administration initially released the findings of a longitudinal study on vocational rehabilitation mandated by the 1992 authorization. My understanding is that the results of this study were subsequently pulled back. Why is the Administration not releasing this data, since it speaks to the largely positive work of State rehab programs?

Dr. Pasternack. Thank you, Congressman Kildee. Those data are clearly important, and currently those documents are in the clearance process within the Department. I am sure that as soon as they work their way through the Department clearance process, we will look forward to releasing them

to you and to the American public that are entitled to see that data. I think it is just a matter of the Department doing what it does to move those documents through the clearance process that has been established by the Secretary's office.

Mr. Kildee. Does that clearance process include the dark hole of the OMB?

Dr. Pasternack. Congressman Kildee, we look forward to working with our colleagues at the Office of Management and Budget, and to their fine help in reviewing a variety of documents that we issue, sir.

Mr. Kildee. Thank you very much, Doctor.

Dr. Pasternack. Thank you.

Chairman McKeon. Mr. Tierney.

Mr. Tierney. Thank you, Mr. Chairman.

There is a part of your memorandum, Mr. Undersecretary, which says that the Secretary's reallocation should be based on expenditures, not obligations.

Would you share an example with me of how that might otherwise be the case now? Someone would go out and draw your attention to this, and how would you take this situation under your consideration and how would it work differently?

Ms. DeRocco. Sure. The issue of expenditures versus obligations has been much discussed since, apparently, the time WIA was passed in the Department, and the State and local systems tended to have different definitions, different reporting requirements, from local to State and State to the Federal Government.

It became of great concern as we realized what was happening, which is that the Department did not give good guidance on exactly what it was requesting for financial management purposes under the Workforce Investment Act.

The financial management experts in the Federal Government tell me that the use of expenditures is the appropriate accounting measure that should be used for Federal financial reports. Most of the folks in the system I have talked to have told us to simply make it clear in WIA reauthorization what you need and how you define it, how we can report appropriately, and then all of us as a system, local, State and Federal, can have a better handle on the amount of money currently available in the system to provide services. That is the amount of money that might be in the budgetary state of an obligation under an individual training account; at what point it is incumbent upon the local board and One-Stop operator to check on whether or not that obligation has turned into an expense or is going to turn into an expense; and then to appropriately report those, so we are all speaking the same language.

It is our intention to make that clear. In the reauthorization we have proposed that we use expenditures. I am quite certain that the local boards will want to continue to use some obligating information in order to manage their accounts. That will be entirely appropriate.

But the reporting to us will be on an expenditure basis pursuant to our proposal, at least, and that will be helpful to us in responding to the very difficult questions of our colleagues at the Office of Management and Budget.

Mr. Tierney. How do you propose that is going to impact the local boards that have money obligated but not yet expended?

Ms. DeRocco. Only in that they will be able to make clear to us what the actual expenditures are, and we will be better able to report to our colleagues within the Administration and on Capitol Hill.

Mr. Tierney. I want to visit the block grant again, because I am not clear.

In your memorandum, you talk about simplifying and allowing a State option where governors could apply for block grant authority under reauthorization. Under that option, governors would have complete discretion on how to administer WIA Title I formula programs, Adult and Youth. The governors would determine some State funding and governing structures. The block grants would be guided by a set of guiding parameters. However, governors would have the responsibility for selecting partner programs and the array of services. Governors administering the programs in the State options would just submit a plan.

To me that reads as if you are giving all the money to the governors, and then the governors are deciding who the partner program is going to be, what the WIA services that will be provided are going to be, and who among the local entities are going to get the money that the Federal Government has given to the governor to disburse, as opposed to all the other scenarios that you outlined earlier.

Ms. DeRocco. I am sorry; I thought you were referring to the consolidated grant when you asked the question.

We are proposing that there be an option in the reauthorized WIA that would position the WIA system to be looked at in the same manner in which Congress and the Administration looked at TANF, which was a block grant authority. If the governor submitted a plan, spoke to how he or she was going to meet the performance outcomes required by the Congress in the Workforce Investment Act and provided the services that are authorized in the Workforce Investment Act, that plan would then be subject to review and approval before a block grant were issued.

This is not unlike the Work-Flex provisions that are in the current WIA, that to the best of my knowledge no governor has taken advantage of. Certainly while I have been there, there have been no applications.

Mr. Tierney. Notwithstanding the popularity, you still want to enlarge those programs?

Ms. DeRocco. Notwithstanding the popularity, under TANF there seems to be substantial agreement among all the authors and implementers of TANF that the block grant approach is what made that program work in States all across the country.

Mr. Tierney. Apparently, it is obviously not what is making this program work, because people seem quite comfortable working under the current system.

Ms. DeRocco. Perhaps, but we have a whole new slate of governors, too, so there may be a different approach to working within the workforce investment system and its implementation within States. So we simply wanted to propose in our reauthorization that that option be available for the application of governors.

Mr. Tierney. You are not trying to infer that the governors have initiated this path? They have not asked for this. I am not aware of any formal requests from the governors' associations or even any number of individual governors who have asked for this; are you?

Ms. DeRocco. I have talked with governors who have indicated that they would be interested in at least considering such an option.

Mr. Tierney. So you proposed it and they said it might be considered, but there is not a groundswell of governors coming up and beating you over the head to ask you for this.

Ms. DeRocco. Thank heavens, no.

Mr. Tierney. It is interesting that you are offering something nobody is even pushing for. My time is up.

Chairman McKeon. Mr. Hinojosa, we have the answer to the question about the education funds.

In the previous 2003 budget, there was a line for Adult Education State Grants. The Administration felt there needed to be more emphasis put on the basics of reading and language skills, which it seems to me, would answer the question you had.

They added the line "Adult Basic and Literacy Education State grants," and they increased the funding from \$575 million to \$584.3 million.

Chairman McKeon. I recognize the gentleman.

Mr. Hinojosa. Thank you, Mr. Chairman.

I would like to comment on that concern that I expressed when my time ran out. Then I will ask a question of Assistant Secretary Bob Pasternack.

The point that concerns me is that there are millions of people waiting for training. When we cut the \$8 million that went to helping people with learning basic English, or limited English-

proficient candidates, that brought it down to \$575 million that was available in the 2003 budget.

In the 2004 budget, knowing that we are serving only a small percentage of those eligible, you only asked for \$9 million more than we are getting in 2003. That is of grave concern as the unemployment continues to soar, because just remember, a year ago in the State of the Union Address, the President said my policies are going to create jobs. A year later, we lost 2 million jobs, and in the last 2 weeks we lost another half a million jobs. And at the rate the stock market is plummeting, a bunch of companies are closing up and laying off people. How can a \$9 million increase take care of this skyrocketing unemployment?

Ms. DeRocco. One of the important factors to remember when looking at the Workforce Investment Act is the array of One-Stop partners. The adult education program is under the jurisdiction of the Department of Education, so it is not within my jurisdiction to request specific funding for that program. However, it is an important partner in the One-Stop career center system that provides its resources, its expertise, and its services to workers.

Under the Workforce Investment Act Title I training programs, we also can include language and literacy skills for immigrant and new workers, and those training providers are eligible training providers under the Workforce Investment Act.

I think it is clear in many local labor markets around the country, and it is particularly true in Texas, Florida, and in California, that this is a key area where the local workforce boards are focusing a significant amount of their attention, their resources, and their understanding that this is what workers need in their local labor market.

Mr. Hinojosa. Just let the record show that it is inadequate funding, and the reason for great concern that caused so many people to be here.

The first question that I have for Bob is that vocational rehab only has sufficient funding for 1.2 million individuals with disabilities each year. Yet the most recent estimates tell us there are 54 million individuals with disabilities. So why has the Administration not sought additional funding for this program, as I voiced on the other one?

Dr. Pasternack. Thank you, Congressman. First of all, the mission of the vocational rehabilitation system is to focus on the individuals with the most significant disabilities. I think that the figure we use in terms of the 54 million adults with disabilities includes a number of individuals who don't need the specialized services that are available in the vocational rehabilitation system.

It is a mandatory funded program, so the CPI request was reflected in the President's 2004 budget. I think that the issue for us, with the money that is available, is to spend that money more effectively, and to make sure that the kinds of services that are being provided are evidence-based, and that in fact we are encouraging people to use the services that we know work, and that we are achieving greater accountability for results in the services that are provided.

Mr. Hinojosa. Of these 1.2 million individuals that you say you are servicing because they have the greatest disabilities, what about the 37 States that don't even offer it because there is no money?

Dr. Pasternack. There are 80 programs in five States that are funded through the vocational rehabilitation program, because there are some programs that focus on just the older blind.

Mr. Hinojosa. What percentage of the 1.2 million eligible is served?

Dr. Pasternack. I would have to get back to you with the specific numbers on that, Congressman. I can tell you that in the study we did, there were approximate 230,000 individuals with significant disabilities of that 1.2 million that were served last year who found competitive, gainful employment.

Mr. Hinojosa. If you can get me that number, I would like to know what percentage you are serving.

The last question is on children with disabilities who leave K-12 programs in public schools that are most likely to need additional services through vocational rehab to make sure they obtain employment. Why hasn't the Administration advocated for additional funding for that group of young people?

Dr. Pasternack. As you know, Congressman, the President's 2004 budget contains another \$1 billion. In 2003 he is proposing the largest single Presidential requested increase in IDEA funding in the 28-year history of the program. So I believe the President should be commended for demonstrating his significant commitment to keeping the IDEA strong.

I know that time is precious, but since you are asking the important question about community colleges, I just wanted to tell you something we are doing. Under the IDEA right now, it is permissible to have concurrent enrollments of students with disabilities in high school and community colleges.

I met with 25 presidents from community colleges recently to talk about experimenting with a program where we have concurrent enrollment. As you know, if a student graduates from high school, it terminates their eligibility for identified services. We are looking at piloting some programs where a student would be concurrently enrolled in high school and the community college, and not just get their diploma, but receive services both through the high school and the community college as a way of increasing what is now the highest level of postsecondary participation ever, 9 percent.

However, this Administration believes that is not enough, and if students with disabilities want to go on to postsecondary opportunities, we ought to be giving them those kinds of opportunities.

Mr. Hinojosa. I am very familiar with concurrent enrollment and the community colleges working with the school districts. I certainly endorse that, and I would support it.

Dr. Pasternack. Thank you, Congressman.

Mr. Hinojosa. Thank you, Mr. Chairman.

Chairman McKeon. Thank you, Assistant Secretary DeRocco and Assistant Secretary Pasternack. I think you have done an outstanding job of answering our questions. I appreciate your being here. I appreciate your valuable testimony.

You may now step down and I will ask the second panel to take their seats. We will take a short recess while that happens.

[Recess]

Chairman McKeon. The Subcommittee will come to order. We will now be introducing the second panel of witnesses.

Our first witness today is Thomas J. White. Mr. White serves as President and Chief Executive Officer of the Durham, North Carolina, Chamber of Commerce. He received his undergraduate degree in English from Duke University and his master of public affairs degree from North Carolina State University. Mr. White has served as President of the Durham Day Care Council and Chairman of the Durham United Way Campaign.

Our second witness is Mr. John Twomey, President of the National Workforce Association, Washington, D.C. Mr. Twomey also serves as the Executive Director of the New York Association of Training and Employment Professionals. From 1977 until 1978, he served as Assistant Director and Project Director of the Northwest Bronx Community and Clergy Coalition. He received his Bachelor of Arts degree in communication from Fordham University in 1974.

Next we have Steven Savner. Mr. Savner is a Senior Staff Attorney at the Center for Law and Social Policy, Washington, D.C. Mr. Savner has also served at the Massachusetts Law Reform Institute in Boston, and he has worked as an attorney for the National Employment Law Project in New York City.

I understand Mr. Ehlers would like to introduce our fourth witness. I yield to the gentleman from Michigan, Mr. Ehlers, for that purpose.

Mr. Ehlers. Thank you for yielding, Mr. Chairman. I understand the next witness is also a close friend of Mr. Kildee, so I will do the courtesy of yielding him time after my introduction if he wishes to add a comment or two.

It is my pleasure today to introduce one of my constituents, Betty Shaw-Henderson, who is from the greater Grand Rapids area and is the District Manager, Michigan Department of Career Development and Rehabilitation Services, which provides vocational rehabilitation services to approximately 2,100 customers with disabilities, as well as providing business services to the

employer community in the Grand Rapids area.

She has provided extensive national and statewide leadership in the vocational rehabilitation profession. She has served as President of the Michigan Rehabilitation Association, and as President of the National Rehabilitation Association, so she comes with great credentials, and we are eager to hear what she has to put on the record for us.

I want to thank Ms. Shaw-Henderson for coming here to testify. I will be pleased to yield briefly to Mr. Kildee.

Mr. Kildee. I thank the gentleman for yielding.

Betty Shaw-Henderson is one of those people that, whatever she has done for people, those people are so much better off. She served so well in the Flint area community. We love her dearly over there. I can truly say that there are certain people that I have met, and from knowing them, have emerged as a better person. I am certainly a better person for knowing Betty Shaw-Henderson.

Thank you, Betty.

Mr. Ehlers. Reclaiming my time, we are very proud to have you here today, Betty. I yield back the balance of my time.

Chairman McKeon. Thank you, Mr. Ehlers and Mr. Kildee.

Mr. White, you may now begin.

STATEMENT OF THOMAS J. WHITE, PRESIDENT AND CEO, GREATER DURHAM CHAMBER OF COMMERCE, DURHAM, NC

Thank you, Mr. Chairman, Members of the Subcommittee.

In addition to serving as President and Chief Executive Officer of the Greater Durham Chamber of Commerce, I have the pleasure and privilege of serving on our local Workforce Development Board and its Executive Committee. For most of my 25-year career with our Chamber, I have been involved in economic development, recruiting companies to our community and helping existing enterprise expand.

I have also enjoyed serving for 4 years as the Chamber's Director of the Private Sector Initiative Program, a unique partnership between the city of Durham and our Chamber that sought to promote extensive business involvement in both our CETA and JTPA programs.

Very briefly, I would like to cite just a few specific examples of how the workforce development system is integrally important to economic development. We were recognized by

President Ronald Reagan in 1995 for our role in implementation of a Ford Foundation program entitled Women in Electronics, a public/private collaboration under the JTPA Private Industry Council, that helped welfare recipients develop academic competencies and occupational skills to secure good-paying jobs with outstanding companies such as IBM, General Electric, Northern Telecom, all anchor tenants in our Research Triangle Park.

That unique, effective partnership reinforced our organizations firmly held conviction that business can and should play a key role in the operation of our Nation's employment and training system. We were able to forge an effective partnership comprised of public welfare agency officials and private human resource officials that led to hundreds of economically-disadvantaged citizens securing good jobs at good wages.

In late 1998, the year of the implementation of the Workforce Investment Act, our Chamber announced that Aisin AW, a Japanese firm manufacturing transmissions for Toyota, had selected Durham for a \$100 million investment comprised of a 125-acre land purchase, the construction of a 300,000 square foot production facility, and most importantly, the creation of 300 good-paying jobs.

Last June, the company broke ground on phase 2 of their project, adding another \$160 million worth of capital and 450 additional jobs. The company has a sole source agreement with our Employment Security Commission, which happens to be our One-Stop job link career center operator, for employee recruitment, and our community college, which will conduct all of the company's pre-employment and occupational skills classroom training at a satellite campus near Aisin AW's facility.

Here is the essential point of this mini-case study: Both the site selection consultants and the corporate human resource managers indicated that the workforce development resource provision was the key factor in their determination to both locate in Durham, as well as to expand.

We have been most fortunate to be selected by the U.S. Chamber of Commerce Center for Workforce Preparation for participation in the Workforce Innovation Networks demonstration project. The superior technical assistance and professional support services offered us by the center staff have enabled us to establish and enhance this economic development/employment and training linkage to the maximum benefit of not only our corporate prospects and our Chamber members, but also our WIA public constituencies, including dislocated workers, TANF recipients, at-risk youth, and other workforce participants who stand to benefit from a truly effective public/private partnership.

That is what is so commendable about the centers' WINs demonstration that is reminiscent of the underlying principles of our success in that "Women in Electronics" demonstration under JTPA. When the U.S. Chamber and the National Association of Manufacturers partners with the Ford Foundation, the Annie Casey Foundation, and Jobs for the Future in a spirit of common cause, the coalescence of those organizations and institutions has the capacity to produce some very impressive outcomes; in this instance, helping low-income workers gain access to the new jobs being created as a result of effective Chamber-driven economic development.

The lesson in these demonstration projects is that our communities, our States, and our Nation are far more competitive and productive when we design and operate a workforce system that includes business and government as full-fledged partners. We stand a far better chance of achieving success, as measured by tax base expansion, capital investment, job creation, and poverty reduction, when our Nation's workforce system is fully integrated with our economic development system so that all our citizens can take advantage of and reap the benefit from the economic opportunities created by new and expanding industry.

Thank you, Mr. Chairman.

Chairman McKeon. Thank you, Mr. White.

WRITTEN STATEMENT OF THOMAS J. WHITE, PRESIDENT AND CEO,
GREATER DURHAM CHAMBER OF COMMERCE, DURHAM, NC – SEE
APPENDIX D

Chairman McKeon. Mr. Twomey.

***STATEMENT OF JOHN TWOMEY, PRESIDENT, NATIONAL
WORKFORCE ASSOCIATION, WASHINGTON, D.C.***

Thank you, Mr. Chairman, Mr. Kildee, distinguished Members of the Subcommittee. I apologize for being a little raspy. It was 87 degrees cooler when I left Albany this morning than when the Chairman left home yesterday.

In New York in my everyday job, as the Chairman mentioned, I am director of our workforce association. We represent 33 areas, 72 pretty eclectic groups across a full range of associate members. Since 2001, the workforce board chairs have asked our association to help organize them.

I have been asked in my remarks today to briefly address two issues, an assessment on the implementation progress of the Workforce Investment Act, and the National Workforce Association's reauthorization positions.

I would like to applaud Chairman McKeon and Mr. Kildee as authors of the Workforce Investment Act. I think it is a very visionary piece of legislation that is trying to change 40 years of a completely supply-side federal workforce policy focused only on the job seeker, to a two-customer system: job seekers and businesses.

I think that we recognize the need for a One-Stop system in this country. I think, whether we like it or not, it is true that people are changing jobs, and often careers, every 5 years. We do

need that system.

The National Workforce Association would urge the Subcommittee to build on a locally driven, private sector-led vision. We think it took a while for workforce boards and One-Stops to get up and running, to get traction. We would respectfully urge the Subcommittee to look at tweaking, not major overhauls. We think the system is progressing well. The Government Accounting Office has said the workforce boards have gone beyond their required mandate. In terms of One-Stops, integration has improved. We have a long way to go. I think there is a movement on a continuum from collocation to collaboration and ultimately to integration.

One of the biggest challenges since the passage of the Workforce Investment Act is resource allocation. Because there have not been enough resources, there has been reduction in training and there has been a disproportionate pull on the adult money. That adult money, Title I WIA money, is the only money that can be used that comes to the locals for upgrading low-wage workers and also for universal access into a One-Stop, so you are pulled to use it for infrastructure instead of providing more training that we desperately need, particularly in these times of high unemployment.

My colleagues in States like Michigan, Massachusetts, Texas, and Florida told me it took about 3 years to really get up and running and get the kinks out. We only have two full years of reporting in most of the country.

In terms of business services, this is a major change from all its predecessor legislation. Unlike JTPA, under the Workforce Investment Act we can work with people while they are working. In States and many local areas there has been very innovative incumbent worker training, excellent sector approaches, identification of key industry clusters, and career ladders.

In New York State, with the governor's State WIA funds (15 %), we have done some wonderful work with manufacturers, upgrading skills and keeping the firms competitive. High tech firms were aided. And local workforce areas received funds to conduct local skills-gap analyses.

I don't think there has been enough training. I agree with the earlier comments that we need to make the list less burdensome for community colleges, but a lot of that also is just because money has been diverted.

In terms of youth, I think it is a new system. It has taken a while to figure out the full array of services. There is definitely not the money there for the task involved. In this economic downturn, research has shown that half of all job loss is for persons less than 25 years of age.

Finally, the number one priority of the National Workforce Association would be to find some way to fund the One-Stop infrastructure. I think it was a good attempt to do it through negotiations, it just did not pan out. Trying to negotiate these agreements and then doing cost allocations and reconciliations has not yielded money and it has diverted a tremendous amount of energy and time that could have gone into improved services for job seekers and businesses.

We heard earlier today that you are struggling with how to do this, whether by block grant, or funding off the top. There are, of course, political pitfalls in both. I think that we would be willing to work with you in any way we could to try to make this work. It is probably one of the biggest challenges.

I am not going to go into our differences on expenditures obligation with my friend and colleague, the Assistant Secretary, too much. Let me just say that the National Workforce Association agrees with GAO that States and locals are spending their money well within the statutory time frame, and will continue to do so.

In governance, we want to see stronger business-led workforce investment boards. We agree that they should be more into policy development, and getting memoranda of understanding; moving them to the partner table will do that. Unfortunately, the workforce boards have very robust rhetoric and direct control over these programs.

I am going to stop there. Thank you for the opportunity to be here today to comment, and for your work on this legislation, and your support of local control.

Thank you.

WRITTEN STATEMENT OF JOHN TWOMEY, PRESIDENT, NATIONAL WORKFORCE ASSOCIATION, WASHINGTON, D.C. – SEE APPENDIX E

Chairman McKeon. Thank you, Mr. Twomey.

Mr. Savner.

**STATEMENT OF STEVEN SAVNER, SENIOR STAFF ATTORNEY,
CENTER FOR LAW AND SOCIAL POLICY, WASHINGTON, D.C.**

Mr. Chairman, Mr. Kildee, Members of the Subcommittee, thank you very much for inviting me to testify today.

I am at the Center for Law and Social Policy, CLASP, which is a nonprofit. We do work on the Workforce Investment Act. We look at the research, and we often visit and talk with administrators, program operators, and individuals who are affected by these programs; so we have been following the implementation of the Workforce Investment Act very closely over the last several years.

Just following up on what Mr. Twomey mentioned, it is important to appreciate we really have only about 2-1/2 years of experience with the fully phased-in Workforce Investment Act. We think for that reason, because of the limited information we have, Congress should move cautiously in making further changes to the Act at this time, and that the areas of change that Congress does move on should be limited to those where there is a sound basis in our experience for the proposed change and broad agreement that there is need for the change.

Within this framework, though, we do think the data suggests several important challenges Congress should address. First is the problem of the dramatic decline in training we have seen. In program year 2000, it appears that between 85,000 and 100,000 adults and dislocated workers received training. The 2001 data, which was attached to Assistant Secretary DeRocco's testimony today, does suggest that there was an increase, but we are still far behind the over 300,000 people that received training in 1998 under the Job Training Partnership Act, so we think Congress should move to address this. I will suggest some options for that.

We also think that we do need to address the problem of providers dropping out of the system because the reporting requirements are too burdensome for them to comply with the eligible provider certification system.

To respond to those two major challenges, first we think more funding needs to be made available for training services. Again, whether we separate out funding for One-Stops or separate out money for training, more resources are needed to do the job that we need to do in terms of the One-Stop system and to provide further training.

We would much prefer to see the \$3.6 billion that is going into personal reemployment accounts be used to provide unemployment insurance extensions under the current system and that there are funds available to target for additional training for adults and dislocated workers.

We also think we can increase the number of people getting training by eliminating the sequential eligibility rules. We applaud the Administration for including that initiative in their proposal.

Finally, with regard to provider certification, rather than reducing the requirements around certification, what we would prefer to see is for the system to take up the cost of reporting and collecting that information. The information that providers are supposed to make available is critical to the success of the individual training accounts and to knowledgeable consumers being able to make choices, so we much prefer to see the system pay for that, rather than not have that information available.

I would like to focus on a few of the Administration's proposals now, and particularly the consolidation of funding for adult services and their waiver provisions. As I mentioned, there are some other provisions that they have proposed that we think are more moderate and are likely to be more effective, but we think in these two areas the Administration's proposals are unwarranted and unwise.

Similarly, although we are not experts in the youth provisions of this, we understand from colleague organizations that there are significant concerns about the elimination of the youth councils and the total exclusion of in-school youth from services under the youth provisions. But focusing on the consolidation proposals, we think it is unwise to consolidate these three funding streams. There is not any evidence that we have seen yet, that duplication or inefficiencies are resulting from the division between dislocated and adult workers.

Historically, Congress has provided guidance on the distribution of these funds. We know that there is current transfer authority, but we have no idea how many local areas are taking advantage of that transfer authority and how many of them are at the 20 percent cap that was in place; so we think it is inappropriate at this time to completely merge those two funding streams.

The point here is not to quarrel about which hundred thousand people get training; the point we should be worried about is how we can get more training delivered to more people, and combining these funding streams will not accomplish that.

We are also troubled by the elimination of the Wagner-Peyser employment service. The Administration has made a number of proposals concerning unemployment insurance, devolution of the Administration, replacement with personal responsibility accounts or personal reemployment accounts, extended benefits, and now elimination of the employment service. We think that all of these threaten to undermine the unemployment insurance structure that we have in place and, again, are not warranted.

There may be more modest efforts needed to spur further collocation between the employment service and the One-Stops. There may be more need for local workforce investment boards to coordinate with the employment service that is State administered, but those can be accomplished with more modest changes.

Finally, we are very troubled by the waiver provisions. There is no basis in experience for allowing States to secure waivers to undermine the authority of local boards, to change the distribution of local funds. There is no basis for eliminating the current protections against non-displacement and nondiscrimination. That is what both of the new waiver provisions would do. So we urge you not to include those waiver changes in the bill that you mark up in the near future.

Thank you very much.

WRITTEN STATEMENT OF STEVEN SAVNER, SENIOR STAFF ATTORNEY,
CENTER FOR LAW AND SOCIAL POLICY, WASHINGTON, D.C. – SEE
APPENDIX F

Chairman McKeon. Thank you, Mr. Savner.

Ms. Shaw-Henderson

**STATEMENT OF BETTIE SHAW-HENDERSON, DISTRICT MANAGER,
MICHIGAN DEPARTMENT OF VOCATIONAL REHABILITATION,
KENTWOOD, MI**

Congressman McKeon, Congressman Kildee, Congressman Ehlers, and Members of the Subcommittee, thank you for inviting me to testify today on what I and many others consider to be one of the most effective, evidence-based job training employment programs in the history of the workforce world, the Public Program of Vocational Rehabilitation which is administered under the Rehabilitation Act of 1973, as amended, in the United States Department of Education.

I am pleased to be here today on behalf of the National Rehabilitation Coalition, a newly formed coalition whose co-chairs include the National Rehabilitation Coalition, the Council of State Administrators of Vocational Rehabilitation, and the Association of Persons in Supported Employment, and other well-recognized disability organizations.

In my role as a Vocational Rehabilitation Counselor within the Michigan Department of Career Development and Rehabilitation Services, my job and my passion was and is to assist eligible individuals with disabilities, including individuals with significant disabilities, in securing quality employment by providing informed choice and access to individualized services and supports that they require to obtain employment, live independently, and contribute to our communities and to our great nation.

During the 1998 reauthorization of the Rehabilitation Act, which comprises Title IV of the Workforce Investment Act, all of us, including consumers, worked together to enhance informed choice of individuals with disabilities, one of the many hallmarks of the public VR service delivery system. The 1998 VR amendments also significantly reduced paperwork requirements associated with submission of the State plan, which allowed staff to spend more time with individuals with disabilities while maintaining success and accountability within the Public VR Program.

During my time in the Flint, Michigan area, I came to know Congressman Kildee as a good friend and a supporter of our program. He continues to understand and be open to the needs of the program. He understands that millions of people have disabilities and what it takes to assist people to secure employment.

I also had the pleasure of meeting with Congressman Ehlers in Grand Rapids on several occasions, and thank you, Congressman Ehlers, for your continued support of the Public VR Program.

In its 83 years of history, the Public Program of VR has assisted 14 million eligible individuals with disabilities in obtaining employment. In fiscal year 2001 alone, this Public Program of VR served more than 1.2 million eligible individuals with disabilities, of which 233,000 entered or reentered the world of work. That is pretty impressive.

These same employed individuals earned \$3.4 billion in wages and paid \$977 million in federal and state and local Social Security and Medicare taxes. Moreover, evidence-based research has shown that individuals with disabilities who are employed rely less on income-supported programs and other forms of State and Federal assistance.

A recently rolled-out longitudinal study which was commissioned by the Congress in 1992 to the Rehabilitation Act tracked over a 5-year period 85 selected applicants, consumers of the VR program, from 37 VR agencies. The impressive findings of this study found that the Public VR Program works effectively in employing individuals with disabilities, in securing quality employment and reentering employment by services that are provided by qualified rehabilitation counselors.

The public vocational rehabilitation program in your State is a strong State/Federal partnership. It promotes the independence and employment of individuals with disabilities, and maintains longstanding successful partnerships with a wide array of individuals, public/private providers of vocational rehabilitation services and supports, including community rehabilitation programs, and, of course, our many employers in businesses.

One of the many partnerships of the VR program includes its collaboration and linkage of the workforce investment system. The Public VR Program is a mandatory partner in the One-Stop system included under the Workforce Investment Act of 1998. The National Rehabilitation Coalition continues to believe in the power of productive partnership to respect and respond to the needs of individuals with disabilities, especially those with the most significant disabilities.

The Public VR Program, which comprises Title IV of the Workforce Investment Act, could write the book on partnerships, because we have been successfully partnering and collaborating for decades with employers and stakeholders at the Federal, State, and local levels. We know how to do it, and we do it well.

State Vocational Rehabilitation continues to support and promote participation in One-Stop centers on a cost allocation basis, which we have been doing since the implementation of the Workforce Investment Act, consistent with what we believe was the congressional intent, that the mandatory partners continue to contribute to the system consistent with the partners' authorizing legislation.

Productive partnerships for individuals with disabilities must ensure that physical, pragmatic accessibility requirements are met consistent with the Americans with Disabilities Act and sections 504 and 508 of the Rehabilitation Act of 1973, as amended.

Though some progress has been made to effect physical accessibility for individuals with disabilities entering One-Stop, programmatic access remains an important challenge we must meet. We need to continue to work with it if individuals with disabilities, especially those with the most significant disabilities, are to be effective and to effect access to all services offered through One-Stop centers.

The message to all is a simple one: If individuals with disabilities cannot get through the door of One-Stop centers or are unable to meaningfully access the information services once inside, they cannot be served or have the opportunity to access meaningful information about the world of work. They cannot access the program.

A few final observations, if I may. I ask your support for continuation of mandatory funding for Title I programs of the Rehabilitation Act, which funding, although woefully inadequate, at least provides some grant for this job placement program. Presently, 37 States are on an order of selection, which places priority for services on those individuals most significantly disabled.

I would respectfully ask, however, if at all possible, that you would please consider additional funding for Title I, for the Title I program, and other programs that I believe have demonstrated that the programs administered under the Public Programs of VR embody the ABCs of solid vocational rehabilitation practice. They are accountability, bipartisanship, and they are comprehensive and cost effective. Most importantly, they assist in empowering millions of individuals with disabilities to enter or reenter the world of work.

I would like to take this opportunity to thank Congress for instituting separate funding in the fiscal year 2003 budget for three important programs under the Public Programs of VR, which are programs related to projects with industry, supported employment, and funding for migrant and seasonal farm workers.

Lastly, I would like to thank you for this opportunity to testify on Public Programs of VR. I promise that if you entrust the State VR agencies with additional funds to administer this successful employment program and if I am invited back to the next reauthorization, I will have more impressive information to share with you.

May I encourage you, if you have not already, and I know most of you have already done this, to visit your State VR office in your district. Please do so. I know you will be impressed with our success, and the difference that we, and particularly our qualified staff, working in collaboration with individuals with disabilities can make in achieving quality employment.

Again, thank you. I would be more than glad to answer any questions at this time.

WRITTEN STATEMENT OF BETTIE SHAW-HENDERSON, DISTRICT
MANAGER, MICHIGAN DEPARTMENT OF VOCATIONAL
REHABILITATION, KENTWOOD, MI – SEE APPENDIX G

Chairman McKeon. Thank you very much. Let us get through with this one before we invite you back to the next one, but I appreciate your offer.

Mr. White, you outlined examples of how the Chamber collaborated with the economic development system to bring new jobs to the Durham area. Can you elaborate on the outreach to

the business community in which you engage, and how you have successfully formed these connections?

Mr. White. Thank you, Mr. Chairman. We have within our economic development program plan an inclusiveness that involves the manager of the Employment Security Commission, the venue that houses the One-Stop career link center. That individual also serves on the Durham Chamber of Commerce board of directors, so there is almost daily interaction. Thanks to the U.S. Chamber's leadership, the Center for Workforce Preparation, and our WINS demonstration project, we have actually created within our Chamber a workforce development division that is very compatible with our economic development function, so we have an internal staff manager who goes out with our corporate recruiter and actually works with the site selection team in the process of trying to recruit them to a facility for a land purchase, for an expansion of an existing enterprise. So that is done on a daily basis.

The gentleman from Texas mentioned the community college system. The community college president serves as our treasurer, so there is a lot of interaction. I happen to serve as a trustee and foundation director on a community college board, so there is lots of give and take. We all know what we are doing.

It promotes harmony, and it needs to do that, because there have been some references made this afternoon about the disharmony that exists with different terminology and protocols. We have been able to streamline those by saying it is in all our best interests to recruit companies to give good-paying jobs to our citizens and to satisfy multiple constituencies. It satisfies our economic development interests as a Chamber of Commerce and satisfies all the One-Stop job link career partners, including vocational rehabilitation, our social services department with TANF participants, all of our school programs that serve at-risk youth, and unfortunately we have a very high dropout rate in our jurisdiction, and all of the dislocated workers.

Despite the fact that we have led our State in new and expanding industry for the third consecutive year, we have also had thousands of jobs go by the wayside, and people who have never been unemployed in their lives. Unfortunately, we have a concomitantly high poverty rate for youth and adults. Even though we are home to research Triangle Park, home to Duke University, we have not been able to lift all boats, so there is still a challenge.

Chairman McKeon. Thank you.

Mr. Twomey, the Subcommittee has heard that the current performance measurement does not capture all of the activity at the local level and in the One-Stop system. I know I have seen this when I have visited centers; there is a real concern about that.

In your testimony, you recommend using technology such as swipe cards to capture this usage. How would we capture this information without creating an unnecessary burden on local areas?

Mr. Twomey. Our thirty-three areas in New York are using swipe cards now. Those ten centers are able to come up with usage information.

I have been to most of the WIB meetings in New York at various times. What the business people want to know is what our penetration for job seekers and businesses is, and what our usage and repeat usage is. That is a big number to them. It is difficult without that technology to find that number.

Those ten reported that that did not seem to be a big problem or intrusive to people. In fact, our business majority State board in their last meeting voted to seek State government's 15 percent money and buy a swipe card system for the other twenty-three workforce areas. They want to know how many people are using the system and how is it improving year-to-year, and if our resources are out of alignment.

In order to do this, they are very sensitive to privacy concerns, so they want to bring in some of the people who are users of the system in New York, and also bring in some of the people who helped write the software.

Mr. Twomey. If I could just take one second to say I visited one sub-center in Boston run by Tom Ford, just a fabulous center, and they are 100 percent swipe card. If somebody doesn't come back for 30 days, they have an outside firm contact the person to find out why and they use that data for continuous improvement. It is quite impressive.

Chairman McKeon. My district changed quite a bit with redistricting. I went from a suburban area with some rural areas, to less suburban and a lot more rural areas. One of my counties is the second largest county in the country, over 10,000 square miles, with about 18,000 people. The chance of them trying to have a One-Stop where you could use that kind of technology is something we are going to grapple with as we go through this, because I am sure I am not the only one.

I have been to Nebraska; I have been to some of these other States that have similar problems. We are trying to figure out how we can make the system available in rural areas like that. I know there is lots of technology available out there. We need to focus on that also, because we have very severe problems in rural areas just like we have in very urban areas.

Mr. Kildee.

Mr. Kildee. Thank you, Mr. Chairman. Mr. Twomey, what do you think will be the effect of the Administration's WIA reauthorization on local communities?

Mr. Twomey. Congressman Kildee, we received it on Thursday, looked at it all day Friday, and were able to turn a 10-page paper into a 14-page matrix. That is kind of unusual. We find that some things in it are very encouraging and going in the right direction; and there are some, quite frankly, I find more troubling. On the positive side are smaller workforce boards dealing in real issues with, as I think Mr. White said, all the players in the community involved. That has not

always been the case in many areas.

Dedicated funding for the One-Stop will lead to more training. A lot of the training programs are pretty good. Career scholarships, simplifying OJT, those are positives. As for the adult block, I think that what Assistant Secretary DeRocco said is true; that there has not been the amount of integration that you gentlemen hoped there would be when you put this bill together. I don't think that would be my way of doing it.

I think you could clarify the employment service role to the workforce investment boards. You could suggest to the core employment service, which would have a lot of other funds, that there could be common performance measures. Separate funding for the One-Stop would free it. The transfer authority could be done now; it has been moved to 30 with a simplified waiver. You could go to 40 and maintain the integrity. I just don't know enough details yet.

I have to say I am very leery, as Steve was, of the waiver. I think we are building a system that is starting to work. It looks to me, if governors chose to, they could redraw boundaries, eliminate local boards, redraw the funding formula, and diminish the role and resources for the chief elected officials. So I need to see more there.

Mr. Kildee. The waiver does concern you.

Mr. Twomey. Yes, it does. But my bias is local. If my bias was more State, I might appreciate it more.

Mr. Kildee. How do you feel the block grant for the adult education, the dislocated workers, and the employment services would affect the program on the local level?

Mr. Twomey. Well, I think that we are moving toward that spectrum of collocation to collaboration. Collocation would be like a condo; we are all there but we really don't have much to do with each other. So we need to get spectrum integration. I thought if there was plenty of money and no turf, it was a 7-to-10-year deal. There was plenty of turf and little money. But still there is progress there.

The 50/50 split concerns me. And maybe my math is just bad, but the way I looked at it in New York, it looked like we lost about \$9 million off the top, from \$102 million to \$93 million. While I would agree from 40 percent to 50 percent would go out locally, we don't have enough infrastructure yet. I think it is because we haven't shown a value to occupational partners in the community.

I bet youth councils would have been better with paid staff.

Mr. Kildee. Okay, thank you very much. Thank you. I yield back.

Chairman McKeon. Mr. Payne.

Mr. Payne. Well, I certainly missed all the testimony and will not belabor or lengthen the hearing. I certainly have some concerns about some of the new PRAs and the WIA and the vouchers and with some of the direction that the Department of Labor is taking. I hope that we are still going to be there primarily to assist and benefit those people who have been disadvantaged by the downturn in the economy and by unemployment. My concern is in the future how we deal with unemployment. I am talking about 5 years out, 10 years out, unless unemployment is going to go away forever.

Currently we heard about the new voucher system where people would be able to use up to \$3,000 any way they saw fit. But it is sort of a one-shot deal. And I am just worrying about chronic unemployed people, and areas that are losing jobs in general, and whether we are going to have chronic unemployment, and just what happens to the unemployed.

We have very little discussion about what happens to a person whose unemployment expires. Maybe somebody out there could tell me what happens when a person is unemployed and all their assistance has run out. Have any of you been in contact with people in those situations? What do they say, and how do they exist, where do they go, how do they live?

Mr. Savner. I think it is very difficult for those families. Some of those families may be eligible to receive other forms of public assistance; many are not. Though particularly if they don't have children, we don't have much of a safety net after unemployment insurance, which is why extensions, until we recover from the recession and are really able to make sure that people get work within 26 weeks, are critically important. There is a fairly tattered array of services particularly for those individuals who don't have families.

Mr. Twomey. New York is a State that has a constitutional amendment to care for the needy. So if someone would be off unemployment assistance and have no other resources, they would go 50/50 State. I think that we are in an area now where a lot of people in my State are losing jobs that were relatively well paid in manufacturing, and other jobs like that aren't there for the skill sets they have today.

My colleagues have made a very good case about the impending crisis we are facing in this country between demographics and skills because the last time I looked, our Federal investment in workforce development adjusted for inflation was down almost 25 percent from 1985 to 2003. So we need to find ways to get people skilled for the jobs that are coming, and do a better job of labor market information in the One-Stops. That is a problem.

Mr. White. It is a problem for us as well, Congressman. We went through some major economic dislocation in the 1980s in our market in the central Piedmont area of North Carolina, where historically our economy had an underpinning of tobacco and textiles. Those individuals could be retrained. It was more cyclical unemployment. We brought in semiconductor companies, electronics firms. Now those individuals in information technologies have been laid off, and they have been laid off for a longer length of time. Fortunately, we have an influx of biotechnology and bio-informatics, biomedical engineering. But it is a struggle indeed.

Mr. Payne. I am glad you raised that point, because in New Jersey where we had benefited from, for example, telecommunications before the break up of the Bell system, the whole gamut was there; AT&T, Bell Labs, the New Jersey Bell, Bell Atlantic, and so forth. And, of course, after Judge Green and the breakup of the Bell system and the beginning of many startups, such as Sprint and GTE and all those others, we now find that people who are pretty highly skilled college graduates, technical in nature, employed at the Verizons and the rest, are having tremendous layoffs. These people are really, like I said, highly skilled and well educated but are finding an extremely difficult time in trying to find adequate employment.

As a matter of fact, many of them are going to try to start small businesses. We find now there are a tremendous number of people trying to restart their lives with small businesses. But as you know, it is difficult to make a large percentage of small businesses work. So it is a very serious problem.

I do have one real quick question about the \$3,000 in vouchers. The \$3,000 vouchers, of course, are going to cost \$3.6 billion in unemployment money. And I just wonder if you think that is going in the right direction, and at the end of the day where are we going to be?

Mr. Savner. We are concerned about that proposal. The \$3,000 is really intended to meet a whole range of needs: income support needs, incentives to go back to work, training needs. And we are concerned it may not be sufficient to meet any of those purposes, frankly.

We did a survey of One-Stops in 2001 to find out what the limits were on training vouchers. And what we found was in most places a \$4,000 to \$6,000 cap on training vouchers. We are very concerned the \$3,000 isn't going to buy a good quality training program. So on that score, we think it is probably not a great proposal. And we are also concerned that it is not an effective substitute for a real unemployment extension for those who need it.

So finally I think on this whole issue of duplication and efficiency, on the one hand the Administration proposes to consolidate several funding streams to make things more efficient, yet they are asking us at the same time to set up a whole new structure, a different service delivery, which is ironic and runs against the notion of efficiency and non-duplication.

Mr. Twomey. A positive is \$1.8 billion in new money in a system that in a good year stays the same, and is never affected by inflation. Customer choice is one of the backbones of the individual training accounts. The fact is that in the earlier markup in this Subcommittee, there was a connection with the emerging local workforce system that is a positive. We are not fully aware of some of the other details yet. One of the unfortunate things, at least in New York, is that our allocations have gone down; people have dropped the amount for individual training. So as we go forward we are just exploring where we go and don't have a consensus yet.

Mr. Payne. Let me thank the Chairman for allowing me to ask the questions.

I would finally like to say we had some concern about the civil rights part of this, too. And if you get people who want successes and they find several women coming in to do something that they figure men have a better possibility for success, we can see women perhaps being

discriminated against and without any civil rights enforcement, I think that is also going in the wrong direction.

Thank you, Mr. Chairman.

Chairman McKeon. Thank you. Well, as has been said by each of you, I think you have concerns about some of these issues. You see good things, and you see bad things. As we say here, the Administration proposes and then the Congress disposes.

They have given us a package and we are now in the process of looking at it. We are listening to your input, we will be making changes, and we will draw up a bill. Then we will go through the amendment process through Subcommittee and Full Committee and the Floor, and then on to the Senate. So there will possibly be quite a bit of change as we go through this process, and we would like to have your continued input. We thank each of the witnesses for traveling here today, and for your valuable time.

If there is no further business at this point, the Subcommittee stands adjourned.

Whereupon, at 4:30 p.m., the Subcommittee was adjourned.

**APPENDIX A - WRITTEN OPENING STATEMENT OF CHAIRMAN BUCK
MCKEON, SUBCOMMITTEE ON 21ST CENTURY COMPETITIVENESS,
COMMITTEE ON EDUCATION AND THE WORKFORCE**

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STATEMENT OF THE HONORABLE HOWARD "BUCK" McKEON

CHAIRMAN

COMMITTEE ON EDUCATION AND THE WORKFORCE

SUBCOMMITTEE ON 21ST CENTURY COMPETITIVENESS

March 11, 2003 Hearing On:

**"WORKFORCE INVESTMENT AND REHABILITATION ACTS: IMPROVING
 SERVICES AND EMPOWERING INDIVIDUALS"**

Good afternoon. Thank you for joining us for this important hearing today to hear testimony on recommendations for reauthorization of the Workforce Investment Act of 1998 and the Rehabilitation Act. This will be our fourth hearing on the Workforce Investment Act within the last two years, and first hearing focusing on the Rehabilitation Act.

In 1998, under this Committee's leadership, Congress passed the Workforce Investment Act to reform the nation's job training system that formerly was fragmented, contained overlapping programs, and did not serve either job seekers or employers well. WIA consolidated and integrated employment and training services at the local level in a more unified workforce

development system.

The Act created three funding streams to provide for adult employment and training services, dislocated workers' employment and training services, and youth development services. These services are directed by the local, business-led workforce investment boards.

One of the hallmarks of the new system is that, in order to encourage the development of comprehensive systems that improve services to both employers and job seekers, local services are provided through a one-stop delivery system. At the one-stop centers, assistance ranges from core services such as job search and placement assistance, access to job listings, and an initial assessment of skills and needs; intensive services such as comprehensive assessments and case management; and if needed, occupational skills training.

In addition, to further promote a seamless system of services for job seekers and employers, numerous other federal programs also must make their services available through the one-stop system. Vocational rehabilitation is one of the mandatory partners in the workforce development system.

The WIA system contains the federal government's primary programs for investment in our nation's workforce preparation. Even though the system is still maturing since its full implementation in July 2000, States and local areas have created comprehensive services and effective one-stop delivery systems. The system is serving the needs of unemployed workers seeking new jobs in this time of economic recovery. In addition, the training services provided through WIA are invaluable in helping employers find the workers they need in areas of the

country facing skill shortages.

Nonetheless, there have been challenges with the system. For example, we have heard of the need to increase the financial contribution of the mandatory partners in the One-Stop Career Centers while at the same time increasing the service integration among the partner programs. This includes serving through the one-stop system special populations that have unique needs. We have heard recommendations to simplify the local and state governance processes and to strengthen the private sector's role. In addition, we have heard about the need to increase training opportunities and improve performance accountability. We look forward to hearing our witnesses' comments on these issues as we seek to enhance the system so that it will continue to meet the training and employment needs of the information-based, highly skilled, 21st century workforce.

We also are considering the Rehabilitation Act, which authorizes the nation's major program providing comprehensive vocational rehabilitation services to help persons with disabilities become employable and achieve full integration into society. The 1998 reauthorization simplified certain aspects of vocational rehabilitation to expand consumer choice of services and providers, coordinate the vocational rehabilitation system with the one-stop delivery system, and to increase consumers' involvement in the planning process and development of employment goals.

The vocational rehabilitation system largely has succeeded in achieving its purpose of providing more control to the individuals it serves. However, we do look forward to examining the degree to which the system is integrating with workforce development, and how well the one-stop system is serving individuals with disabilities.

Today we have the opportunity to hear reauthorization recommendations from the Administration and several important stakeholder groups. First we will hear from Assistant Secretary Emily DeRocco from the Department of Labor and Assistant Secretary Robert Pasternack from the Department of Education regarding the Administration's proposals for reauthorization of these the two vital programs. Then we will hear from leaders in the fields of business, workforce development, and vocational rehabilitation to learn their thoughts and recommendations for these Acts. The Subcommittee welcomes your insights as we move toward reauthorization.

I look forward to working with the members of this Committee, the Administration, and all stakeholders as we work to craft legislation that will build upon and improve the systems we created in 1998 and continue to empower individuals in improving their careers.

I now will yield to Congressman Kildee for any opening statement he may have.

***APPENDIX B - WRITTEN STATEMENT OF EMILY STOVER DeROCCO,
ASSISTANT SECRETARY OF LABOR, EMPLOYMENT AND TRAINING
ADMINISTRATION, U.S. DEPARTMENT OF LABOR, WASHINGTON, D.C.***

**TESTIMONY OF EMILY STOVER DeROCCO
ASSISTANT SECRETARY OF LABOR
BEFORE THE
COMMITTEE ON EDUCATION AND THE WORKFORCE
SUBCOMMITTEE ON 21ST CENTURY COMPETITIVENESS
U.S. HOUSE OF REPRESENTATIVES**

March 11, 2003

Good morning. Chairman McKeon and members of the Subcommittee, I thank you for inviting me to testify on the Administration's Workforce Investment Act reauthorization proposal. This proposal is designed to strengthen the One-Stop service delivery system, that states and local communities have developed to serve businesses and individuals with workforce needs and to promote further innovation. My testimony this morning will detail the proposal.

WIA Reauthorization

In 1998, under the strong leadership of this Committee, Congress passed by a large bipartisan majority the Workforce Investment Act (WIA). WIA was a groundbreaking piece of legislation that has sparked dramatic improvements in the delivery of employment and training services nationwide. The authorization of appropriations for the Act expires on September 30, 2003. Now our challenge is to build on these reforms in order to make the Act even more effective and responsive to the needs of local labor markets and to strengthen the innovations that many states and local communities have developed to serve businesses and individuals with workforce needs. Preliminary outcome data from Program Year 2001, along with a description of the Administration's new common performance measures for federal job training programs, is contained in the Appendix.

Over the past year, the Department of Labor has gone to considerable effort to consult with stakeholders on how the workforce investment system can be strengthened to address the challenges of globalization, technological advances, and the demographic changes of the

American workforce. The Department gathered public input on WIA reauthorization through a series of public forums. The Department held twelve forums around the country in the spring of 2002. In addition, the Department held a forum focused on services to individuals with disabilities in June of 2002, which was conducted in partnership with the Department of Education, the Department of Health and Human Services and the Social Security Administration. In addition, the Department held two forums on Indian and Native American programs in the fall of 2002. In total, over 1,400 people attended the forums, and more than 240 of them presented oral remarks. Moreover, in February of 2002, the Department sought public comment on reauthorization issues in the Federal Register. Over 370 comments were received in response to this announcement. A summary of the oral and written comments is available on the Employment and Training Administration's Web site at www.doleta.gov/usworkforce/reauthorization.

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

The Administration's WIA reauthorization proposal addresses six key areas of reform. Those areas are: (1) creating a more effective governance structure; (2) strengthening the One-Stop Career Center System; (3) delivering comprehensive services for adults; (4) creating a targeted approach to serving youth; (5) improving performance accountability; and (6) providing state flexibility.

Creating a More Effective Governance Structure

WIA called for the establishment of business-led workforce investment boards to oversee WIA implementation at the state and local levels. The statute listed what types of members should participate on the workforce investment boards and specified that boards have a majority of representatives from the business community. Membership requirements were similar for both State and Local Boards.

Since the early stages of implementation, complaints have been heard from many groups that the boards are too large and unwieldy. This has been an issue raised by private sector board members in particular, and as a result, it has been difficult to attract and retain employer participation on the boards. As indicated in the October 2001 report issued by the General Accounting Office (GAO) entitled, "Workforce Investment Act: Better Guidance Needed to Address Concerns Over New Requirements," private sector representatives are frustrated with the operations of the boards under WIA. They believe that the boards are too large to effectively address their concerns. And, where some boards have created executive committees or other structures to help deal with the size of the board, these entities may not have employer representation or reflect employer views – contrary to the clear intention of the Act.

According to the National Association of Workforce Boards, the average number of members of State Boards exceeds 40 in most places where new boards have been established

since the passage of WIA. GAO found that Vermont had over 40 seats on its board, California had 64, and Pennsylvania had 33. Local Boards can be just as large. For example, GAO found one in Pennsylvania with 43 members and two in California with 45 members. This board size is especially large in comparison to various private-sector corporate boards. For example, General Motors' board of directors has 13 members, while Intel's board has 11.

Under the Administration's proposal the role of the State Workforce Investment Board (State Board) would be clarified and strengthened, and the membership requirements streamlined. A minimum set of membership requirements would be contained in the statute that consist of: (1) the state agencies responsible for administering the One-Stop partner programs; (2) the state economic development agency; (3) business representatives; (4) worker advocates and (5) state legislators. The chair of the Board would still be a member of the business community. Governors would have the authority to expand Board membership.

The State Board would be tasked with setting policies and priorities for the One-Stop Career Center system. Such policies would include the development of minimum service delivery standards, comprehensive outreach strategies, and economic development strategies. Providing state-level administrators of One-Stop partner programs with more authority over One-Stop Career Centers would result in increased support for and partner usage of the system. It will also create a more global approach to addressing workforce needs in a community.

WIA reauthorization would reconfigure the membership and functions of Local Workforce Investment Boards (Local Boards). Statutory language would ensure that Board members represent the leading industry sectors as well as geographic areas within the local community. Membership would be streamlined by removing the requirement that the One-Stop partner programs have a seat on the local boards. This would provide an increased voice for

business representatives, education officials, community groups and worker advocates, enabling Boards to be more responsive to local needs. One-Stop partner officials would retain involvement in the local system through the local One-Stop memorandum of understanding (MOU) process. Local Boards would also have the option of creating “Operating Committees” comprised of One-Stop partners and other key parties to provide advice on operational issues. In addition, partner programs would benefit from having an increased voice on the State Boards.

The functions of the Local Boards should be focused on strategic planning and policy development activities. WIA attempted to move Local Boards away from operational details and towards strategic planning. However, such a shift has not occurred in many areas. In some local areas, three entities are actually trying to “lead” the local system: (1) employer groups such as local chambers of commerce; (2) the Local Board, which may not have the appropriate business leadership as members; and (3) One-Stop operators that are not getting adequate policy direction from the State and Local Workforce Investment Boards. The employer groups are frequently frustrated that they are not able to connect with or access resources from the Local Board, and as a result, they request funding directly from the U.S. Department of Labor. Rather than three “parallel systems” at the local level, there should be one comprehensive system for workforce investment that utilizes One-Stop Career Centers as the delivery mechanism governed by the Local Workforce Investment Board.

WIA required each Local Workforce Investment Board to establish a Youth Council tasked with coordinating youth activities in the local area. Councils are comprised of Local Board members with special interest or expertise in youth policy, representatives of juvenile justice agencies, parents, and other groups. Although not required by law, some states have taken the initiative to establish State Youth Councils. In the Administration’s reauthorization

proposal, the requirement for local Youth Councils would be dropped because in many areas, Youth Councils are floundering and have not added value to local system efforts. However, Governors and chief elected officials would retain the authority to create or maintain Youth Councils if it is believed the Councils add value in their areas.

WIA gave Governors and chief elected officials broad authority to grandfather State and Local Boards that were in existence prior to the enactment of WIA. This was due to the desire to maintain smaller, and more manageable boards. However, many states and local areas did not establish the types of comprehensive boards authorized under WIA. According to Department of Labor data, 27 states are using grandfathered state boards and 15 states chose to grandfather the local boards (private industry councils) that were established under the Job Training Partnership Act. In order to drive system reform, and because boards would be smaller under this proposal, the grandfathering provisions would be dropped as part of the reauthorization process.

Agreements on local area designations should be made as a result of discussions at the state and local level – without federal interference. One change recommended in the Administration's reauthorization proposal is the elimination of a local area's right to appeal non-designation to the Secretary of Labor. Local area appeal rights would end at the state level. In addition, the initial and subsequent designation provisions would be eliminated to allow Governors to better align local workforce investment areas with local labor market areas or economic development regions.

Under current law, states and local areas are required to submit strategic plans every five years. The statute outlines the types of information that must be contained in the plan. While strategic planning is important, the plans are currently not living documents that are updated to reflect changing economic situations or state/local priorities. The Department of Labor issued

comprehensive guidance on the state plan modification process. However, very few modifications have been received over the past few years even though some states have changed Governors, and many have experienced slowing economic conditions. Under the Administration's proposal, the planning cycle for state and local plans would be reduced to two years.

Strengthening the One-Stop Career System

Under title I of WIA, One-Stop partner programs (such as Adult Education, Vocational Rehabilitation and Unemployment Insurance) are required to contribute a portion of their funds to create and maintain the One-Stop delivery system. This is to be accomplished by One-Stop partners negotiating cost allocation and resource sharing through memoranda of understanding developed at the local level. However, there are many areas around the country where cost sharing has still not been resolved, even though WIA has been operational for several years. This was one of the key barriers to effective WIA implementation identified by GAO in their 2001 report on WIA. These ongoing debates on financial issues prevent local partners from fully focusing on services to customers. Guidance issued by DOL and partner agencies has not adequately resolved this issue.

Through WIA reauthorization, the operational cost of the One-Stop system would be financed through dedicated "One-Stop infrastructure" funding. This One-Stop infrastructure funding would alleviate a great deal of the current local negotiation issues and allow local areas to focus on what is most important -- meeting the needs of businesses and workers. Each partner program at the Federal level would contribute a portion of their funds to the One-Stop infrastructure funding -- either at the Federal level or as a set-aside at the state level. This approach would create a greater sense of partner "ownership" of the system than currently exists

and would encourage movement toward comprehensive workforce system reform by using existing dollars to support an integrated service delivery system at the state and local level. Research is currently being done to determine the amount of funding that would be needed. Funding would go to the Governor for local allocation. State and local partners could augment this funding as needed. The State Board would work with the Governor to determine the most strategic uses for this funding within the state.

One-Stop Career Centers offer employment and training assistance to a universal worker population, but do not offer a broad range of products and services (such as work supports and other supportive services) to low-wage workers. The Administration's reauthorization proposal would authorize local areas to provide a wide-range of services for low-wage workers that would enhance career advancement opportunities through the One-Stop system. Focusing on access to financial work supports (such as Food Stamps and Medicaid transitional assistance after job placement) and retention and advancement services (such as on-site child care and training during nontraditional hours in a One-Stop setting), in addition to using WIA resources for work supports would address the needs of both employers and members of the country's low-wage workforce. These supports and services would be funded by a variety of One-Stop partners and made available to participants through the One-Stop system.

A concern has been raised that a move towards universal service has resulted in less available and effective services to at-risk populations such as individuals with disabilities, migrant and seasonal farmworkers, and older workers. For example, less than 5% of the total number of adults and dislocated workers that left the program in 2001 were registered as individuals with disabilities. The Administration's proposal would remove any barriers to serving targeted populations through a comprehensive One-Stop system. By eliminating barriers

to service, the system would become more dynamic and flexible while maintaining a universal access focus. Most importantly, changes would be made to the current performance accountability system in order to ensure that local program operators do not face disincentives to serving those most in need.

Delivering Comprehensive Services to Adults

Currently, the WIA Adult, WIA Dislocated Worker and Wagner-Peyser funding streams finance similar services targeted to similar populations. Combining these three funding streams into a single formula grant would result in streamlined program administration at the state and local level and the reduction of current duplication and inefficiency. In this streamlined proposal, labor exchange services would be the foundation of the One-Stop Career Center system, with the remaining funds focused on training and intensive services. One-Stop operators would no longer have to track multiple streams of funds. The consolidation would also give states and local areas greater flexibility to integrate WIA title I service delivery with the TANF program. In states that have developed an integrated model, TANF has become the primary funding stream for serving workers in low-income families with children; with WIA funding being used to serve dislocated workers and employed adults.

This change would build upon current law that allows up to 20 percent to be transferred between the Adult and Dislocated Worker funding streams. In Program Year 2001, 30 states utilized this authority. The fiscal year 2003 appropriation raised the transfer limit to 30 percent.

The formula for the comprehensive adult program should take into account the formula factors used for the Adult, Dislocated Worker and Wagner-Peyser programs and minimize shifts in the allocation shares that states currently receive. In addition, the Secretary's reallocation

authority would be based on expenditures rather than obligations. This should strengthen targeting of resources to areas where need has been demonstrated by the use of funding.

Currently all Wagner-Peyser funds are retained at the state level. Fifteen percent of WIA Adult funds can be used for statewide activities, and up to forty percent of WIA Dislocated Worker funds can be used for statewide activities and rapid response. As part of reauthorization, Governors would allocate at least 50% of the combined WIA adult, dislocated workers and Wagner-Peyser funding stream to local areas – 40% according to a statutory formula and 10% according to a formula to be determined by the Governor based on economic and demographic factors. The remaining 50% would be available to the Governor for activities such as rapid response, support for core employment services in the One-Stop system, evaluations and demonstrations.

WIA reauthorization also would increase the proportion of funding that goes to the National Reserve for what are currently referred to as National Emergency Grants. As part of reauthorization, these grants would be renamed “National Dislocated Worker Grants,” but they would continue to be provided to states and localities at the Secretary’s discretion to address special layoff situations. Increasing the proportion of funding that is available for this targeted, flexible assistance would continue to improve services to dislocated workers.

Under current law, many states and local areas have misinterpreted the “sequence of service” strategy (how a participant moves from core to intensive to training services), often interpreting it to require individuals to spend a specific amount of time in one tier of service before moving onto the next. In some extreme circumstances, this has resulted in individuals being placed in low-paying jobs before they have access to the additional services they need in order to succeed in today’s competitive economy. The Administration’s proposal would provide

greater flexibility in the delivery of core, intensive and training services. Individuals would have the opportunity to receive the services that are most appropriate for their unique needs. A priority of service would be placed on unemployed workers. In addition, if a state determines that funds are limited, a second-tier priority would also be placed on low-income individuals. Concurrent delivery of services such as English as a Second Language and occupational training would also be specifically authorized as needed.

We believe that the current eligible training provider requirements are overly burdensome. For example, providers must report performance outcomes for all of their students, not just students who receive WIA funding. As a result, many training providers are deciding not to participate in the system. Federal and state confidentiality laws often make compliance with current requirements difficult, if not impossible. Rather than increasing customer choice, the current requirements have had the unintended effect of reducing customer choice due to limited numbers of eligible training providers in some states. The Administration's proposal would provide Governors with the authority to determine what standards, information and data would be required for the eligible training providers in their state. Providing Governors with such authority would result in an improved eligible training provider system. This revised approach would ensure the continuation of such key ideas as customer choice and provider accountability while making it easier for training providers to participate in the system. The Governor would be required to set minimum standards for all providers in a manner that would ensure quality choice and accountability to the Federal government.

While customized training and on-the-job training (OJT) services are authorized under title I of WIA, they are perceived as being overly bureaucratic, making them unattractive to employer customers. Also, incumbent worker training can be currently funded only through the

Governor's 15 percent reserve account. Many employer groups have indicated that greater flexibility in providing services to incumbent workers is needed. We propose to simplify the requirements for customized training, OJT and incumbent worker training. Current statutory requirements would be simplified in a way that would increase employer utilization of these tools while maintaining fiscal integrity. For example, with the approval of the Governor, local areas could spend up to 10 percent of their consolidated adult grant funds on incumbent worker training. An employer match would be required. The amount of the match would be determined according to the size of the employer.

WIA created Individual Training Accounts (ITAs) to enable participants to choose among available training providers, thus bringing market focus into federally funded training programs. Currently, states and local areas have a great deal of authority to develop policies related to procedures for making payments as well as restrictions on duration or amount of the ITA. However, ITAs are generally limited to WIA title I Adult and Dislocated Worker training funds. The Administration's proposal would expand the concept of Individual Training Accounts by changing them into Career Scholarships. In addition to being the vehicle for obtaining training with WIA funds, Career Scholarships could be enhanced by adding other resources such as private (employer paid) and individual training resources to facilitate training. Career Scholarships would be available to unemployed as well as certain groups of employed workers.

Finally, in the area of delivering comprehensive services to adults, the Administration's WIA reauthorization proposal would incorporate the President's proposed Reemployment Accounts into WIA since these two proposals are complementary. As you know, Secretary Chao has already testified in great detail about these accounts. WIA reauthorization would establish

authority for Governors to create Reemployment Accounts – special self-managed accounts for use by individuals who are out of work and who have been identified as very likely to exhaust their Unemployment Insurance benefits. The accounts would allow these individuals to more personally control their workforce fate and speed placement into an unsubsidized job.

Creating a Targeted Approach to Serving Youth

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

Under the Administration’s proposal the Targeted State Formula Program would be used at the local level to serve targeted categories of out-of-school, at-risk youth between the ages of 16 and 21. Research has shown that such youth face the greatest workforce development barriers – specifically, school drop-outs, court-involved youth, and young people making the difficult transition from foster care to independent living. Formula funds would be allocated to states, and, as under current law, the Governor and the State Board would be responsible for setting policies and strategies to guide the use of the funds at the local level. Governors would have discretion to target funds to local areas with the highest eligible youth population.

The Department will also award “Challenge Grants” on a competitive basis to cities and local areas, with funds going to programs proven effective at serving out-of-school youth as well as high-quality programs that provide activities in a non-school setting that lead to high academic

achievement. Cities and rural areas with programs that incorporate proven strategies and lessons learned from the Youth Opportunity Grant initiative and other demonstrations would apply to the Department of Labor for this targeted funding. Grantees would need to demonstrate partnerships, financial contributions from a variety of sources including the education and business communities, and inclusion of “best practices” as part of the program design. These grants would provide a “laboratory” to test and lead improvements in the larger formula grant program.

Improving Performance Accountability

Since the implementation of WIA, states and local areas have raised concerns about the seventeen statutory performance indicators under WIA title I. The measures are perceived to be too numerous and overly burdensome. In addition, the utility of some of the measures (such as customer satisfaction) as federally required measures has been questioned. The Administration’s reauthorization proposal would reduce the number of performance indicators from seventeen to eight. The current WIA title I performance indicators would be replaced by the eight indicators (4 for youth and 4 for adults) being developed by the Federal partner agencies as part of the new common measures initiative for employment and job training programs. The Appendix contains a description of these measures. Some of these common measures will support the provision of services to the targeted populations mentioned earlier. For example, there is a youth measure that will evaluate literacy and numeracy gains during participation in the WIA program. Governors would have the authority to add additional measures for use within their state, including the customer satisfaction and adult credential attainment measures.

Different federal job training programs seldom define performance indicators in a common manner, resulting in confusion and burden at the state and local level. For example,

“entered employment” is a performance outcome tracked for many One-Stop partner programs; however, how the program defines entered employment varies widely from WIA title I to the Wagner-Peyser employment services, to Vocational Education to Adult Education. As part of the common measures initiative, the core set of measures would also have a common set of definitions and data sets. This will help integrate service delivery through the One-Stop Career Centers at the local level. Streamlining and simplifying the requirements would also lead to increased co-enrollment flexibility among programs, ultimately leading to the maximum leverage of resources and potential cost savings at all levels of the system.

Finally under improving performance accountability, the WIA reauthorization proposal would strengthen the current performance accountability process by establishing long-term national performance goals. These national targets, which would be established through notice and comment rulemaking, would form the basis of state-level negotiations, with the individual state negotiated levels averaging the established national targets. This approach would ensure that performance levels established for the job training common measures are challenging. In addition, the current performance negotiation process between states and the Department is rather rigid and does not allow local workforce investment areas to target the needs of special populations (such as ex-offenders or migrant and seasonal farmworkers). Through reauthorization, a more dynamic performance negotiation process would be designed that would take into account local labor market needs and the characteristics of individuals being served. The Act currently allows for this flexibility, but stronger language would be added to the statute to encourage all levels of the system to take a variety of factors into account when establishing levels of performance. Such factors could include differences in economic conditions, such as

the rate of job creation or loss in a given local area, and differences in local participant characteristics.

Providing State Flexibility

The last part of the Administration's proposal provides states with the flexibility to design and implement the most effective workforce system. Currently, over 30 states have received waivers under the general waiver authority contained in title I of WIA. However, this authority is perceived to be very limited. Statutory limitations to increased waiver authority would be removed.

Lastly, Section 192 currently allows states to be designated as "Work-Flex" states in order to receive greater flexibility in administering WIA programs. No state has requested this authority under WIA since there is a perception that the process is too bureaucratic. In the Administration's reauthorization proposal, this section would be simplified to allow Governors to apply for block grant authority. Under this authority, Governors would have complete discretion as to how to administer WIA title I formula programs – both adult and youth. The Governors would determine sub-state funding and governance structures. The block grants would be guided by a set of guiding parameters. Such parameters would include use of the One-Stop Career Center system as the core service delivery system as well as a basic set of services to be provided. However, Governors would have the responsibility for selecting partner programs and the array of services. States receiving this block grant authority would need to submit a plan, similar to the TANF plan, to the Department. This plan would include expected levels of performance under the Federal common measures for employment and job training programs. A state that fails to meet negotiated levels of performance two years in a row would be subject to sanctions and loss of the authority to run programs under this option.

Conclusion

In order to achieve economic development and a better-trained workforce, we need to ensure that our workforce investment system provides both business and workers with the opportunities and tools they need for driving economic growth. I believe that the Administration's proposal for reforming the Workforce Investment Act will steer our nation's workforce investment system in this direction. Secretary Chao and I look forward to working with this Subcommittee as we move ahead.

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

APPENDIX

Preliminary Performance of the Workforce Investment Act of 1998 Overview of Program Year 2001*

Participation

During PY2001 (July 1, 2001 through June 30, 2002), more than 1.1 million people were assisted. During the first two program years of the Workforce Investment Act, nearly two million individuals received services through the One-Stop Career Centers.

Characteristics and Demographics

During PY2001, the states reported that a total of 419,103 individual exiters¹ received WIA services. This number is a 32% increase over the 317,131 individuals who exited the program in PY2000.

Diversity...

- Of the 419,103 individual exiters from the program, 56% were non-white, including 26% Black and 24% Hispanic, and 54% were females.
- Nearly 42% of the adult and dislocated exiters were in the 30-44 age range. The majority (70%) of youth exiting the program were aged 14-17.

Educational Status...

- 66% of adult and dislocated worker exiters had achieved a high school diploma, GED or advanced degree. However, the dislocated workers tended to be better educated than the general population of adult exiters as 74% had a high school diploma, GED or advanced degree.
- Among the 126,302 youth exiters, 69% were students at registration², 17% were high school dropouts, and 11% were high school graduates.

Income and Employment Status...

- 56% of the adult exiters were low income and 15% were receiving public assistance.
- 85% of the adults and dislocated workers were not employed at registration, and 35% were either Unemployment Insurance (UI) claimants or those who had exhausted their benefits.
- The vast majority (94%) of youth were not employed at registration. Of the older youth, only 15% were employed at registration.

Services

- 45% of adult and dislocated worker exiters received some type of training service, and, of those who received training, 60% established Individual Training Accounts (ITAs).
- Of all adult and dislocated workers who received training, 86% received occupational skills training, 10% participated in on-the-job training, and only 6% received adult education/basic skills instruction.

* Data Source: Data reported here are from state annual reports and WIASRD information submitted to the Department of Labor in December. These data may differ from information provided in the Department of Labor Annual Report on Performance and Accountability, which is based on WIA quarterly reports submitted in August.

¹ An exiter is an individual who is no longer receiving WIA services, other than follow-up services.

² Adults and dislocated workers are registered into WIA after receipt of significant staff-assisted activities. All youth must be registered.

- Of the total out-of-school youth exiters, 54% received educational achievement services.
- Slightly more than one-fifth of all adult and dislocated worker exiters received supportive services while almost one-third of those in training received such services. Only 3% received some kind of needs-related payments while receiving WIA services.

Outcomes

Preliminary information suggests that most individuals (about 3 of every 5 persons) who exit from the adult program, find jobs, stay on those jobs at least six months, and have earnings increases of about \$3,265. This earnings gain is almost equal to the average cost of their program participation.

Adults...

- The outcomes for adults demonstrated an increased employment rate between PY 2000 and PY 2001 (from 69% to 76%).
- The receipt of training translates into higher earnings changes for exiters when compared to the changes for those who received only core and intensive services. For example, the average earnings change over six months for individuals who received training services in PY2001 was \$4,097, while the average earnings change for those individuals who received only core and intensive services was \$2,574.

Dislocated Workers...

- Overall, dislocated workers made gains in their rate of employment between PY2000 and PY2001 (from 76% to 82%). Further, they replaced at least 100% of their pre-dislocation earnings during both PY2000 and PY2001.
- Dislocated workers who received some type of training were able to replace their prior wages at a much higher rate than those who received only core and intensive services (107% vs. 94% replacement rate).

Older and Younger Youth...

- The outcomes for older and younger youth remained relatively constant between PY2000 and PY2001, yet the rate of diploma attainment for younger youth increased significantly (from 35% to 54%).
- Younger youth also showed increases in their employment retention rates from 43% to 54%.

Outcomes for Special Populations...

- Dislocated individuals with disabilities had a higher rate of wage replacement than the overall WIA dislocated worker population (108% versus 101%), as well as a higher rate, on average, than those individuals who received training (107%).
- Younger youth with disabilities attained diplomas at a rate nearly 10 percentage points higher than the younger youth population—64% versus 54% for all younger youth.
- Employment and retention outcomes for out-of-school older youth were similar to the outcomes for the overall WIA older youth population. However, out-of-school youth experienced lower earnings gains than the overall older youth population (\$2,885 versus \$3,114).
- The entered employment rate for older adults improved at a higher rate between PY2000 and PY2001 than for the WIA adult population (56% to 69% versus 69% to 76%, respectively).

JOB TRAINING COMMON PERFORMANCE MEASURES

MEASURES	DEFINITION
ADULT PROGRAMS	
Entered Employment	Percentage employed in the 1st quarter after program exit.
Retention in Employment	Percentage of those employed in the 1st quarter after exit that were still employed in the 2nd and 3rd quarter after program exit.
Earnings Increase	Percentage change in earnings: (i) pre-registration to post program; and (ii) 1st quarter after exit to 3rd quarter.
Efficiency	Annual cost per participant.
YOUTH AND LIFELONG LEARNING PROGRAMS	
Placement in Employment, Education or the Military	Entered employment or enrolled in education and/or training and/or the military 1st quarter after program exit.
Attainment of a degree or certificate by participants	Percentage of participants that earned a diploma, GED or certificate.
Literacy and Numeracy Gains	Attainment of literacy and numeracy skills by participants.
Efficiency	Annual cost per participant.

***APPENDIX C - WRITTEN STATEMENT OF ROBERT H. PASTERNAK,
ASSISTANT SECRETARY FOR SPECIAL EDUCATION AND
REHABILITATIVE SERVICES, U.S. DEPARTMENT OF EDUCATION,
WASHINGTON, D.C.***

DEPARTMENT OF EDUCATION

**Statement by Robert H. Pasternack
Assistant Secretary for
Special Education and Rehabilitative Services**

**“Workforce Investment and Rehabilitation Acts:
Improving Services and Empowering Individuals”**

**Hearing before the
Committee on Education and the Workforce
United States House of Representatives**

March 11, 2003

Mr. Chairman, members of the committee, I thank you for the opportunity to appear before you today on behalf of the Department of Education and with my colleague Emily DeRocco, Assistant Secretary of Labor for Employment and Training. She and I have been working together to ensure that the workforce investment system provides accessible, effective, and appropriate job training and employment services to all individuals, including those with disabilities.

The *New Freedom Initiative* (NFI) was one of the very first policy statements released by the President in his Administration. A major goal of the NFI is increasing the ability of Americans with disabilities to integrate into the workforce. Although many people with disabilities are obtaining jobs and remaining employed, the unemployment rate for people with disabilities is still unacceptably high. The reauthorization of the Workforce Investment Act (WIA) provides an opportunity to strengthen and improve programs that will play an important role in improving employment and community integration outcomes for individuals with disabilities, to help fulfill the President’s NFI vision. Employment is vital to full participation in so many other important aspects of American life.

The Vocational Rehabilitation (VR) State Grants program, administered by the Department of Education, is the primary Federal vehicle for assisting individuals with disabilities, particularly individuals with the most significant disabilities, to prepare for, obtain, or retain employment consistent with their capabilities, interests, and informed choice. In 2004, this \$2.7 billion program will provide a wide range of services to assist over 243,000 individuals with disabilities to obtain and retain employment.

The VR State Grants program is currently a mandatory partner in the local one-stop service delivery systems established under WIA. WIA's one-stop system connects employment, education, and training services into a coherent network of resources designed to help individuals obtain jobs and assist employers to find qualified employees. Many of the individuals who are unemployed and seeking assistance at the one-stop centers are people with disabilities. The New Freedom Initiative released by the President in 2001 notes that the unemployment rate of the 54 million adults with disabilities continues to be 70 percent, and this rate has not changed in the last decade.

As partners in the one-stop center, State VR programs have contributed significantly to the enhancement of the one-stop system and the expansion of its capabilities. State VR agencies provide expertise relating to the needs of people with disabilities in many of the local workforce areas. Participation of VR agencies has also been instrumental in creating an awareness of its consumer population among other partners.

In addition to providing assistance in evaluating and monitoring the accessibility of one-stop centers, local VR programs through their mandatory partnerships continue to be instrumental in training other partner programs and their staffs concerning the specialized assistance many people with disabilities need to become employable and maintain employment. Although one-stop centers have made progress in modifying their programs and facilities, barriers still remain and the level of physical and programmatic accessibility varies widely among centers. Barriers to technology, such as the availability of appropriate computerized information systems, present an even larger challenge in most centers. We are committed to working with our partners to ensure that individuals with disabilities can participate fully in the one-stop system, allowing them to obtain competitive meaningful integrated employment.

The one-stop system facilitates access to the services provided by the VR program. There are some individuals with disabilities who, with accommodations or modifications, can take advantage of the services one-stop centers offer as intended in the WIA. However, there are many individuals with disabilities, particularly individuals with significant disabilities, whose complex needs require the expertise and specialized services of the State VR program. Most of the people served through the VR program, about 87 percent in 2002, are individuals with significant disabilities. The largest category of VR consumers is persons with mental or cognitive disabilities. Due to their complex needs, they require specialized services such as various therapeutic services, adaptive technology or transportation devices, sign language interpretation and instruction, communication aids, personal assistance services, mobility training, and accommodations for workplace, self, or home employment. The State VR program has

an 80-year history of providing a wide range of rehabilitation, training, employment, placement and other more specialized services to individuals with disabilities.

VR agency staff members and their community-based providers receive specialized training and have tremendous collective expertise in assessing the comprehensive rehabilitation needs of people with disabilities and in providing individualized programs of vocational rehabilitation services to address those needs.

Given these specialized services, the cost of serving these individuals is typically higher than the cost of serving individuals with less significant disabilities. Because of resource limitations, nearly one-half of all State VR agencies are operating under an “order of selection.” Under an order of selection, if a State VR agency cannot serve all eligible persons, it must serve first those individuals with the most significant disabilities.

Our partnership in WIA allows greater access to the traditional employment and training resources of one-stop centers for those individuals with less significant disabilities who might otherwise be forced to wait for services, or not receive any services. The VR program has also benefited from closer coordination and collaboration among related workforce programs and services and from increased exposure to an array of additional service providers and resources (such as the Individualized Training Accounts).

The Department of Labor will be proposing changes to WIA that will strengthen the role of the State Workforce Investment Board in the management and the coordination of services within each State. Despite its significant size and the unique

needs of its consumers, many State VR programs have had only indirect representation on State Workforce Investment Boards as a part of a larger “umbrella” agency. We believe the VR program and the specialized employment needs of individuals with disabilities must be directly represented, particularly if the State Board is to have an enhanced management role.

We must all work together to increase the participation of individuals in the competitive labor market employment. I look forward to working with members of this committee and my WIA partners to improve the workforce investment system so that it can provide accessible, effective, and appropriate services to all individuals, including those with disabilities.

Thank you. I would be pleased to answer any questions.

***APPENDIX D - WRITTEN STATEMENT OF THOMAS J. WHITE,
PRESIDENT AND CEO, GREATER DURHAM CHAMBER OF
COMMERCE, DURHAM, NC***

STATEMENT OF THOMAS J. WHITE
PRESIDENT AND CHIEF EXECUTIVE OFFICER
DURHAM, NORTH CAROLIA CHAMBER OF COMMERCE
BEFORE THE
SUBCOMMITTEE ON 21st CENTURY COMPETITIVENESS
HOUSE COMMITTEE ON EDUCATION AND THE WORKFORCE

The Importance of the One-Stop Delivery System to Economic Development
March 11, 2003

Chairman McKeon and Members of the Subcommittee:

Thank you very much for the opportunity to testify this afternoon. My name is Thomas White, and I serve as the president and ceo of the Durham, North Carolina Chamber of Commerce. I also have the pleasure and privilege of serving on our local Workforce Development Board and its Executive Committee. For most of my 25-year career with our Chamber I have been involved in economic development, recruiting companies to our community and helping existing enterprise expand. I also enjoyed serving for four years as the Chamber's director of our local private sector initiative program, a partnership between the City of Durham and our Chamber that sought to promote more extensive business involvement in our CETA and JTPA job training programs. Very briefly I would like to cite a few specific examples of how the workforce development system is critically important to economic development.

We were recognized by President Ronald Reagan in 1985 for our role in the implementation of a Ford Foundation initiative entitled "Women in Electronics", a public/private collaboration under the JTPA Private Industry Council that helped welfare recipients develop the academic competencies and occupational skills to secure good-paying jobs with outstanding companies such as IBM, General Electric and Northern Telecom, anchor tenants in our Research Triangle Park. That unique, effective

partnership reinforced our organization's firmly held conviction that business can and should play a key role in the operation of our employment and training system. We were able to forge an effective partnership comprised of public welfare agency officials and private human resource representatives that led to hundreds of economically disadvantaged citizens securing good jobs at good wages.

In late 1998, our Chamber announced that Aisin AW, a Japanese transmission manufacturing firm serving Toyota, had selected Durham for a \$100 million investment comprised of a 125-acre land purchase, the construction of a 300,000 square foot production facility and most importantly the creation of 300 good-paying jobs. Last June the company broke ground on Phase 2 of their project adding another \$160 million worth of capital investment and 450 additional jobs. The company has a sole source agreement with our Employment Security Commission (our One Stop Center operator) for employee recruitment, and our Community College will conduct all of the company's pre-employment classroom training at a satellite campus near Aisin AW's facility. And here is the essential point of this mini-case study: both the site selection consultants and corporate human resource managers indicated that workforce development resource provision was the key factor in their determination to both locate in Durham initially in 1998 and to expand operations in 2002.

We have been most fortunate to have been selected by the US Chamber of Commerce Center for Workforce Preparation for participation in the Workforce Innovation Networks demonstration project. The superior technical assistance and professional support services offered us by the Center staff have enabled us to establish and enhance this economic development/employment and training linkage

to the maximum benefit of not only our corporate prospects and our Chamber members, but also our WIA public constituencies, including dislocated workers, TANF recipients, at-risk youth, and other workforce participants who stand to benefit from a truly effective public private partnership.

That it what is so commendable about the Center's WINs demonstration that is reminiscent of the underlying principles of our success in that "Women in Electronics" demonstration under JTPA—when the US Chamber and the National Association of Manufacturers partners with the Ford Foundation, the Annie Casey Foundation and Jobs for the Future in a spirit of common cause, the coalescence of those organizations and institutions has the capacity to produce some very impressive outcomes, in this instance, helping low-income workers gain access to the new jobs being created as a result of effective Chamber-driven economic development.

The lesson in these demonstration projects is that our communities, our states and our nation are far more competitive and productive when we design and operate a workforce system that includes business and government as full-fledged partners. We stand a far better chance of achieving success, as measured by tax base expansion, capital investment, job creation and poverty reduction, when our nation's workforce system is fully integrated with our economic development system so that all our citizens can take advantage of and reap the benefit from the economic opportunities created by new and expanding industry.

Thank you very much for the opportunity to submit this testimony.

***APPENDIX E - WRITTEN STATEMENT OF JOHN TWOMEY, PRESIDENT,
NATIONAL WORKFORCE ASSOCIATION, WASHINGTON, D.C.***

National Workforce Association



Testimony of John Twomey

President

National Workforce Association

House Subcommittee on 21st Century Competitiveness

March 11, 2003

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Introduction

Chairman McKeon, Mr. Kildee and the other distinguished members of this Subcommittee, my name is John Twomey and I am the president of the National Workforce Association (NWA). In my other life, I am the CEO of New York's workforce association, NYATEP.

In my testimony today, I will provide a very brief update, from NWA's perspective, on the status of implementation of the workforce investment system. I will then discuss NWA's reauthorization positions. We hope that this information will be helpful to the Subcommittee as you develop your Reauthorization bill.

Before I go further with my formal testimony, I would like to take this opportunity to applaud your efforts, Chairman McKeon and Mr. Kildee, in authoring the Workforce Investment Act (WIA). It was a significant effort to move from 40 years of supply-side federal workforce policy focused only on the jobseeker, adding a demand-driven employer customer, to a locally designed and delivered workforce investment system.

As you prepare for reauthorization, I strongly urge that you build upon the locally-driven, private sector-led vision established in the Workforce Investment Act, taking care to make only those changes to current law that strengthen the capacity of local areas to build comprehensive and relevant workforce investment systems.

In this increasingly global and changing economy, preparing a highly skilled workforce is the only way the United States can successfully compete in the future. The National Workforce Association believes that the establishment of a comprehensive workforce investment system, overseen by strong local workforce boards with services provided through a one-stop delivery infrastructure, was and continues to be a visionary way to address the economic challenges we face as we move further into the 21st Century. This is more important than ever before as we continue to see record numbers of workers who are losing their jobs, while employers in certain sectors of the economy continue to have serious problems in finding skilled workers.

How Are We Doing So Far in WIA Implementation?

NWA believes that the reforms brought about through WIA have resulted in significant progress in the nation's workforce investment system. Reforms envisioned in WIA were bold, and as a result some states and localities have been slower to implement than others. As a whole however, the workforce investment system is progressing well. In many states, but particularly in many local areas, innovative programs and strategies have blossomed as a result of the changed focus and flexibility provided in WIA to meet the needs of business and local economies in workforce areas, as well as the related needs of workers. As a result, we strongly believe that modest changes not a dramatic overhaul are needed in reauthorization. Reauthorization should result in necessary improvements and/or "fixes," and in the removal of barriers to program integration and innovation. Most importantly however, reauthorization should allow the positive evolution that is underway at the state and local levels to continue, building upon the private sector partnerships at the local level.

One-Stop Service Delivery. One-Stop delivery of services has taken hold in states and localities since the enactment of WIA. The vision established for the one-stops in WIA was for a fully integrated workforce investment system, with comprehensive services delivered seamlessly through a system that is easily accessible, recognizable, customer friendly, and that offers a broad array of services. Many one-stop career centers have become better known in their local communities and are providing workers and employers with a wide array of services. While the integration of services through the one-stops has improved, challenges still face workforce boards and one-stop operators, particularly around the negotiation of partner agreements and resource contributions for operation of the one-stops. As such, changes in reauthorization that would aid local communities in facilitating such partnerships and resources contributions would be welcome. Finally, while many one-stops are progressing in the provision of services to businesses, progress must continue in helping one-stops to understand the value of the workforce investment system to employers in the local community, refocusing on promising and innovative strategies to better meet the needs of business and local economic development concerns.

It must be noted that in early implementation States like Massachusetts, Texas, Michigan, and Florida, local workforce administrators reported that it often took them 3 years to get the kinks out and really begin to show positive results in the integration and delivery of services. In many areas across the country, we are just now hitting that timeframe.

Services for Business. Under the Workforce Investment Act, business was assigned two very important roles: as leaders and as customers of the system. Since enactment, many promising practices have been identified and implemented with the goal of preparing the American workforce with the skills needed by U.S. employers. Innovative programs such as incumbent worker training, sectoral strategies, and career ladder programs have grown, and show great promise for workers and for employers. Any reauthorization proposal should encourage continued development and implementation of such strategies that are built around critical industry clusters, and result in worker training that leads to careers with advancement opportunities and better pay.

A good example of this is in the area of incumbent worker training where great strides have been made in upgrading the skills of existing workers. In my State of New York, the Governor successfully used State [15%] WIA funds to augment the skills of incumbent manufacturing workers, increasing the global competitiveness of their firms. High Tech firms were aided. Local workforce areas received funds to conduct local skills gap analyses, followed by a second round of funding to address the deficiencies identified. In other States across the nation, similar progress has been reported. Career ladders have been built in critical local industry clusters in a number of areas around the country. This has led to workers being upgraded to better paying jobs that are critical to their cities and counties, and new workers replacing them through back filling.

In WIA, local workforce boards were expected to become “boards of directors” over comprehensive workforce investment systems with authority for policy development, strategic planning, selection of one-stop and other service providers, and oversight over the local system. Reauthorization should build on this authority vested in local workforce boards, and look for ways to strengthen the role of business leadership in the system.

Training. For the U.S. workforce investment system to meet the skill requirements of American employers, we have to increase the system’s focus on helping workers access the training they will need today and in the future. When WIA was first enacted, there was confusion in its initial implementation that the new law required an exclusively “work-first!” approach to services, where training should be provided only as a last resort. Another unintended problem that resulted from the legislation was a reduction in training due to overly burdensome training provider reporting requirements. As a result, we saw a reduction in the provision of training services in initial

implementation. While training is increasingly being provided to adults and dislocated workers in need of such services, more needs to be done to help the system provide expanded access to these vital services. Incentives should be provided to local communities for training that is provided through or in combination with funding from sources other than through Title I of WIA. Relaxation of the WIA reporting requirements for training providers will also help in encouraging more training in the system.

Youth Programs. The economic downturn has hit young workers harder than the rest of the population. According to the Center for Labor Market Studies at Northeastern University, young workers are six times more likely to lose their jobs than older workers during this economic slowdown, with nearly half of the overall job losses during this downturn having occurred among youth and young adults under the age of 25.

Youth programming varies significantly from locality to locality. Some cities focus most of their resources on out-of-school youth, but most local programs focus far more resources on providing services for at-risk, in-school youth. At a time of such economic crisis for young workers, it is more important than ever for local communities to have the flexibility to determine priorities in serving disadvantaged and at-risk youth, both in-school and out-of-school. As part of the Administration's and the Congress' policy of "leaving no child behind," we must allow local communities to develop comprehensive programs for youth that guard against allowing disadvantaged youth from falling between the cracks. And for those young people who have already fallen, WIA Youth programs are an essential solution to picking them back up.

NWA Reauthorization Positions

The NWA has six major areas we would like to bring to your attention. I will summarize these positions here; the actual 6 one-page summaries are attached as an appendix.

1. **Funding.** In order to fulfill the vision in WIA to build a world-class workforce and strengthen U. S. businesses, **sufficient funds to support local workforce investment boards and One-Stop system costs must be appropriated to accompany WIA Reauthorization. NWA support the authorization and appropriation of an additional \$1 billion for the One-Stop delivery system (further explained in position #4).**

2. **Expenditures vs. Obligations.** Because no accurate assessment of WIA spending can fairly rely on expenditures exclusively, WIA reauthorization should require USDOL to **utilize some combination of expenditures, accrued expenditures, and legal obligations in determining spending for the system. Congress may want to consider using either “accrued expenditures” or “legal obligations” (encumbrances) in determining the redistribution of “unspent” funds, in reporting to Congress on spending levels, and in determining funding recommendations.** These terms should be clearly defined in the Act, and DOL should be required to collect this information from states and local area and utilize such data. Subsequently, technical assistance should be promptly provided to States and local workforce areas by USDOL. NWA’s recommendations are consistent with the recent GAO study and findings on expenditures and obligations.
3. **Authority of Local Workforce Boards.** In order to fulfill the broad strategic vision Congress articulated with the passage of WIA, NWA recommends that:
- **The private sector influence on the local WIBs should be bolstered** by requiring local WIBs to include at least 60% private sector representatives. Only public sector representatives with optimum decision-making authority should be allowed to serve on WIBs.
 - WIBs should be given **greater direct control over resources and programs beyond WIA I-B.** The system should allow rural, isolated and non-metropolitan areas of any state to have more discretion on how services are delivered. This would allow these areas the flexibility to respond to their particular labor market needs without being forced into inappropriate "one-size fits all" approaches.
 - Monetary incentives should be provided to local Boards who achieve exemplary results through innovative activities such as: strategic plan development, community audits, partnership with economic development entities, leveraging of local workforce and economic development funds, identification and adoption of innovative business strategies such as sectoral, incumbent worker, and career ladder pathways.

4. **One-Stop Delivery System.** NWA agrees with the GAO that One-Stops are reducing duplication and increasing cost efficiency of the Federal workforce investment and partner programs.

NWA recommends that One-Stops be authorized in a separate, new title of WIA, to reinforce the fact that One-Stops are the primary infrastructure through which to access services in a comprehensive workforce investment system. NWA further recommends that a separate, new authorization be provided at \$1 billion to support the operations of the One-stops. An alternative to this authorization would be the requirement that an appropriate percentage of relevant Partner Programs' federal funding be set-aside for the One- Stop Delivery System consistent with the Department of Labor's Whitepaper. Such funding would be allotted to states and local workforce areas by the formula currently utilized to distribute funding under the Adult funding stream in WIA.

5. **Performance Measurement.** NWA recommends that the following four actions be taken to bring WIA performance into alignment with the legislative intent of the Act:
- Require that local workforce areas use technology such as swipe card systems so that usage and repeat usage of one stop centers can be readily available for Workforce Boards in determining performance in real time for the workforce investment system;
 - Adopt a regression model for calculations of cost and wage gain measures to reflect the local economy and characteristics of populations receiving services;
 - Acknowledge customer satisfaction as a fundamental tenet of WIA and include it with OMB common measures; and
 - Develop a self-sufficiency measure and incorporate it into the wage gain measure
6. **State Role.** The State Role in WIA should include: System Building activities; oversight and management of WIA; Labor Market Information and Regional Initiatives; and States should only directly administer programs that are statewide or cover multiple workforce areas, and projects funded in one (or several) workforce areas should be competitively procured and subject to consent of the local WIB. While States should be able to set quality parameters for One-Stop systems, **the right to designate and charter local One-Stops must remain a local WIB function.**

Conclusion

For many years Workforce Development has been an area of great bipartisan agreement in the Congress. The National Workforce Association believes that there are immense benefits to the developing system that can be derived by fine-tuning WIA in reauthorization. In these critical economic times, we hope that the Committee on Education and the Workforce, and the House will build on WIA's growing successes rather than making radical changes to a system that has just begun to see major improvements. The Workforce Investment Act has indeed moved the nation forward toward the goal of having a single, comprehensive, and customer-friendly system where all American worker and employers can receive the information and services they need to succeed in today's ever changing labor market.

After WIA was enacted, but before we began its implementation in New York, I attended a focus group being conducted with fifteen 18 year olds in Syracuse, New York. They were asked "What would you value in a true workforce development system?" Their answers were simple, yet cut to the heart of the matter that day, and still ring true.

Overwhelmingly, what these young people in central New York wanted were five things:

1. "Tell us what jobs are out there";
2. "Tell us what are realistic salaries";
3. "Tell us what skills they require";
4. "Tell us if we have them"; and
5. "If not, tell us where we can get them; and at what cost."

Isn't this still the challenge to our emerging workforce investment system?

NWA stands ready to work with you and the committee staff as reauthorization moves forward. Chairman McKeon that concludes my remarks. I want to thank you again for this opportunity to testify before the Subcommittee. I welcome any questions that you may have.

***APPENDIX F - WRITTEN STATEMENT OF STEVEN SAVNER, SENIOR
STAFF ATTORNEY, CENTER FOR LAW AND SOCIAL POLICY,
WASHINGTON, D.C.***

Testimony of Steve Savner
Senior Staff Attorney
Center for Law and Social Policy

House Committee on Education and the Workforce
Subcommittee on 21st Century Competitiveness

March 11, 2003

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Mr. Chairman and Members of Subcommittee:

Thank you for inviting me to testify. I am a Senior Staff Attorney at the Center for Law and Social Policy (CLASP). CLASP is a nonprofit organization engaged in research, analysis, technical assistance, and advocacy on a range of issues affecting low-income families. Since 1998, we have closely followed research and data relating to implementation of the Workforce Investment Act. In addition, we often talk and visit with state officials, administrators, program providers, and individuals directly affected by the implementation of workforce development efforts.¹

Today's hearing focuses on reauthorization of the 1998 Act, and improving services and empowering individuals under the Act.

The main points I wish to make are:

- The 1998 law made a set of major changes in the nation's workforce development system that were designed to:
 - improve coordination among federal workforce development initiatives by requiring that every local area create one-stop delivery systems that would require participation of a number of federally-funded workforce programs, so-called mandatory partners. These new one-stop systems would provide universal access to a set of "core" services; and
 - improve the quality of training services paid for with WIA funds by requiring that training services would generally be provided through "individual training accounts" and that every training provider who received WIA funding would need to be certified based on its performance in helping participants to achieve successful employment outcomes so that those seeking training could make sound choices when selecting a program;
- As we have only about two and one-half years of experience with the new system, Congress should exercise caution in making changes and limit areas of change to those where there is a sound basis in experience for the proposed change and broad agreement as to the need for the change. Within this framework, experience to date suggests that there are several important challenges that Congress should address in reauthorization:
 - Since 1998 there has been a dramatic decline in the number of adults and dislocated workers receiving training services as compared to the number who received training under JTPA and steps should be taken to increase training services;
 - There are important gaps in the information available about the services being provided, the performance of the new one-stop systems, and the use of WIA funds, all of which make it difficult to assess the results that are being achieved in the program;
 - Many providers are finding that compliance with the reporting requirements imposed under the provider certification system are too

onerous and, as a result, providers who are in a position to offer high quality services may become unavailable to WIA customers.

- To address these concerns, Congress should:
 - Make additional funding available for training services, including using funds that are proposed to be used for Personal Reemployment Accounts to supplement WIA funding for training to the extent those funds are not needed to provide Unemployment Insurance extensions to those exhausting existing benefits;
 - Improve reporting on participation, outcomes, and use of funds to provide more accurate information about the nature, quality, and cost of services being provided to WIA customers;
 - Require that states bear the cost of gathering data about post-program employment and earnings for those providers wishing to obtain or maintain certification as eligible training providers, and provide additional funds to meet these costs.

- The Administration's proposal concerning adults and dislocated workers would consolidate three historically distinct funding streams and provide broad new waiver authority to Governors and the Administration. While other proposals included in the Administration package offer more moderate and effective proposals to meet the challenges that Congress needs to address, these broad new initiatives are unwise for several important reasons:
 - These proposals are not well supported by the experience of states and localities in implementing the current law;
 - The proposal for a new consolidated adult block grant undermines Congressional guidance regarding the balance between resources for low-income adults and for dislocated workers, and jeopardizes the funding structure of the Unemployment Insurance system by eliminating the Employment Service;
 - The proposal for broad new waiver authority jeopardizes basic protections built into current law which cannot currently be waived including nondiscrimination and non-displacement provisions, basic procedural protections for those seeking services, and the role and funding for local authorities to design systems that work most effectively in their communities.

Background

The Workforce Investment Act of 1998 (WIA) substantially altered the federally-funded system for job training and other employment-related services for adults, dislocated workers, and youth. Concerns about the fragmentation of federally-financed job training efforts and the weak performance of many programs financed under the Job Training Partnership Act (JTPA), informed the Congressional debates that led to WIA's enactment.

The principal policy response to this fragmentation was the requirement that every local workforce board create one-stop delivery systems that provide universal access to set of "core services." This was intended to assure that any individual would have access to employment-related services, including information about job vacancies, career options, student financial aid, relevant employment trends, and instruction on how to conduct a job search, write a resume, or interview with an employer. These core services are available to any job seeker, or anyone who wants to advance his or her career (Section 134(d)(2)). In addition, the Act defined two additional service levels "intensive" and "training," and developed a system of sequential eligibility intended to ensure that these latter service categories were limited to those individuals who needed access to them in order to find employment or move up in the labor market.

The Act also sought to address concerns about the weak performance of many training programs through greater emphasis on employment outcomes for those who receive intensive and training services. The new system has two key features: 1) training providers are required to meet performance-based eligibility criteria; and 2) when providing access to training, local boards are generally required to provide eligible individuals with "individual training accounts" for use with eligible providers, and individuals are intended to select providers using performance and cost information generated through the new provider certification system.

WIA Implementation to Date

While states had the option to implement earlier, complete nationwide implementation of W was not required until July 2000. Thus, we have approximately only two and one-half year experience to guide us in the reauthorization process. In addition, we have only the first year data available from the WIASRDⁱⁱ to provide details about the number who received service and the types of services they received. Even the data that have been collected and made available leave many unanswered questions about services, expenditures, and the overall effectiveness of the new system.

One area in which information is available, at least for the first year, concerns access to training services for adults and dislocated workers. Upgrading the skills of job seekers and incumbent workers is a central task of the WIA system. While part of the rationale for the requirement one-stop delivery systems is to ensure that individuals have access to training and education services provided by a broad array of programs and institutions, WIA resources are also intended to make a substantial contribution to the funding available for training services. CLASP's preliminary review of WIASRD data for Program Year 2000 (July 1, 2000 - June 30, 2001) shows that about 42,000 adults received training services, and about another 42,000 dislocated workers received training services. (Note that the data do not include information for four states - Alabama, Louisiana, New York, and Pennsylvania - which together received approximately 15% of the total WIA allocation for PY 2000.) By comparison, data available about service available under JTPA in PY 1998, show that training services were provided to about 163,000 adults and 149,000 dislocated workers. (Note that the JTPA data *includes* information for the four states for which WIASRD data are not available.) This substantial decline in the number receiving training is very troubling.

Observers attribute the limited use of training to several factors, including: (1) the system of sequential eligibility, which many have interpreted to require a work-first approach; (2) the limited availability of resources for training, as large amounts have been spent on the development of one-stop systems and the delivery of core services to the general public; and (3) the strong economy during this period, which created expanded employment opportunities for many low-skill workers and job seekers. Each of these factors has probably played some role, but, whatever the reason or combination of reasons, the reality is that only a small number of adults are receiving training under WIA, and the number has plummeted since states shifted from JTPA to WIA. In addition, this decline in access to training is not simply about reduced demand resulting from strong economic conditions. A set of reports published by community-based organizations working in Washington, DC,ⁱⁱⁱ Springfield, Massachusetts,^{iv} and Minneapolis, St. Paul, and Brooklyn Park, Minnesota,^v reveal the difficulties encountered by low-income, unemployed and underemployed customers trying to access training services, and even basic core services, at one-stop centers. In the Minnesota and Massachusetts one-stop “testing projects,” not a single customer received job-training services, despite evidence that would lead one to believe they might be eligible for and benefit from training services. Similarly, in the Washington, DC, study, only one customer received training. In the Minnesota study, out of 28 visits paid to one-stop centers by 28 unemployed and underemployed individuals, only 6 times did customers even get beyond the point of the receptionist and speak to a staff person about services. In the Massachusetts study, none of the customers involved in the testing project found employment through the one-stop center.

Reported data on employment outcomes leaves important questions unanswered because important data, such as actual wage rates of job finders, is not included. Employment outcome measures for adults for PY 2001 reflect that about 76 percent of those who received training entered employment in the quarter their training ended, and that approximately 82 percent were still employed six months after employment entry. Earnings gain data (change in earnings from prior to program participation to after program participation), reflect what appears to be an increase of about \$4,000 per year. However, without knowing the actual pre- and post-program wage rates, one cannot determine the extent to which the system is helping participants achieve livable wages. Separately-reported performance information for public assistance recipients shows comparable employment and retention rates to those achieved for all adults (69 percent and 76 percent respectively) and earnings gains of slightly over \$4,200.^{vi} Here again, however, without more detailed information about participant characteristics and actual wage rates, this information is of limited value. Another problem with the data described here is that while we know that between 40,000 and 50,000 adults, and another 40,000 to 50,000 dislocated workers received WIA-funded training, we have no information about how many more adults may have used one-stop systems and core services to learn about and access training that was paid for by other funds — for example, student financial aid.

Finally, states and localities are not required to report spending in categories that match service tiers, e.g., core, intensive, and training. Thus, while WIA imposed a substantial new requirement on local areas to create one-stop systems, and provide universal access to core services, we have little information about the requirement’s fiscal impact.

Meeting the Challenges Facing the Workforce Development System

As noted above, the experience with WIA implementation to date, and the information about the results achieved, should be viewed as preliminary, and Congress should proceed cautiously in this reauthorization. Nonetheless, based on the data that is available, immediate steps should be taken to improve and expand access to training for both adults and dislocated workers and to make it easier for providers to participate in the WIA funded training system. Beyond these measures, our proposals principally concern the need to improve the information about the nature, quality and cost of services being provided.

The following proposals would advance these goals:

The current sequential eligibility requirements that require the use of core services prior to intensive services, and the use of intensive services prior to the use of training services, should be eliminated as the Administration proposes.

Under the current law, WIA provides three tiers or levels of service—*core*, *intensive*, and *training*. These services are provided sequentially, meaning that individuals must first receive core services to gain access to intensive services and similarly, individuals must receive both core and intensive services to receive training services.

While the stated intention of WIA is not to require up-front job search for all customers, state and local officials have commented that the sequential nature of service delivery prescribed under WIA sends the message that intensive and training services should be reserved for individuals who truly cannot find employment on their own. This interpretation would preclude in most cases the use of WIA training to help workers, whether between jobs or currently employed, advance to better jobs. This was surely not the Congressional intent in creating WIA; the fact the Congress authorized WIA funds to be spent on customized training for incumbent workers shows it was supportive of using federal funds to help workers advance.

Research clearly demonstrates that helping low-income adults increase their skills pays off in the labor-market, particularly through participation in job training and other post-secondary programs. Even those with lower skills can benefit from job training and other post-secondary programs, if basic education services provide a substantial numbers of instructional hours each week, close attention is paid to quality, and basic education is linked to further training and employment. The Act should be amended so that individuals can access intensive and training services based on an individual assessment of needs and strengths, regardless of whether or not he or she has participated in other aspects of the WIA program.

Each state should be required to provide information from Unemployment Insurance wage records, including data from the Wage Record Information System, (with appropriate privacy safeguards) concerning the employment, retention, and earnings information on program participants that is necessary for training

providers to document to remain or become eligible as a certified training provider. Additional funds should be made available to each state and set aside to meet the cost of collecting and providing this information.

The WIA legislation requires that eligible training providers provide program-specific outcome information for all individuals participating in their program if any WIA clients are enrolled. This includes program completion rates, the percentage that obtains unsubsidized employment, and the wages at employment placement. Requiring that these data be available matters because monitoring the employment outcomes of program participants is critical to the success of the ITA program under WIA. Simply knowing completion rates of a program would not provide the same insight into the effectiveness of the program and the employment and earnings of program participants.

Many training providers, particularly the community colleges, have commented that the employment outcome reporting requirements are costly and difficult to implement, and as a result, some have expressed concern about continuing to serve WIA clients. While we feel that it is important to maintain a set of consistent standards for training providers, DOL should help facilitate training providers' ability to obtain post-program employment and earnings data easily and inexpensively. This should include mandating in WIA that states provide access to matching of provider participant data with Unemployment Insurance wage records, including access for providers who are out-of-state but serve customers in multiple states. Modifications in the law need to be made to balance legitimate privacy concerns regarding earnings and education data, while at the same time providing access to data needed to assure accountability for the effective use of these public funds. This will help maintain and expand the pool of quality training providers to serve WIA clients.

Reporting should be improved by including more specific information in the following areas:

- **Information concerning usage of core services;**
- **More specific data concerning the number of individuals that receive each type of training, with breakdowns for the number of employed and unemployed individuals who receive each type of training;**
- **Actual post-program wage rates and hours of individuals who participate in training;**
- **Research should be funded to develop tools for assessing the effectiveness of one-stop systems and core services.**

The reporting requirements prescribed by the WIA legislation marked a major shift in the way federal job training programs were measured. By implementing the 17 core measures of performance, WIA increased the focus on program outcomes. The data available as a result of these new requirements provides useful, basic information about WIA's overall success. However, there continue to be significant gaps in the data, which hinder the ability to gain a complete picture of the WIA program. The performance indicators and the financial data, so that there is no way to assess the performance of the program as a whole.

One of the greatest gaps in the reporting requirements is that the data fail to provide information on all WIA participants. The legislation only requires states to include registered WIA participants in their performance calculations. Since a client is typically not registered as a WIA participant until he or she exits the core service tier and moves into intensive services, only individuals that receive intensive or both intensive and training services are counted in the measures. This means that there is no required data collected on the number receiving core services or the types of service they receive, and no method for assessing the effectiveness of these services. A minimal first step in this area would be to require reporting on the number of individuals who receive core services and the types of services they receive. In addition, new legislation should authorize and fund the Department to undertake a national study of the effectiveness of one-stop systems and core services at multiple sites around the country to both develop information about their effectiveness, and develop models for performance measurement on a national basis.

A second concern is that the measures themselves have some flaws. The earnings gain measure does not provide an accurate assessment of the quality of jobs into which program participants are being placed. Simply looking at earnings increase does not provide data on actual wages and could potentially skew the way in which job placements are ultimately judged. States should be required to report on the starting wage rates and hours of training participants. These data, starting wage rates and post program earnings levels, would provide valuable complementary data to the data upon which performance is measured, and would give program managers, policymakers, and other stakeholders a better sense of WIA services' impact on individuals' overall financial well-being.

One of WIA's stated goals is to improve access to employer-sponsored customized and on-the-job training, and to provide training services to low-wage, incumbent workers. States and localities, however, are not required to report on the extent to which these types of training services are being used. Incumbent worker training, as well as on-the-job training and customized training, is a key element of any workforce development program and is important for job retention and advancement. Given research suggesting that these types of training can be particularly effective, policymakers and advocates should know the extent to which these programs are being used. To generate information on these issues, the law should be modified to require that states report on the number of participants in each type of training service authorized by the Act, and that the numbers of participants should be provided with a breakdown showing the number who are employed while receiving training, and the number who are unemployed.

State and local financial reports should be required to specify the amount of funds expended for training services, the amount of funds expended for intensive services; and the amount expended on maintenance of the one-stop delivery systems (including the cost of core services) in the state and in each locality.

Another missing piece of the WIA reporting picture is the lack of cost information for each of the three tiers of service within WIA. States are required to provide quarterly financial data for each of the three WIA programs—adults, dislocated workers, and youth—but they are not required to report on the amount of money spent on core, intensive and training services. The financial reports for program year (PY) 2000, for example, only indicate that \$1 billion was appropriated nationally for services to adults under WIA, but does not report the amount of money spent on adult core services, adult intensive services, and adult training services. This makes it impossible for Congress, the Administration, and the public to know how much is being invested in training services, for example, compared to the other elements of the WIA program.

The Administration's Proposal

The Administration's proposal includes modifications of current law regarding governance, the one-stop career center system, services for adults and dislocated workers, services for youth, performance accountability, and state flexibility/waivers. In the limited amount of time available today, I wish to focus principally on elements of the Administration's proposals concerning comprehensive adult services (including the proposal to create Personal Reemployment Accounts), and state flexibility because of the interrelationships among elements of the proposals in these areas, and because they represent the most dramatic of the numerous proposals that affect services for adults and dislocated workers.

Consolidated Services for Adults

The Administration proposes to create a single funding stream by combining the currently distinct funding streams for adults, dislocated workers, and the Employment Service. These funds would be distributed based on a new, and as yet unspecified formula. Up to 50% of the funds could be retained at the State level, with 40% distributed to local areas by a federally-determined formula, and 10% distributed by a state-developed formula. The rationale for these changes is to simplify administration and to "...reduce current duplication and inefficiency." It is also suggested that this consolidation will improve the flexibility to integrate WIA and TANF.

Improving efficiency and reducing duplication of services are laudable goals. However, in a system that is as young as WIA, and for which so little information is available, we would urge a far more cautious approach to the changes that should be made this year. More specifically, with regard to the proposal to combine adult and dislocated worker funding stream, we are unaware of any evidence that the current structure has led to either duplication or inefficiency. As the Administration notes in its proposal, localities, with approval of the state, have had the authority to transfer up to 20% of funds between the adults or dislocated workers. Just a few weeks ago, for FY 2003, that transfer authority was increased to 30%. The Administration's proposal indicates that 30 states have made some use of the current transfer authority, but to our knowledge there is no information about the extent to which states and localities have made full use of the 20% authority that has been available to them.

Absent evidence of the need for broader transfer authority, the proposal to eliminate the separately designated funding streams for adults and dislocated workers is unwarranted. The proposal sets up a potentially destructive competition for limited resources at the state and local levels. Given the declining availability of training generally, the fact that only about 84,000 to 100,000 adults and dislocated workers received training in PY 2000, the main point should not be to debate which 100,000 adults and dislocated workers get training; the main point of debate should be how to ensure that resources are available to increase the number who receive training.

With regard to the consolidation of the Employment Service and the two WIA funding streams, it again appears that the "solution" proposed by the Administration exceeds any changes needed to respond to concerns that currently are being raised or seen at the state and local levels. Observers of the WIA and ES systems broadly agree that Employment Service funding and activities are and should continue to be central in the delivery of core workforce services to adults and dislocated workers. In addition, the Employment Service plays a key role in the Unemployment Insurance system by implementing the "work test" requirement for claimants. This responsibility, as well as other ES functions, including the administration of the targeted jobs tax credit, specialized veterans services, and assistance for migrants are likely to be compromised through the block granting process. More broadly, and perhaps beyond the scope of today's hearing, the proposed elimination of the Employment Service should be seen as part of a broader and more troubling set of proposals to restructure the administration and funding structure of the Unemployment Insurance system, including the devolution of Unemployment Insurance administration to the states, and the potential substitution of Personal Reemployment Accounts for Unemployment Insurance extensions.

Concerns about lack of coordination should be addressed by more careful consideration of how to most effectively integrate one-stop services and the Employment Service, how best to align performance measures, and how to most effectively ensure that there is meaningful coordination at the governance level, where authority for the Employment Service resides at the state level, while authority for the one-stop systems reside at the local level. Issues that warrant further attention in this area include modifications to the statute that would maximize collocation of Employment Service activities and one-stop activities, and assuring an appropriate role for Local Boards in the planning and delivery of Employment Service activities. Here, as in the case of consolidation of adult and dislocated funding streams, more incremental approaches to improved coordination and administrative simplification should be considered.

Personal Reemployment Accounts

The Administration's Personal Reemployment Account proposal is not formally part of its proposals for WIA reauthorization, and PRA legislation is proceeding on a separate track from WIA Reauthorization with the Committee's work already completed. Yet, it is difficult to fully assess the merits of the Administration's proposal on WIA without considering the effect of its PRA proposal. Thus, at the same time the Administration

proposes to create a new flexible, consolidated adult funding stream, it would use significant new resources to create a whole new structure of benefits and services, with different rules concerning eligibility, benefits, and service delivery mechanisms. On this basis alone, the PRA proposal appears to run counter to the goal of reducing administrative complexity and duplication which is the basis for the consolidated adult funding stream proposal. And, taken on its own, the PRA's proposal has significant troublesome aspects.

The proposal currently under consideration to provide \$3.6B in new funding for personal reemployment accounts is an effort to use an untested mechanism to accomplish several objectives, including income support, incentives to obtain employment, support services, and skill development. While there may be some appeal to making flexible funding available to meet these various needs, it seems likely that the proposal will not adequately address any of those needs on a consistent basis. Income support for an unemployed worker who cannot find work should be provided through extensions of unemployment benefits until the economy recovers sufficiently so that reemployment within the standard 26-week period becomes feasible once again. The unemployment system works effectively to provide income support to workers and their families during periods of unemployment and helps to at least partially maintain their purchasing power, which provides some stimulus for the economy. The first priority for use of these resources should be to accomplish these important goals of the Unemployment Insurance system through extensions of benefits as has been done already done on several occasions in response to the current downturn.

As noted above, there appears to have been a significant drop in the number of adults and dislocated workers receiving training under WIA, yet we know that training is a valuable tool for helping unemployed individuals improve their labor market prospects. Unfortunately, the \$3,000 cap on reemployment accounts, together with the competition among potential uses for these funds will almost certainly undermine their usefulness in securing quality training for most recipients. Indeed, even leaving aside other uses, the \$3,000 cap is less than most jurisdictions were making available for training vouchers in a survey CLASP conducted in 2001.^{viii} For these reasons, any funds that are not needed to provide appropriate Unemployment Insurance extensions should be made available to Local Boards to supplement existing funds for training services. These new resources would allow them to creatively deploy vouchers and other training mechanisms to meet the needs of long-term unemployed individuals, and those at risk of long-term unemployment, as part of their existing workforce strategies.

Any experimentation with multipurpose reemployment accounts should be tested using existing funds under authority granted to the Department under Section 171, or by a State with authority under Section 134(a)(3)(A)(iii).

State Flexibility/Waivers

The Administration appears to be proposing to substantially expand waiver authority under the Act. Under currently law, waivers are broadly available under Section 189.

However, there are a set of key statutory requirements that cannot be waived, including among others, workplace protections for participants, non-displacement provisions, grievance procedures, nondiscrimination, allocation of funds to local areas, rules governing the eligibility of participants and providers, and the rules concerning the establishment and functions of local boards. The Administration now appears to be proposing that these statutory limitations should be removed. This is a troubling proposal. The provisions that Congress agreed in 1998 should not be waivable were viewed then, and should be viewed now, as elements that are fundamental to any system that a state or locality might establish under WIA. Any proposal to modify this list should bear a significant burden to justify the need for a change, and to ensure that the interests underlying each of these exceptions can be accommodated.

The Workforce Flexibility Plan provision (Section 192) offers to states the ability to secure the authority to grant local area waivers along lines similar to those made available under Section 189, with the same list of core provisions that a state could not waive. The proposal suggests that Governors would be given broad authority to operate all Title I formula programs, adult, dislocated workers, and youth, at their discretion, and without limits vis-à-vis substate funding and governance structures. This dramatic change in current law is supported with the following assertion: "No state has requested this authority under WIA since there is a perception that the process is too bureaucratic." However, the statute is simple and straightforward in specifying that a state needs to submit a plan to the Secretary and the plan needs to specify the process by which local areas can submit and secure a approval by the state of a waiver, and the requirements of federal law that the state is proposing to waive. If the implementation of these simple provisions is perceived to be too bureaucratic, the Administration would seem to be in a position to simplify the process as appropriate, and to let states know that the Administration stands ready to work with them to help support state innovation in this area. The fact that no state has sought authority under the existing provision does not offer a basis for radically broadening the Administration's authority in this area.

Thank you for providing me with this opportunity to testify.

ⁱ This testimony reflects ongoing collaborative work with a number of CLASP colleagues, including Abbey Frank, Nisha Patel, Mark Greenberg, and Julie Strawn.

ⁱⁱ The Workforce Investment Act Standardized Record Data (WIASRD) contains information about all WIA participants who receive either intensive or both intensive and training services under the Act.

ⁱⁱⁱ D.C. Jobs Council, *Help Wanted: Low-Income Job Seekers Assess the District of Columbia's One Stop Career Centers* (Washington, DC: D.C. Jobs Council, June 2001).

^{iv} Anti-Displacement Project, *FutureWorks: Roadblocks to Success. How FutureWorks Is a Dead End for Low Wage Workers. Report Summary of FutureWorks Testing Project* (Springfield, MA: Anti-Displacement Project, March 2001).

^v Jennifer Blevins, *Accessing Jobs and Training in Minnesota: Workforce Center Testing Project Results* (Minneapolis, MN: Jobs and Affordable Housing Campaign, December 2001).

^{vi} Public assistance recipients are defined as individuals who are listed on the TANF grant and/or are receiving assistance under General Assistance, Refugee Cash Assistance, Supplemental Security Income, or Pell Grants.

^{vii} The number of public assistance recipients whose performance is measured in these data is not reported.

viii Nisha Patel and Steve Savner, *Implementation of Individual Training Account Policies Under the Workforce Investment Act: Early Information from Local Areas* (Washington, DC: Center for Law and Social Policy, May 2001). Available online: <http://www.clasp.org/pubs/jobseducation/ITAPreliminaryReportMay2001.pdf>. The maximum amounts of ITAs for those local boards that provided information about caps ranged from \$1,000 to \$10,000, with some boards setting different caps for different types of training. Most caps were in the \$4,000 to \$6,000 range.



STEVEN SAVNER

Steven Savner a Senior Staff Attorney at the Center for Law and Social Policy (CLASP) in Washington, D.C. CLASP is a national nonprofit organization addressing issues of family poverty through research, policy analysis, technical assistance, and advocacy.

Since joining CLASP in 1994, Mr. Savner's work has focused on issues relating to federal and state welfare and workforce development policy, and on jobs programs for hard-to-employ adults. Mr. Savner has written extensively on these issues, and has testified on these issues before Congress, as well as before state and local legislative bodies.

Prior to joining CLASP in 1994, Mr. Savner worked for 12 years, at the Massachusetts Law Reform Institute in Boston, Massachusetts specializing in advocacy and litigation regarding welfare, employment, and child care policy. Prior to his work in Boston, he was an attorney at the National Employment Law Project in New York City (1977 to 1981), where he specialized in employment discrimination litigation, and also worked on issues concerning unemployment insurance and job training policies. He was on the legal staff of the Seafarers International Union from 1975 to 1977.

He received a Bachelor's Degree from the University of Chicago in 1970, graduated from Golden Gate University School of Law in San Francisco in 1974, and received a Masters Degree in Labor Law from New York University School of Law in 1975.

***APPENDIX G - WRITTEN STATEMENT OF BETTIE SHAW-HENDERSON,
DISTRICT MANAGER, MICHIGAN DEPARTMENT OF VOCATIONAL
REHABILITATION, KENTWOOD, MI***

The National Rehabilitation Coalition

Bettie Shaw-Henderson
District Manager
Michigan Department of Career
Development and Rehabilitation Services

Revised Testimony before
The Subcommittee on Twenty-first Century Competitiveness
House Education and the Workforce Committee

Tuesday, March 11, 2003

Chairman McKeon, Congressman Kildee, Congressman Ehlers and Members of the Subcommittee, thank you for inviting me to testify today on what I, and many others, consider to be one of the most effective, evidenced-based job training and employment programs in the history of the workforce world, the Public Program of Vocational Rehabilitation, which is administered under the Rehabilitation Act of 1973, as amended, in the U.S. Department of Education.

I am Bettie Shaw-Henderson, and I am currently the District Manager of the Michigan Department of Career Development and Rehabilitation Services. I am pleased to be here today on behalf of the National Rehabilitation Coalition (NRC), a newly formed Coalition whose Co-Chairs include the National Rehabilitation Association (NRA), The Council of State Administrators of Vocational Rehabilitation (CSAVR) and the Association of Persons in Supported Employment (APSE).

The National Rehabilitation Coalition is comprised of individuals with disabilities, advocates representing specific disability organizations committed to the empowerment and employment of individuals with disabilities, **QUALIFIED** vocational rehabilitation counselors and associated **QUALIFIED** personnel, supported employment specialists, independent living professionals and many other well respected advocates.

In my role as a Vocational Rehabilitation Counselor within the Michigan Department of Career Development and Rehabilitation Services, my job and my passion, was and is to assist eligible individuals with disabilities, including individuals with significant disabilities, in securing quality employment, by providing informed choice and access to **INDIVIDUALIZED** services and supports that they require to obtain employment, live independently and contribute to our communities and nation.

During the 1998 reauthorization of the Rehabilitation Act, which comprises Title IV of the Workforce Investment Act (WIA), all of us -- including consumers -- worked together to enhance informed choice of individuals with disabilities, one of the many hallmarks of the Public VR service delivery system. The 1998 VR Amendments also significantly reduced the paperwork requirements associated with submission of the State Plan, while maintaining the integrity of the signature, performance-based accountability measures inherent in the Public VR Program.

In its 83 year history, the public VR program has assisted over 14 million **ELIGIBLE** individuals with disabilities in obtaining employment. In FY 2001 alone, the Public VR Program served more than 1.2 **MILLION** eligible individuals with disabilities of which 233,000 entered or re-entered the world of work.

These same employed individuals earned \$3.4 billion in wages and paid \$977 million in federal, state, local, social security and Medicare taxes. Moreover, evidence-based research has shown that individuals with disabilities **WHO ARE EMPLOYED RELY LESS ON INCOME SUPPORT PROGRAMS AND OTHER FORMS OF STATE AND FEDERAL ASSISTANCE.**

A recently rolled out Longitudinal Study, which was commissioned by the Congress in the 1992 Amendments to the Rehabilitation Act, tracked over a five year period, 8,500 randomly selected applicants and consumers of the VR Program, from 37 State VR Agencies. The findings of that study are impressive and include:

- **83% of VR consumers who secured employment during the Study REMAINED EMPLOYED at the end of the first Year of the Study;**
- **76% of these consumer REMAINED EMPLOYED THREE YEARS LATER.**
- **The average hourly earnings increased from \$7.33 per hour in year one to \$9.62 per hour after three years.**
- **At exit from the VR program 32% of consumers in competitive jobs had earnings about 200% above poverty level.**
- **69% of the individuals who completed their services SECURED EMPLOYMENT.**
- **75% of the employment outcomes were competitive jobs in professional, managerial, technical, service or clerical/sales positions.**
- **39% of consumers who participated in the Longitudinal Study had received some form of public assistance at ENTRY to the Public VR Program. THREE YEARS LATER, after case closure, this percentage declined to 26% and,**
- **44% NO LONGER NEED PUBLIC ASSISTANCE.**
- **The quality of the relationship between the qualified VR counselor and the consumer was significant related to employment and earning levels.**

The Public Vocational Rehabilitation Program in your State is a strong State/Federal Partnership that promotes the independence and employment of individuals with disabilities and maintains long-standing successful partnerships with a wide array of individuals, public and private providers of vocational rehabilitation services and supports, including Community Rehabilitation Programs (CRPs) and, of course, numerous employers and businesses.

One of the many partnerships of the VR Program includes its collaboration and linkage to the Workforce Investment System. The Public VR Program is a mandatory partner in the One-Stop System created under the Workforce Investment Act of 1998.

The National Rehabilitation Coalition continues to believe in the power of productive partnerships which respect and respond to the needs of individuals with disabilities, especially those with the most significant disabilities.

The Public VR Program, which comprises Title IV of the Workforce Investment Act, could write the primer on partnerships because we have been successfully partnering and collaborating for decades with employers and numerous stakeholders at the federal, state and local levels. We know how to do it and we do it well.

State Vocational Rehabilitation Agencies continue to support and promote participation at the One-Stop Centers on a cost allocation basis, which we have been doing since the implementation of the Workforce Investment Act, consistent with what we believe was Congressional intent -- that the mandatory partners contribute to the system consistent with the partners authorizing legislation.

Productive partnerships for individuals with disabilities must assure that the physical and programmatic accessibility requirements are met and consistent with the Americans with Disabilities Act (ADA) and Sections 504 and 508 of the Rehabilitation Act of 1973, as amended.

Though some progress has been made to effect physical accessibility to individuals with disabilities entering the One-Stops, programmatic access remains an important challenge that must be met, if individuals with disabilities -- especially those with the most significant disabilities -- are to effectively access all services offered through the One-Stop Centers.

The message to all is a simple one: If individuals with disabilities cannot get through the door of the One-Stop Centers -- or are unable to have meaningful access to information and services once inside -- they cannot be served or have the opportunity to access meaningful information about the world of work.

A few final observations, if I may. I ask your support for the continuation of mandatory funding for the Title I Program of the Rehabilitation Act, which funding -- although woefully inadequate -- at least provides some guarantee of resources for this successful job placement program. Presently, 37 State agencies are on an order of selection which places priority for services on those individuals who are the most significantly disabled.

I would respectfully ask, however, if at all possible, that you please consider additional funding for the Title I program and the other programs that I believe have demonstrated indisputably that the programs administered under the Public VR Program embody the ABC's of solid vocational rehabilitation practice. They are :

- **ACCOUNTABLE**
- **BIPARTISAN**
- **COMPREHENSIVE AND COST EFFECTIVE**

- **AND, MOST IMPORTANTLY, HAVE ASSISTED IN EMPOWERING MILLIONS OF ELIGIBLE INDIVIDUALS WITH DISABILITIES TO ENTER OR RE-ENTER THE WORLD OF WORK.**

I would like to take this occasion to thank Congress for reinstating separate funding in the FY 2003 Budget for three important programs under the Public VR Program which are programs related to Projects with Industry, Supported Employment, and funding for the Migrant and Seasonal Farm Workers.

Lastly, I would like to thank you for this opportunity to testify on the Public VR Program and I promise that if you entrust the State VR Agencies with additional funds to administer this successful employment program -- and if I am invited back for the next reauthorization -- I will have even more impressive data to share with you.

May I encourage you, if you haven't already visited a State VR Office in your District, to please do so because I know you will be impressed with the enormous difference that qualified staff working in collaboration with individuals with disabilities can make in achieving quality employment.

Thank you and I will be more than glad to answer any questions that you may have.

***APPENDIX H – SUBMITTED FOR THE RECORD, STATEMENT OF
CARLOS LOPEZ, ON BEHALF OF HERMELINDA SAPIEN, EXECUTIVE
DIRECTOR, CENTER FOR EMPLOYMENT TRAINING, SAN JOSE, CA***

Carlos Lopez, on behalf of Ms. Hermelinda Sapien, Executive Director,
Center for Employment Training

Before the Committee on Education and the Workforce
United States House of Representatives

On
Reauthorization of the Workforce Investment Act

March 11, 2003

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to appear before you today to discuss critical issues having a bearing on employment related services to our nation's migrant and seasonal agricultural workers. I am pleased to be here today to represent CET, headquartered in San Jose, California. We serve several thousand migrant and seasonal farmworkers each year via the National Farmworker Jobs Program (NFJP), found at Title I, Section 167 of the Workforce Investment Act.

I also am speaking on behalf of the Association of Farmworker Opportunity Programs, the federation of all 50 nonprofit and public agencies that operate the NFJP nationally.

Migrant and other seasonally employed workers in agriculture play a critical role in the production and processing of food and fiber products from apple orchards in the Yakima Valley of Washington and cherry orchards in Michigan to vast tracts of vegetables in California's Imperial Valley and in Florida. They help bring

safe, plentiful and inexpensive food to our tables. Yet, they and their families face significant economic hardships.

Seasonal agricultural work is physically grueling, subject to uncertain weather conditions, and is very poorly compensated. Drought, floods, mechanization and industrial displacement are constant threats to farmworkers' self-sufficiency. In the best of times, prosperity is elusive. In the worst there are few federal or state worker protections to see them through. To survive in this environment, whole families often must toil together and use precious resources to travel thousands of miles through dozens of states each year in search of work.

Demographics of this population further jeopardize their success. Whether seeking to upgrade their skills within agriculture or other sectors, they are largely undereducated, deficient in English language fluency and literacy, and in need of significant remedial assistance.

In passing the Workforce Investment Act of 1998, Congress recognized the unique workplace disadvantages of agricultural workers and placed them among other special populations to be addressed through nationally administered programs. That program is the NFJP: it is a One-Stop partner with a dual role that provides employment related services to this population.

First, we make available the full complement of Core, Intensive and Training services essential to skills development and workforce preparedness, either

within or outside of agriculture. Second, we provide related, transitional assistance that enables participants to obtain or retain continued work in agriculture.

In Fiscal Year 2003 budget proposals, the Administration recommended no funding for section 167 activities, in part citing the presumption that mainstream One-Stop centers funded by Governors could fill in the gap left by the elimination of migrant program grantees. We are, of course, gratified that Congress did include section 167 in 2003 appropriations; **and we urge the Committee to continue to support a strong, national program for agricultural workers in this reauthorization process.** The dire circumstances of farmworkers speak volumes to the response required to sustain their agricultural employment and provide intensive remedial assistance to those who must pursue other livelihoods. I would like to add some information about the program's track record.

For the program years 2000 and 2001, section 167 grantees responded to 50,000 applicant requests for job stabilization and job training services. Of those who received job training, 69% found better paying jobs that increased their average annual wages by more than \$5,000. This record was achieved largely because our programs conduct outreach in remote rural areas using staff that is culturally and linguistically appropriate for the agricultural workers they serve.

NFJP ONE-STOP PARTNERSHIPS

We are mandated partners in the One-Stop Career Centers; as such, we participate on local Workforce Investment Boards and serve in One-Stops, in some places acting as the One-Stop manager. It is our opinion, and that of many WIBs, that our presence as a national program partner is crucial to helping the One-Stops serve not only farmworkers but also other rural and low English proficiency workers.

In some parts of the country, the 167 WIA operators serve as rural satellites for One-Stop Centers that are headquartered in urban areas. One of my California colleagues actually has a mobile One-Stop that travels throughout its rural area. We can and should expand our partnership so that more rural workers, including farmworkers, can receive the full array of services envisioned by the Workforce Investment Act.

A strong nationally administered program for agricultural workers focuses on their unique needs. Applicants receive information and services in rural areas, from certified, bilingual counselors and instructors. They get help if their emergency needs must be met outside typical business day hours, and be referred to other community resources structured to serve them and their families. Please continue this national program so that farmworkers will receive even better services as we pursue greater integration with the One-Stop Career

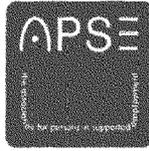
Center system. Our partnerships with the One-Stops will help the agricultural industry and rural workers throughout the nation.

Again, we thank the Committee for this opportunity, and urge the reauthorization of a national Workforce Investment program for agricultural workers.

For further information contact:

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***APPENDIX I – SUBMITTED FOR THE RECORD, STATEMENT OF THE
ASSOCIATION FOR PERSONS IN SUPPORTED EMPLOYMENT (APSE),
RICHMOND, VA***



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SUPPORTED EMPLOYMENT AND THE REHABILITATION ACT
Recommendations by the Association for Persons in Supported Employment
(APSE) for the Reauthorization of the Workforce Investment Act
March, 2003

Americans with disabilities should have every freedom to pursue careers, integrate into the workforce, and participate as full members in the economic marketplace. The New Freedom Initiative will help tear down barriers to the workplace, and help promote full access and integration. (George W. Bush, New Freedom Initiative)

The Association for Persons in Supported Employment (APSE) is a national membership organization committed to expanding and improving integrated employment opportunities and outcomes for persons with disabilities. We are organized around the concept of supported employment, which is considered integrated employment with workplace supports for individuals with significant disabilities who are typically excluded from the labor market because our systems fail to provide sufficient supports to accommodate their disability.

Until recently, the *systems' of choice* for these individuals has been to relegate them to segregated sheltered workshops or day activity centers with little to no understanding of the statutory requirement for placement decisions based on the *individuals' "strengths, resources, priorities, concerns, abilities, capabilities, interests and full informed choice"*. Supported employment provides an alternative to this choice. While it requires more time and resources at the front end, research has found the return on this investment is \$2 to \$3 for every \$1 spent. Supported employment provides the freedom for individuals to choose their employment options, generating new taxpayers and eliminating total reliance on public supports

We have followed the policy discussions over the past two years around the New Freedom Initiative, and have applauded the changes recommended by the President to advance integration. The Supreme Court makes it clear that the Americans with Disabilities Act requires states to serve individuals in integrated settings and in the NFI the President "*recognizes that to further integrate individuals with disabilities into the workforce, more needs to be done to promote ADA compliance.*"

APSE is encouraged that the integration mandate handed down by the *Olmstead* decision lies at the foundation of the disability agenda for President George W. Bush. It should serve as a beacon for the national disability employment agenda and provide the leadership needed to redirect resources from segregation to integrated supports in all Federal programs.

The Rehabilitation Act currently through statute and regulation requires integrated settings for vocational rehabilitation placements and provides designated funding for states to support individuals placed in supported employment. The APSE recommendations are designed to ensure the implementation of the Act and true access to integrated, individualized community based employment options for individuals, especially those with the most significant disabilities who have been traditionally left behind in the pursuit of a community lifestyle. Detailed recommendations and statutory language for the issues discussed below are included in the attached Appendix.

In addition to our recommended changes to the Rehabilitation Act, APSE must state our strong opposition to the use of Title I, Rehabilitation Act funds to support the One Stop system infrastructure as a replacement for the current system of cost allocation. The state VR system is currently severely under funded. Due to the funding shortages in the states, individuals with the most significant disabilities already find it very difficult to receive services under Title I, despite the Order of Selection. It is these individuals who will suffer the most should the governors be authorized to further reduce funding available to them for employment services.

And, finally, APSE is concerned that there has not been sufficient time for the House to thoroughly examine the impact of H.R. 1261 on individuals with disabilities, nor to consider our recommendations, as well as those of others, that would strengthen the ability of the One Stops and the State VR systems to advance employment opportunities, especially for individuals with the “most significant” disabilities.

Importance of Supported Employment State Grants: H.R. 1261 would continue the authority for the Supported Employment State Grant in Part B, Title VI of the Rehabilitation Act. This is important for people with the “most significant” disabilities. It is clear in the Act that supported employment is an acceptable “employment outcome” in the state VR system. However, the authors of the reauthorizations since 1986 have recognized that this authority alone would not guarantee SE services to individuals who require intense supports in order to enter and stay in the workforce. It is the funding designated for supported employment available through Part B of Title VI that has made it possible for supported employment to become an acceptable practice in state VR system. Unfortunately, the degree of acceptance and support is sketchy across states, and most supported employment providers state that this designated funding continues to be essential to the success of supported employment in their state.

Supported employment offers by far the best opportunities for employment for individuals who are most at risk of living life without a job, and in fact, supported employment should have fully realized its potential by now. On average, successful supported employment wages are 250% to 300% higher than subminimum wage sheltered workshop placements for individuals with comparable capabilities. Satisfaction and quality of life both strongly favor supported employment. However, researchers tell us that most of these individuals face continued lifelong segregation, with a majority (83%) of people with significant disabilities still in sheltered workshops and day activity programs, most served outside the VR system. Anecdotally we know this to be true, but the numbers are a far better indicator of the real truth for people with the most significant disability – they still have little access to integration.

This evidence points to the continued need for strong leadership from the vocational rehabilitation system in every state to overcome their own internal barriers and the ever growing fiscal challenges in order to meet their mandate of serving individuals with the most significant disabilities in integrated settings. Attitudes change, one success at a time. However, the resource challenge to supported employment will loom even larger under the current fiscal crises facing states. To reflect the federal commitments of the NFI and Olmstead and to ensure that Title VI-B continues to reach individuals with the most significant disabilities, APSE recommends an added emphasis in this part on supported employment for individuals who are “at-risk of segregation” and their movement from segregated settings to supported community employment.

Definition of Employment Outcome: The current regulatory definition of “employment outcome” is critical to the success of work place supports and integrated employment for individuals with the most significant disabilities and should be included in the statute. In keeping with the New Freedom Initiative, this definition went into effect in 2000 to limit VR placement to integrated settings. While some will argue that this regulation limits choice, the true impact of this regulatory change was to secure the opportunity for choice for large numbers of individuals whose placements into sheltered workshops were predetermined by the system. The regulatory change is only the first step in a long term process of reversing the trend of “employment institutionalization” for individuals with labels of mental retardation, cognitive disabilities, behavior disorders, etc. It provides essential leadership not only to state VR systems, but hopefully it will influence other federally funded state employment services, such as Medicaid long term services, that in many states do not yet fully understand or support individual choice and the integration mandate for individuals with “significant disabilities”.

Performance Measures: Significant changes must be made to the current system of accountability to allow states to measure for successful supported employment. What we learn now from the VR “closure codes” is that a counselor was able to find a job for an individual that lasts 90 days. It reveals little to nothing about the quality of the path to employment nor whether the placement will last. Closure tells us nothing about the individual – his/her interests, the array of services and supports to ensure job success, or whether the system sought to match the individual to the job and the necessary supports. More importantly, “closure” provides a clear disincentive for counselors to work with individuals who will require more time and resources for success and thus result in fewer “successful placements for the counselor. Our recommendation is for a system that adds a measure for the intensity of services provided as well as employment gained. *At a minimum, we suggest the possibility that Title VI-B be used as an opportunity to demonstrate the creation of successful supported employment performance measures, with “closure codes” developed for “VI-B” services clearly weighted to provide sufficient credit to counselors for the intensity of services provided.*

Definition Changes: APSE recommends a new statutory definition for supported employment to capture advances since the last reauthorization. For example, elements of the expansive customized employment in the Department of Labor should be included in the VR definition of SE. Likewise, entrepreneurial opportunities have been developed and successfully used by individuals with the most significant disabilities and are considered in practice to be a form of supported employment. It is important for the Rehabilitation Act definitions to reflect this growing array of employment services available in the VR system and other Federal programs and

to facilitate more effective collaboration among all entities providing these supports. Additionally, the employer is an important partner in supported employment, and collaboration with the employer is an essential keys to success. It is important for the definitions to reference this expansive understanding of supported employment and relationship with employers in the Act.

The current definition of supported employment services allows states to provide services for up to 18 months. Many states have arbitrarily chosen to set limits at less than 18 months, resulting in fewer individuals having access to SE. APSE recommends that the state option to set limits less than 18 months be eliminated and the time limitation on SE services in the VR system be based on individual needs. The current allowance for states to go beyond the 18 month time period should remain in place.

Choice Provisions. APSE has a number of recommendations to strengthen the choice provisions in the Act. We have identified five statutory changes to ensure that the individual has access to a full array of supports and providers with expertise in supported employment during the eligibility determination and planning processes. The state plan should include assurances that clarify at every step during the VR process individuals will be provided (1) information regarding employment opportunities, (2) a full array of supports and (3) access to providers with demonstrated expertise in supported employment services. Documentation of ineligibility must include statements that sufficient work experiences and supports were available to the individual during the process to justify the determination of ineligibility.

The recommendations outlined in this document reflect both the good and the bad of supported employment and the vocational rehabilitation system - the barriers that exist for individuals with significant disabilities in accessing supported employment as well as the fact that large numbers of individuals have been able to enter the labor market for the first time as a result of the workplace supports they have received through VR supported employment. We submit our recommendations on behalf of the individuals across all this country who deserve their chance to choose work.



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**SUMMARY OF APSE RECOMMENDATIONS FOR
REAUTHORIZATION OF THE REHABILITATION ACT**
(in order of appearance in the Act)

Recommendation One: Definition of Employment Outcome

APSE recommends that the current regulatory definition of employment outcome be added to the statute, with no changes that compromise the requirement that individuals served through Title I must be placed in integrated employment.

Recommendation Two – Definition of Supported Employment

APSE recommends an expansion of the definition of supported employment to include a number of new employment initiatives that have become available to individuals with the most significant disabilities since the last reauthorization. Critical to successful supported employment is the collaborative and individualized nature of the planning with the individual and the employer, which is more strongly reflected in our recommendation.

Recommendation Three: Definition of Supported Employment Services

APSE recommends changes to the definition of Supported Employment Services to (1) reflect the changes in the definition of Supported Employment and to eliminate a states option to arbitrarily provide services for less than 18 months to individuals in supported employment.

Recommendation Four – Definition of Integrated Employment

APSE recommends that a statutory definition be added to the Act and that it reflect the true nature of integration. APSE has long been concerned that the current regulatory definition of integrated employment is not truly descriptive of integration, and, in some cases, has allowed for unnecessary congregation or grouping of individuals with the most significant disabilities in the name of integration. Our recommendation would ensure that integration is indeed the standard for supported employment. The APSE recommended statutory definition of integration is found in the attached appendix.

Recommendation Five: Part B, Title VI - Supported Employment Services for Individuals with the Most Significant Disabilities

APSE recommends that Title VI-B - Supported Employment Services for Individuals with the Most Significant Disabilities continue to be used to identify the barriers that exist to integrated

employment for individuals who meet the eligibility criteria for supported employment and ensure that the need for intense and on going supports does not eliminate their access to the VR system. States should be encouraged to use these funds for individuals who are currently in segregated settings or who are at risk of segregation, either through sheltered work or day activity services, as well as for transitioning youth who are also at risk of being placed in segregated settings. Finally, in the event that the reauthorization does not include the APSE recommendations regarding accountability and performance measures, states should be given flexibility to use these funds to create an alternative “closure” system for individuals in supported employment that provides ample credit for the level and intensity of services provided to achieve an employment outcome of supported employment.

Recommendation Six: Supported Employment State Plan Supplement

States must continue to include in their state plan a separate plan for supported employment, describing how they will serve individuals with the most significant disabilities in supported employment under Title 1. Additionally, the state must prepare an implementation plan for the Integrated, Community based Employment Program in order to continue to receive an allotment under the Title VI-B program.

Recommendation Seven: Performance Measures

APSE recommends that the Act require the Secretary to develop an system of accountability for the state VR programs that more clearly reflects the statutory goals of the Rehabilitation Act: “...to empower individuals to maximize employment, economic self-sufficiency, independence, and inclusion and integration into society ...” The current closure system should be replaced with measures that reflects the input and outcomes of the system, i.e. the actual time and resources required of the counselor to achieve employment outcomes, with strong weight given to customer satisfaction. Such a “closure” system should reflect the intensity of services provided, the outcome achieved, and a measure of the outcome against the individual goals established in the IPE. It is important to also give weight to customer satisfaction with the process, job wages and level of social integration.

Recommendation Eight – Twelve

APSE recommends five statutory changes to ensure that the individual has access to a full array of supports and providers with expertise in supported employment during the eligibility determination and planning processes, most especially as part of the trial work period.

systems, was intended to increase the employment, retention, earnings, and skills attainment of participants, including individuals with disabilities.

The CSAVR recognizes the importance of VR's participation in the One Stop system created under WIA. Individuals with disabilities experience the highest unemployment rate of any segment of the American population. The One-Stop delivery system should be an additional vehicle for increased resources and employment opportunities for persons with disabilities. Nevertheless, significant barriers and challenges exist for individuals with disabilities who are seeking assistance through the One Stop system.

With regard to the pending reauthorization of WIA and the Rehab Act, the CSAVR raises the following issues and makes the following recommendations.

Issue 1: Do No Harm

CSAVR strongly supports ensuring the integrity of the funding authorized under the Rehab Act to meet the needs of individuals with disabilities. These programs, projects and services create a complementary, coordinated, and comprehensive service delivery system for individuals with disabilities who want to increase their independence and self-sufficiency. The system, which includes services (e.g., independent living services, evaluations and assessments, education and training, employment services, etc.), supports (assistive technology services and devices, interpreters, readers, personal assistance services, etc.), and a supporting infrastructure (monitoring and enforcement, technical assistance and training, research and demonstration projects, etc.), has been working well for individuals with disabilities for over 80 years.

Consequently, one of CSAVR's primary policy priorities for reauthorization of the Rehab Act is to maintain and expand the funding available to meet the diverse needs of individuals with disabilities, particularly those with significant disabilities, who are seeking to enter, re-enter or remain in the workforce. Many of these individuals must have access to specialized services and supports to participate in training and engage in employment. These specialized services and supports are not available through the One Stop Career Centers authorized under WIA.

In keeping with this, the CSAVR will oppose any efforts to redirect funds currently authorized and appropriated for programs under the Rehabilitation Act to other purposes. The CSAVR does not support the consolidation of funds currently appropriated for Supported Employment State Grants (SE), Projects with Industry (PWI), Recreation Projects, and Migrant and Seasonal Farm Worker Projects into VR's appropriation, particularly if these consolidated funds are used to provide VR's required CPI increase. Programs such as SE and PWI are important because they enhance VR's ability to meet specific needs of certain segments of the population of unemployed individuals with disabilities. SE funds enhance VR's ability to provide on-going, intensive services to individuals with the most significant disabilities, particularly those who need long-term supports to engage in employment. PWI's linkage with the business community and

employment or entrepreneurial initiatives, and other individualized job creation activities); career development, on-the job training and supports, ongoing support services and other appropriate services needed to accommodate the needs of the individual and his/her employer that--

(A) are provided singly or in combination and are organized and made available in such a way as to assist an eligible individual to achieve competitive employment;

(B) are based on a determination of the needs of an eligible individual, as specified in an individualized plan for employment; and

(C) are provided by the designated State unit for a period of *(delete: time not to extend beyond)* 18 months, *determined by the needs of the individual*, unless under special circumstances the eligible individual and the rehabilitation counselor or coordinator involved jointly agree to extend the time in order to achieve the employment outcome identified in the individualized plan for employment.

We also recommend that report language accompany this change to highlight the importance of a strong employee-employer relationships and the availability of supports for both the employer and employee.

Recommendation Four: Definition of Integrated Setting

New Statutory Definition: Integrated setting

- (i) With respect to the provision of services, *means a typical labor market setting in which applicants or eligible individuals work alongside co-workers without disabilities, have full social access throughout their work shift to co-workers without disabilities, follow the typical work norms and routines followed by their non-disabled co-workers, and are directly hired, compensated and supervised by the employer (except in the case of typical self employment, telework settings) (delete from current definition: setting typically found in the community in which applicants or eligible individuals interact with non-disabled individuals, other than non-disabled individuals who are providing services to those applicants or eligible individuals) and in which the proportion of individuals with disabilities does not exceed the natural proportion of individuals with disabilities found in the general population;*
- (ii) With respect to an employment outcome, *means a typical labor market setting in which applicants or eligible individuals work alongside co-workers without disabilities, have full social access throughout their work shift to co-workers without disabilities, follow the typical work norms and routines followed by their non-disabled co-workers, and are directly hired, compensated and supervised by the employer (except in the case of typical self employment, telework settings) (delete: setting typically found in the community in which applicants or eligible individuals interact with non-disabled individuals, other than non-disabled individuals who are providing services to those applicants or eligible individuals, to the same extent that non-disabled individuals in comparable positions interact with other persons.) and in which the proportion of individuals with disabilities does not exceed the natural proportion of individuals with disabilities found in the general population;*

Recommendation Eight: Choice and the State Plan

Section (101)(a)(19) The State plan shall include an assurance that applicant's and eligible individuals or, as appropriate, the applicants' representatives or individuals' representatives, will be provided information *regarding employment opportunities and providers of services available to the individual, including supported employment*, and support services to assist the applicants and individuals in exercising informed choice throughout the rehabilitation process, consistent with provisions of section 102(d).

Recommendation Nine: Eligibility Determination

Section (102) (a) Eligibility – (2) Presumption of benefit – (B) ... the designated State unit shall explore the individual's abilities, capabilities, and capacity to perform in work situations, through the use of trial work experiences, as described in section 7(2)9D), with appropriate supports provided through the designated State unit, *(delete: except under limited circumstances when an individual can not take advantage of such experiences)* Such experiences shall be of sufficient variety and over a sufficient period of time *with sufficient support and access to individuals and agencies with demonstrated expertise in supported employment* to determine the eligibility of the individual or to determine the existence of clear and convincing evidence that the individual is incapable of benefiting in terms of an employment outcome from vocational rehabilitation services due to the severity of the disability of the individual.

Recommendation Ten: Determination of Ineligibility – Documentation of Trial Work Period and Supports

Section (102)(a)(5) If an individual who applies for services under this title is determined, based on the review of existing data and, to the extent necessary, the assessment activities described in section 7(2)(A)(ii), not to be eligible for services, or if an eligible individual receiving services under an individualized plan for employment is determined to be no longer eligible for the services ---

(B)the individual, or as appropriate, the individual's representative, shall be informed in writing (supplemented as necessary by other appropriate modes of communication consistent with the informed choice of the individual, of the ineligibility determination, including –

- (i) the reasons for the determination
- (ii) *a documentation that the eligibility determination process described under section 102(A)(2)(B) provided sufficient work experiences and supports to justify the determination of ineligibility.*

Recommendation Eleven: Individualized Plan of Employment and List of Providers

(102)(b) Development of an Individualized Plan of Employment

(2) Mandatory Procedures ... (B) Informed Choice

An individualized plan for employment shall be developed and implemented in a manner that affords eligible individuals the opportunity to exercise informed choice in selecting an employment option, the specific vocational services to be provided under the plan, the entity that

will provide the vocational rehabilitation services, and the methods used to procure the services, ... *To ensure implementation of informed choice, the individual must be provided with information regarding a full array of employment options consistent with individual interests, skills, (etc) and the individual must be provided with a list of all providers in the geographic region available to provide the appropriate services.*

Recommendation Twelve: Individualized Plan of Employment - Services; Integrated Setting; and List of Provider

(102)(B)(3) Mandatory components of an individualized plan for employment

Mandatory components of the plan must include a requirement that the individual is provided with a list of workplace supports available to them and providers in their geographic regions to provide the supports.

Regardless of the approach selected by an eligible individual to develop an individualized plan for employment, an individualized plan for employment, shall at a minimum, contain mandatory components consisting of ---

(B) a description of the specific vocational rehabilitation services that are ---

(I) needed to achieve the employment outcome, including, as appropriate, the provision of assistive technology devices and assistive technology services, and personal assistance services *and other individualized workplace supports.*

(II) provided in (*delete: the most*) the integrated setting (*delete: that is appropriate for the service involved and is*) consistent with the informed choice of the eligible individual; and

C) a description of the entity chosen by the eligible individual or, as appropriate, the individual's representative, that will provide the vocational rehabilitation services, and the methods used to procure such services, *including a statement that the individual was provided with a comprehensive list of available providers in the geographic area with the capacity to serve and support the individual.*

***APPENDIX J – SUBMITTED FOR THE RECORD, STATEMENT OF THE
COUNCIL OF STATE ADMINISTRATORS OF VOCATIONAL
REHABILITATION (CSAVR)***

**The Council of State Administrators of
Vocational Rehabilitation
(CSAVR)**

Submits

Written Testimony

In Conjunction With

The Hearing on the Workforce Investment Act

Before

The Subcommittee on Twenty-First Century Competitiveness

of the

House Education and the Workforce Committee

on

Tuesday, March 11, 2003

The Council of State Administrators of Vocational Rehabilitation (CSAVR) wishes to submit written testimony in conjunction with the hearing on *The Workforce Investment Act* before the Employment and Training Subcommittee of the Senate Committee on Health, Education, Labor and Pensions. The CSAVR is composed of the chief administrators of the State Vocational Rehabilitation (VR) Programs serving individuals with physical and mental disabilities in the states, District of Columbia, and the territories. The Council, which was founded in 1940 to furnish input into the State-Federal Rehabilitation Program, provides a forum for state administrators to study, deliberate, and act upon matters affecting the rehabilitation and employment of individuals with disabilities. The Council serves as a resource for the formulation and expression of the collective points of view of the VR Directors across the country on all issues affecting the provision of quality employment, training, and rehabilitation services to individuals with all types of disabilities who are seeking to enter or re-enter the labor market.

The Workforce Investment Act of 1998 (WIA; P.L. 105-220) established a new One-Stop Career Center system, administered by the U.S. Department of Labor (DOL), through which a number of federally funded education and training programs, e.g., Wagner-Peyser, postsecondary vocational education, adult education, vocational rehabilitation, etc., recruit and serve their customers.

The Rehabilitation Act of 1973, as amended (the Rehab Act), which was incorporated as Title IV of WIA in 1998, funds multiple programs and projects that provide comprehensive and complementary services and supports to empower individuals with disabilities to maximize employment, economic self-sufficiency, independence, inclusion and integration into society. The VR Program, authorized under Title I of the Rehab Act, is the primary federally funded employment and training program specifically designed to assist individuals with disabilities, including individuals with the most significant disabilities, in overcoming barriers to employment.

The VR Program operates across all sectors (public, private, non-profit, for-profit), and at all jurisdictional levels (federal, state and local). It is built on federally mandated principles that individuals with disabilities hold dear, including consumer driven planning; consumer empowerment; informed choice; individualized services and supports; due process protections; and the availability of advocacy services. When the Rehab Act was reauthorized in 1992 and 1998, the VR Program saw increased consumer control, more emphasis on serving individuals with the most significant disabilities, and a focus on long-term, competitive employment outcomes.

Under VR, a majority of individuals with disabilities, including those with the most significant disabilities, are presumed capable of benefiting from the VR services in terms of securing employment. Qualified VR counselors assist eligible individuals explore their abilities, potentials, and interests, and provide them with information on and access to specialized assessments, services and supports that are not available through generic employment and training programs. Qualified VR counselors provide guidance and

counseling as eligible individuals use existing information and information from assessments and evaluations provided by VR to make informed choices about vocational goals, the services needed to pursue those goals, and the providers of those services. VR provides eligible individuals with disabilities a wide variety of services and supports to assist them in accomplishing specific employment outcomes consistent with their abilities, capabilities, interests, resources, and informed choices

Federally appropriated VR funds require a state match at a set ratio (78.7% federal to 21.3% state). This funding mechanism creates a state/federal partnership that has worked for over 80 years. The Designated State Unit (DSU) responsible for implementing the State Plan for VR Services must make specific assurances and be responsible for the expenditure of VR funds.

The services, supports and assistance available through VR may be provided directly or purchased. VR must work cooperatively and in collaboration with significant numbers of community partners (state/federal, public/private, nonprofit/for-profit) to provide the full range of services and supports that individuals with disabilities need to prepare for, enter, retain or advance in employment

The Rehab Act requires Congress to appropriate an annual increase for VR that is at least equal to the increase in the Consumer Price Index (CPI) over the previous fiscal year. While this mandate was intended to create a floor for the VR appropriation, Congress has not appropriated funds above the mandated CPI increase for a number of years. This is particularly problematic because the formula used to distribute these funds, which is based on a state's per capita income and population, results in significant variations in the increases in individual state allotments. When the increase is limited to the CPI increase and the formula is applied, not all states receive increases that equal the annual rate of inflation. Unfortunately, this has had a cumulative effect on a number of states, significantly reducing VR's ability in those states to meet the needs of unemployed Americans with disabilities.

External Challenges Facing VR

Over the last ten years the Public VR Program has faced a number of challenges that have been compounded by minimal increases in Federal funding.

Special Education: The federal appropriation for special education has increased significantly (e.g., \$1 billion a year for the last 3 years) while VR has seen only the required CPI increase. Increases in special education funding have increased the demand for VR services as more students with disabilities exit special education and seek adult services and employment. This constitutes a movement from a system of entitlement to services to a system based on eligibility. VR does not have the resources to meet the needs of students exiting special education, of youth with disabilities who have dropped out of school or are in the juvenile justice system, or the growing demand from transition services while students with disabilities are still in school.

TANF: A recent GAO Report found that over 40% of the individuals left on our welfare rolls are individuals with disabilities or family members of individuals with disabilities. As a result, Welfare-to-Work programs for TANF recipients are increasingly turning to VR for assistance in serving this population.

Ticket to Work: The work incentives provisions, the Ticket-to-Work Program, and particularly the extended access to health care authorized under the *Ticket to Work and Work Incentives Improvement Act of 1999* are intended to encourage millions of Americans who receive Social Security disability benefits to seek assistance in entering or re-entering the workforce. To date, over 80% of the individuals participating in the Ticket Program have assigned their tickets to VR, placing an enormous burden on VR without providing any additional funding.

Olmstead: As federal and state efforts to implement the Supreme Court's *Olmstead* decision expand, more and more individuals with disabilities are being moved from institutions to community settings. As they establish themselves in the community and obtain the services and supports they need to live more independently, many will turn to VR for assistance in entering employment.

Assistive Technology: Over the years, assistive technology (AT) has become a fundamental tool, making it possible for individuals with disabilities, including individuals with the most significant disabilities, to participate in training and employment programs and seek employment opportunities in the competitive labor market. While the cost of some AT has fallen, specialized products remain costly. Additional costs are incurred to maintain, repair and update AT and to provide training on the use of AT. VR agencies report that the number of customers benefiting from AT has doubled in 5 years and that VR's overall expenditure on AT increases each year.

Order of Selection: VR is severely under-funded to meet the mandates in the Rehab Act and the external challenges facing the Program. As a result, cost containment associated with administrative efficiencies cannot sustain the current level of service being delivered by the VR Program. Under the current appropriation, VR can assist only a small percentage of eligible individuals (i.e., an estimated one in twenty who could potentially benefit from services). During FY 2002, thirty-seven VR Programs found it necessary to implement an order of selection, a mandated system of prioritization whereby only those eligible individuals with the most significant disabilities receive VR services. In those states, significant numbers of eligible individuals with disabilities who would normally receive services through VR will not be served due to insufficient resources.

VR is one of the most cost effective programs ever created by Congress. Even with inadequate funding and in the face of some many external challenges, VR is a program with a proven track record. Each year, the Program assists more than 1.2 million individuals with disabilities to engage in employment by providing services and supports

to assist them in overcoming barriers to employment. Of those served each year, more than 230,000 enter competitive employment and become tax-paying citizens. Recently, the Department of Education released the draft reports for a Longitudinal Study of the Public VR Program that was commissioned by the Congress in the 1992 Amendments to the Rehab Act. Over a five-year period, this study tracked 8,500 randomly selected applicants and consumers of the VR Program, from 37 State VR Agencies. The findings of that study are impressive and include, among other things:

- 83% of VR consumers who secured employment during the Study were still employed after one year;
- 76% of those placed in employment were still employed after three years.
- The average hourly earnings for these VR consumers increased from \$7.33 per hour in year one to \$9.62 per hour after three years.
- At exit from the VR program, 32% of these VR consumers were in competitive jobs and had earnings about 200% above poverty level.
- 69% of the individuals who completed their VR service plans secured employment.
- 75% of the employment outcomes were competitive jobs in professional, managerial, technical, service or clerical/sales positions.
- 39% of consumers who participated in the Longitudinal Study had received some form of public assistance at entry to the Public VR Program. Three years later, after case closure, this percentage declined to 26%.
- The quality of the relationship between the qualified VR counselor and the consumer was significant related to employment and earning levels.

Even with this impressive record, the Public VR Program has been severely under-funded to provide assistance to Americans with disabilities, the segment of the American population with the highest unemployment record.

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

systems, was intended to increase the employment, retention, earnings, and skills attainment of participants, including individuals with disabilities.

The CSAVR recognizes the importance of VR's participation in the One Stop system created under WIA. Individuals with disabilities experience the highest unemployment rate of any segment of the American population. The One-Stop delivery system should be an additional vehicle for increased resources and employment opportunities for persons with disabilities. Nevertheless, significant barriers and challenges exist for individuals with disabilities who are seeking assistance through the One Stop system.

With regard to the pending reauthorization of WIA and the Rehab Act, the CSAVR raises the following issues and makes the following recommendations.

Issue 1: Do No Harm

CSAVR strongly supports ensuring the integrity of the funding authorized under the Rehab Act to meet the needs of individuals with disabilities. These programs, projects and services create a complementary, coordinated, and comprehensive service delivery system for individuals with disabilities who want to increase their independence and self-sufficiency. The system, which includes services (e.g., independent living services, evaluations and assessments, education and training, employment services, etc.), supports (assistive technology services and devices, interpreters, readers, personal assistance services, etc.), and a supporting infrastructure (monitoring and enforcement, technical assistance and training, research and demonstration projects, etc.), has been working well for individuals with disabilities for over 80 years.

Consequently, one of CSAVR's primary policy priorities for reauthorization of the Rehab Act is to maintain and expand the funding available to meet the diverse needs of individuals with disabilities, particularly those with significant disabilities, who are seeking to enter, re-enter or remain in the workforce. Many of these individuals must have access to specialized services and supports to participate in training and engage in employment. These specialized services and supports are not available through the One Stop Career Centers authorized under WIA.

In keeping with this, the CSAVR will oppose any efforts to redirect funds currently authorized and appropriated for programs under the Rehabilitation Act to other purposes. The CSAVR does not support the consolidation of funds currently appropriated for Supported Employment State Grants (SE), Projects with Industry (PWI), Recreation Projects, and Migrant and Seasonal Farm Worker Projects into VR's appropriation, particularly if these consolidated funds are used to provide VR's required CPI increase. Programs such as SE and PWI are important because they enhance VR's ability to meet specific needs of certain segments of the population of unemployed individuals with disabilities. SE funds enhance VR's ability to provide on-going, intensive services to individuals with the most significant disabilities, particularly those who need long-term supports to engage in employment. PWI's linkage with the business community and

ability to providing job opportunities for individuals who are “job-ready” are particularly important for individuals whose disabilities may not be significant enough to receive VR services.

In the President’s budget recommendations for both 2003 and 2004, it is assumed that VR will use these consolidated funds to continue these important programs. The funding available to the Public VR Program is already severely inadequate to meet the needs of individuals seeking and receiving services and the external challenges facing the Public VR Program. With 37 VR Programs operating under an order of selection, this assumption seems unlikely.

Issue 2: Funding of WIA One Stop Service Centers

During the Senate’s consideration of the WIA legislation, Senator Mike DeWine (R.OH.), the then-Chairman of the Subcommittee on Employment and Training, stated: “While the VR program is to be linked to the workforce investment system, funds appropriated for the VR program are not to be compromised or diverted to other workforce populations.”

Sec. 3(b) of the Rehab Act states: “The Secretary shall take whatever action is necessary to ensure that funds appropriated pursuant to this Act are expended only for the programs, personnel and administration of programs carried out under this Act.”

Sec. 16(a), TRANSFER OF FUNDS, states: “...No funds appropriated under this Act for any program or activity may be used for any purpose other than that for which the funds were specifically authorized.”

In implementing WIA, mandatory partners were to contribute resources to the statewide workforce investment system consistent with the partner’s authorizing legislation. The CSAVR holds to this belief and fully supports the cost-allocation methodology that is currently defined in the Department of Labor’s Employment and Training Administration’s (DOL/ETA) Final notice entitled “Resource Sharing for Workforce Investment Act One-Stop Centers: Methodologies for Paying or Funding Each Partner Program’s Fair Share of Allocable One-Stop Costs (Federal Register; May 31, 2001), and the DOL/ETA’s “One-Stop Comprehensive Financial Management Technical Assistance Guide” (July 2002). This methodology of sharing resources permits mandatory partners to contribute their fair share to the support of the system, based on utilization and benefit to their target population. The CSAVR opposes any alternative efforts or prescribed methods for garnering additional resources from VR, including setting aside a percentage of VR’s appropriation to support the infrastructure of the One Stop Career Centers.

Issue 3: Adequacy of Resources Available to the VR Program

Real and significant increased funding is required to maintain and enhance the quality of services provided by State VR Agencies and to facilitate employment outcomes for

individuals with disabilities. The CSAVR believes that the VR Program must have substantially increased resources to meet the unique and specialized rehabilitation needs of individuals with disabilities. A substantial increase in the federal investment in this proven program must become a national priority. The mandated Consumer Price Index (CPI) increase in funding for the Public VR Program is an important provision in current law that should be maintained in the upcoming reauthorization. However, Congress must understand that this mandated CPI increase represents the minimum annual increase in federal funding for the VR Program, and that increases in the overall federal appropriation must be adequate to hold all states and territories harmless with regard to the previous year's appropriation while ensuring that each state allotment gets at least an increase equal to the CPI increase for the previous year. The CSAVR believes that such increases are necessary to ensure the VR Program's ability to meet the letter and intent of the Rehab Act and keep up with the external challenges facing the Program.

Issue 4: Ensuring the Accessibility of Job Training Programs, Educational Programs and Other Service Programs

The vision of the WIA legislation was to create a collaborative service delivery system that serves all Americans who encounter barriers to employment, including dislocated workers, the long-term unemployed, at-risk youth, and individuals with significant disabilities. Collaboration between VR and DOL-funded workforce investment services is intended to produce better information, more comprehensive services, easier access to services, and improved long-term employment outcomes for individuals with disabilities.

Under the Americans With Disabilities Act (ADA) and Section 504 of the Rehab Act, the One Stop Career Centers created under WIA are required to be both physically and programmatically accessible. One-Stop Centers and other service providers that receive federal funding are responsible for serving individuals with disabilities under the same terms and conditions as they serve non-disabled individuals.

While many, if not most, One Stop Centers have achieved some level of physical accessibility, many challenges remain with regard to programmatic accessibility. If individuals with communicative, cognitive and sensory disabilities are to be able to access services in a One Stop Center, information must be available in a range of alternate formats (large print, Braille, and disk). In addition, auxiliary aids and services (e.g., interpreters and readers) and assistive technology such as accessible software and related-communicative equipment must be readily available to ensure the individuals with physical, mental, sensory and cognitive disabilities can access information and have meaningful participation in educational programs, vocational training, and other types of employment services provided through the One Stop service delivery system. The provision of such accommodations is the responsibility the One Stop Centers or the service providers used by the One Stop Centers.

As a required partner in the One Stop system created under WIA, VR Programs may provide technical assistance on identifying and providing needed accommodations, and

information on how to make physical facilities accessible to individuals with different types of disabilities. However, State VR Agencies should not be covering expenses associated with making One-Stop facilities and programs accessible to individuals with disabilities. That responsibility must remain with the One-Stop Centers and the entities they use to provide educational, employment and training services. In addition, State VR Agencies should not be asked to assume the expenses associated with the provision of core services in a One-Stop center merely because some individuals with disabilities will be benefiting from those services.

Issue 5: Dedicated Funding to Provide Transition Services for Youth with Disabilities

A number of research findings have clearly demonstrated the need to improve transition outcomes for students with disabilities. Youth with disabilities, especially those with significant disabilities, often have a difficult time completing high school. For those youth with disabilities who do complete high school, it is well documented that they have a difficult time enrolling in and completing post-secondary education and finding and keeping employment. In addition, students with disabilities have higher drop out rates than non-disabled students. One out of five adults with disabilities has not graduated from high school, compared to less than one out of ten adults without disabilities. Drop out rates for students with disabilities vary with the nature and significance of the disability. Youth with severe emotional disturbances (57.6%) and youth with learning disabilities (36%) have the highest drop out rates of all disability groups.

Students with disabilities have higher rates of incarceration. More than one in three youths who enter correctional facilities have previously received special education services. Over the past several years, the number of students with disabilities in correctional facilities has risen at over twice the rate of the overall special education population. More than half of all young people with emotional disturbance are arrested at least once within three to five years of exiting school.

Students with disabilities have low rates of college enrollment. Only 14 percent of youth with disabilities attend post secondary school versus 53 percent in the general population. This is particularly troubling given that post secondary credentials bring economic gains in the labor market. Nationally, 70 percent of youth with disabilities are unemployed two years after exiting from high school. Only 26% of working-age adults with disabilities have a job or own their own business. People with disabilities are nearly three times more likely than people without disabilities to be living in households with total incomes of \$15,000 or less.

In recent reauthorizations of the Individuals with Disabilities Education Act (IDEA) and the Rehab Act, the natural linkages between special education, transition services, and VR services have received some attention. However, without dedicated funding, transition services compete with the other mandates, priorities and external challenges of the VR Program. Currently, the transition provisions in these two laws are not always

implemented in a carefully coordinated manner. In addition, the lack of specificity regarding shared funding responsibilities often results in conflicts that can delay or deny needed assistance.

The CSAVR believes the return on America's investment in special education is closely linked to VR's ability to assist transitioning youth with disabilities in exploring vocational options, and accessing post-secondary education, training and employment services. A July 2002 report from The Longitudinal Study of VR Services found that transitioning youth represent 13.5% of the consumers of VR services (i.e., approximately 135,000 youth with disabilities). It also found that 63% of young adults (below age 25) who received VR services successfully went to work, with most entering competitive employment. When young adults with disabilities enter competitive employment immediately upon or shortly after exiting the educational system, their need for long-term public assistance (such as SSI, welfare benefits, food stamps, etc.) can be significantly reduced.

The gaps in services provided under the entitlement of IDEA versus the eligibility of adult service systems often seem vast and insurmountable to youth with disabilities and their families. As a result, students with disabilities continue to struggle to attain success and independence in employment, post-secondary education, independent living, and healthy and active relationships in their communities.

This Nation cannot afford to invest substantial resources in this segment of its youth population while providing few, if any, options after the school experience is completed. Transition programs must be strengthened and enhanced if we are to assist students in reaching their potential to become productive and active members of their communities. Transition planning must become a long-term educational process beginning in middle school. Transition goals and objectives should be the foundation of a student's educational program and guide the development of a student's IEP throughout the high school years.

With the number of students in special education who need transition services increasing every year, the pressure on personnel in both the special education system and the VR system to provide transition services is growing. Currently there are no designated resources for transition services, either in IDEA or the Rehab Act. Transition services are listed among the services that may be funded under IDEA, Part B, and under Title I of the Rehab Act for those students who have been determined eligible for VR services and who have had an individualized plan for employment (IPE) developed in partnership with a qualified VR Counselor. The lack of dedicated resources often results in students not having access to needed transition services.

The CSAVR believes that in addition to strengthening linkages between special education and the VR Program, targeted monies must be provided in both IDEA and the Rehabilitation Act for transition planning and the provision of transition services. These

monies should supplement, not supplant the resources currently used for transition services under IDEA, Part B, and the VR Program.

Having a dedicated funding stream for transition services would allow both special education and VR to collaborate substantively, and provide quality, relevant transition services to students with disabilities in a timely manner.

Having dedicated funding available to VR will facilitate the creation of a cadre of Transition Counselors who specialize in working with schools and adult service systems to improve employment and educational outcomes for youth with disabilities. These specialists could provide career counseling, employment, job placement, and case management services to youth with disabilities.

Dedicated funding would enhance the capacity of VR to support the efforts of local high schools to provide school-based employment services to youth with disabilities (e.g., running job clubs, providing technical support for school-based employment services, identifying trial work experiences, etc.). Dedicated VR funding would allow VR counselors to become highly visible in school settings and actively involved in working with teachers, parents, and employers to assist youth with disabilities in accessing post-secondary education, to connect youth with significant disabilities to adult services programs (including VR), and to place youth with disabilities in employment.

Issue 6: Ensuring the Integrity of the Designated State Unit (DSU)

The CSAVR believes that the VR Program must continue to be administered and implemented by a Designated State Unit (DSU) in each state to ensure that individuals with disabilities continue to have access to the highest quality job training and employment services and supports tailored to their unique and individualized needs. The Rehab Act must continue to require each state to designate in its State Plan a State Unit that has the sole responsibility for administering the State Plan for VR Services, while giving States the option of designating a separate State Unit to serve individuals who are blind or visually impaired.

Each DSU must be an agency or a division within a state agency that is primarily concerned with the provision of VR services to individuals with disabilities; has a director that is solely responsible for the administration of that State Plan; employs staff who are engaged almost 100 percent of the time on implementing the VR Program; and have organizational responsibilities equal to other major organizational units within state government. Services through the DSU must continue to be available statewide. CSAVR believes that development of the budget, management of finances, supervision of staff, determinations of eligibility, approval of individualized plans for employment, and decisions about case closures should be the sole responsibility of qualified professionals employed by the DSU, as should the overall management of the VR program. State-level oversight and accountability are necessary to ensure a consumer responsive, effective and efficient VR Program. Having a DSU with responsibility for the administration,

management and implementation of the Program will help to ensure a viable, accountable, and effectively managed program of VR services.

The DSU in each state is held accountable for the expenditure of federal and state funds dedicated for the employment, training and support needs of individuals with significant disabilities. **Accountability** is a fundamental and critical element of the VR Program. DSUs make annual reports on how they have expended VR funds, providing extensive information on the individuals receiving services. Standards and indicators appropriate for VR were developed in response to the 1992 amendments to the Rehab Act. They are used to evaluate the effectiveness of the VR program and to provide methods for measuring improvement. In addition, The Longitudinal Study of Vocational Rehabilitation Services mentioned earlier has provided extensive information that demonstrates the long-term results of the VR Program.

To clarify lines of responsibility, the CSAVR recommends that the Act refer only to a Designated State Unit (permitting a free-standing State Agency to function as such a unit) and that specific language be added to the definition of the DSU to clarify exactly what functions are the responsibility of the DSU and, therefore, may not be delegated. The CSAVR has developed suggested language to clarify the lines of authority for the administration and implementation of the VR Program and to ensure accountability for the expenditure of VR funds. This language (which would completely rewrite of Section 101(a)(2) DESIGNATED STATE AGENCY; DESIGNATED STATE UNIT) can be found in appendix I.

Issue 7: Representation of Disability Interest on Workforce Investment Boards

Recognizing the expertise of individuals staffing the VR Program and the importance of considering the views of individuals with disabilities, the CSAVR believes each State Workforce Investment Board (SWIB) must include in its membership at least one individual with a disability and the Director of the DSU administering the State Plan for VR Services (Directors in States that have a separate DSU that serves individuals who are blind or visually impaired). The representative of the DSU must be a person who has day-to-day responsibility for administering the VR Program or an individual designated by the VR Director. Nearly four years after implementation of the Workforce Investment Act (WIA), there are still states that are meeting the SWIB composition requirements by having the head of the umbrella agency housing the VR Program serve as the VR representative on the SWIB.

To address this issue, the CSAVR recommends amending Sec. 111(b)(1)(C)(vi)(I) of WIA, which sets out the composition of the SWIA, by adding a new subsection 111(b)(1)(C)(vi)(II); and redesignating current (vi)(II) as (vi)(III). The amended section might read as follows:

Sec. 111(b)(1)(C)(vi)(I) the lead State agency officials with responsibility for the programs and activities that are described in section 121(b) and carried out by one-stop

partners; and

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

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

Issue 8: Representation on Local Workforce Investment Boards

Currently, WIA requires representatives of local community-based organizations (including organizations representing individuals with disabilities and veterans) to be included in the membership of Local Workforce Investment Boards (Local WIBs). As a result of this requirement, many Local WIBs include representatives of community rehabilitation programs (CRPs), the Public VR program, and individuals with disabilities. If Local WIBs are to be effective in meeting the needs of individuals with disabilities who are not eligible for VR services, individuals with disabilities and representatives of organizations serving individuals with disabilities must be included on these local boards. Consequently, the CSAVR supports the continuation of the current requirement regarding organizations representing individuals with disabilities and veterans serving on Local WIBs and the addition of language requiring individuals with disabilities to serve on Local WIBs.

Issue 9: Inadequate Resources Available for VR to Meet the CSPD Requirements

The role of the VR counselor is the cornerstone of the VR Program. As the key professional in the system, the counselor is responsible for interacting with individuals with disabilities who are seeking or receiving VR services to assist them in entering the workforce and becoming economically independent. VR counselors are uniquely qualified to assist individuals with disabilities in assessing their needs for individualized services and supports to achieve high quality employment outcomes.

In 1998, Congress mandated that VR employ qualified counselors, i.e., counselors that meet the national standard or the highest state standard for persons in that profession (in most cases, requiring a master's degree). With minimal increases in funding and expanding external pressures, VR is finding it more and more difficult to attract and retain qualified individuals. With over one third of the incumbent counselors in some states not meeting the state standard for VR Counselors, VR must provide additional education and training to incumbent counselors to upgrade their qualifications. While special training grant funds have been made available for this purpose, they are not adequate to cover the cost of necessary education and training. State VR agencies have had to make up the shortfall in these training funds with case service funds.

State VR agencies are facing a dwindling pool of potential qualified applicants for counselor positions. The situation is likely to become critical over the next 5 to 10 years because a significant percentage of individuals currently working for VR will be retiring. This situation calls for a serious focus on succession planning.

In addition, the passage of the *Ticket to Work and Work Incentives Improvement Act in 1999* has necessitated that VR invest significant resources into training staff at all levels within the agency on the Ticket Program.

As a result of all these factors, CSAVR will seek increased resources for Section 302 of the Rehab Act so that additional funding will be available for training rehabilitation professionals, particularly for in-services training for staff of DSU that are having problems meeting requirements for a Comprehensive System of Personnel Development found in Title I of the Rehab Act.

Summary

Congress designated the VR Program as a required partner in the One Stop system created under WIA to ensure that individuals with disabilities, particularly those with significant disabilities, have effective and meaningful participation in the One-Stop system and have full and complete access to all of the services provided through that system. Collaboration between the DSU administering the VR program and DOL funded workforce investment services is intended to produce better information, more comprehensive services, easier access to services, and improved long-term employment outcomes for persons with disabilities.

The CSAVR recognizes the value of having a statewide workforce investment system and the importance of VR's participation in such a system. Many disability organizations, including the CSAVR, had envisioned that the One-Stop delivery system created under WIA would provide additional resources and employment opportunities for persons with disabilities who are seeking to enter the competitive labor market. To date, this vision has not been realized for a number of reasons.

The CSAVR thanks the House Committee on Education and the Workforce for the opportunity to submit written testimony in conjunction with the hearing that was conducted on March 11 on the reauthorization of the Workforce Investment Act.

APPENDIX I

The CSAVR proposes the following **rewrite of Section 101(a)(2) DESIGNATED STATE AGENCY; DESIGNATED STATE UNIT**:

Section 101(a)(2) Designated state unit.--

- (A) The State plan shall designate a State unit as the sole State entity to administer the plan. The Designated State unit must be either a State agency with the primary function of implementing the State Plan for VR services or a division or unit within a larger State agency that is located at an organizational level and has an organizational status comparable to that of other major organizational units within other State Agencies. Under State law, a separate State Unit may be designated to provide vocational rehabilitation services to individuals who are blind and to be the sole State unit authorized to administer the part of the plan under which vocational rehabilitation services are provided for individuals who are blind. In the case of American Samoa, the appropriate State unit shall be the governor of American Samoa.
- (B) The State unit designated under subparagraph (A) shall –
 - (i) be primarily concerned with vocational rehabilitation, or vocational and other rehabilitation, of individuals with disabilities, and be responsible for the administration of the State Plan for VR services;
 - (ii) have a full-time director who shall be responsible for:
 - (I) Policy formulation and implementation;
 - (II) all decisions regarding the development, implementation and approval of the annual budget for the Public VR Program and all decisions regarding the development, implementation and approval of the allocation, administration, and expenditure of vocational rehabilitation funds authorized under Sec. 100(b);
 - (III) supervision of professional staff and decisions about the Comprehensive System of Personnel Development implemented in accordance with Sec. 101(a)(7); and
 - (IV) representing the Public VR Program on the State Workforce Investment Board created under Title I of the Workforce Investment Act;
 - (iii) have staff employed on the rehabilitation work of the designated state unit all or substantially all of who are employed full time on

such work and at such levels and in such capacities as the State Director determines to be adequate.

- (I) all decisions affecting eligibility for vocational rehabilitation services, for the nature and scope of available services, and the provision of these services; and
 - (II) all decisions about the approval of individualized plans for employment and determinations to close the record of services of an individual who has achieved an employment outcome, in accordance with Sec. 361.56.
- (iv) The responsibilities assigned to the full-time VR Director in section 100 (a)(2)(B)(ii) are solely the responsibilities of the Director and may not be delegated to any other state official not subordinate to the Director.
 - (v) The functions of the staff of the Designated State Unit outlined in subsection 101(a)(2)(B)(iii) are solely the responsibility of the Designated State Unit and may not be delegated to any other state unit or any other subdivision of the State Agency within which the Designated State Unit is housed.
- (C) Responsibility for services for the blind

If the State has designated only 1 State Unit pursuant to subparagraph (A), the State may assign responsibility for the part of the State Plan under which vocational rehabilitation services are provided for individuals who are blind to another organizational unit, with the provisions of subparagraph (B) applying separately to each of the designated State units.

***APPENDIX K – SUBMITTED FOR THE RECORD, STATEMENT OF
CONSORTIUM FOR CITIZENS WITH DISABILITIES ON BEHALF OF
VARIOUS ORGANIZATIONS LISTED HEREIN***



Hearing on Workforce Investment Act
House Subcommittee on 21st Century Competitiveness
March 11, 2003

Statement for the Record
Employment and Training Task Force,
Consortium for Citizens with Disabilities

ON BEHALF OF:

American Association on Mental Retardation
American Congress of Community Supports and Employment Services
American Council of the Blind (ACB)
American Foundation for the Blind
American Network of Community Options and Resource
Association for Persons in Supported Employment
Association for Educators of Community-Based Rehabilitation Personnel
Association of University Centers on Disabilities (AUCD)
Council of State Administrators of Vocational Rehabilitation
Helen Keller National Center
International Association of Business, Industry and Rehabilitation (I-NABIR)
National Association of Protection and Advocacy Systems
National Association of Rehabilitation and Research Training Centers
National Industries for the Blind
NISH
Paralyzed Veterans of America
TASH

The Employment and Training Task Force of the Consortium for Citizens with Disabilities wishes to submit written comments in conjunction with the hearing on the Workforce Investment Act before the House Subcommittee on 21st Century Competitiveness. CCD is a coalition of national consumer, advocacy, provider, and professional organizations working together with and on behalf of the 54 million children and adults with disabilities and their families living in the United States.

The CCD Employment and Training Task Force focuses on disability policy issues related to the employment of people with disabilities, particularly issues related to the programs and projects funded under the Rehabilitation Act of 1973, as amended. The Task Force has also been working with the Social Security Administration on their efforts to facilitate the employment of individuals with disabilities receiving Social Security benefits, and with the Department of Labor on making their employment and training programs accessible and responsive to individuals with disabilities.

CCD welcomes the opportunity to provide these comments and appreciates your holding a hearing regarding the Workforce Investment Act which is up for reauthorization during the 108th Congress. We applaud the work of this Committee in addressing this important legislation and your attention to the concerns we have outlined in this testimony.

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

Ensuring the Accessibility of Job Training Programs, Educational Programs and Other Service Programs

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

employment outcomes for individuals with disabilities.

Under the Americans With Disabilities Act (ADA) and Sections 504 and 508 of the Rehabilitation Act, the One Stop Career Centers created under the Workforce Investment Act are required to be both physically and programmatically accessible.

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

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

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

Funding of WIA One Stop Service Centers

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

There are ample requirements regarding accountability for VR funds in the specifically crafted Rehabilitation Act of 1973, as amended. In Section 16(a), the Transfer of Funds section states in part: "No funds appropriated under this Act for any program or activity may be used for any purpose other than that for which the funds were specifically authorized." Relatedly, Section 3(b) of the Rehab Act states: "The Secretary shall take whatever action is necessary to ensure that funds appropriated pursuant to this Act are expended only for the programs, personnel and administration of programs carried out under this Act."

When WIA was authorized, it was believed that the intent of Congress was for mandatory partners to contribute resources to the statewide workforce investment system consistent with the partner's authorizing legislation. The CCD E&T Task Force holds to this belief and fully supports the cost-allocation methodology that is currently defined in the Department of Labor's Employment and Training Administration's (DOL/ETA) Final notice entitled "Resource Sharing for Workforce Investment Act One-Stop Centers: Methodologies for Paying or Funding Each Partner Program's Fair Share of Allocable One-Stop Costs (published in the Federal Register on May 31, 2001), and the DOL/ETA's "One-Stop Comprehensive Financial Management Technical Assistance Guide" (dated July 2002). Since this methodology of sharing resources permits mandatory partners to contribute their fair share to the support of the system, based on utilization and benefit to their target population, the CCD E&T Task Force would oppose any alternative efforts or prescribed methods for garnering additional resources from the Public VR Program.

The CCD E&T Task Force opposes any efforts to set aside a percentage of the Public VR Program's Title I funds to support the infrastructure of the One Stop Career Centers.

Accountability and Performance Measures

The Administration has proposed to refine the performance measures for the One Stops to bring them in line with the common set of measures across federal employment and job training programs. The four measures for adults are: entered employment, retention in employment, earnings gains and program efficiency. For youth the measures are: placement in employment or education, degree or

certificate attainment, literacy and numeracy gains, and program efficiency. This proposal will result in the unintended consequence of eliminating many individuals with disabilities from the programs being measured by these standards. Performance measures for both the vocational rehabilitation program and the One Stops must allow for alternative forms of evaluation. Flexibility must guide the measurement standards, allowing the systems to account for the ways in which they were able to meet the unique and individualized needs of the people they serve.

Ensuring Representation of Disability Interest on the State Workforce Investment Boards (SWIB)

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

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

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

Recognizing the expertise of individuals staffing State VR Agencies, community-based providers, and consumer organizations as a valuable resource for the WIA system, the CCD E&T Task Force believes each State Workforce Investment Board (SWIB) must include in its membership at least one individual with a disability, one representative of community-based providers, and the State's VR Director, i.e., the person who is responsible for overseeing the administration of the State Plan for VR

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

The CCD E&T Task Force recommends that Sec. 111(b)(1)(C)(v) of WIA be amended to read as follows:

(v) representatives of individuals and organizations that have experience and expertise in the delivery of workforce investment activities, including chief executive officers of community colleges and community-based organizations within the State (including organizations representing and providing employment service to individuals with disabilities);

The CCD E&T Task Force also recommends that Sec. 111(b)(1)(C)(vi)(I) of WIA be amended to read as follows:

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

(I) the lead State agency officials with responsibility for the programs and activities that are described in section 121(b) and carried out by one-stop partners; and

Add a new subsection (vi)(II) to read as follows:

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

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

Ensuring the Continued Representation from VR and Individuals with Disabilities on the Local Workforce Investment Boards

Currently, WIA requires Local Workforce Investment Boards (WIBs) to include representatives of local community-based organizations (including organizations representing individuals with disabilities and veterans). As a result of this requirement, many Local WIBs include representatives of the Public VR program and individuals with disabilities. The CCD E&T Task Force recommends strengthening this language to ensure that the interests of people with disabilities continue to remain a part of local WIA implementation by making specific reference

to a representative of the Public VR Program, a representative of community-based providers, and a least one individual with a disability.

Transition Programs Need to Include Strong Partnerships with Schools

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

Rehabilitation Act Reauthorization Principles

1. Support policy that increases resources available to programs under the Rehabilitation Act
2. Support consumer-driven services as a critical component of greater self-advocacy and empowerment for people with disabilities.
3. Support the collaboration of public, private, and corporate sectors in order to enhance each one's abilities to achieve mutual goals.
4. Support increased accountability and efficiency with Federal resources through meaningful and accurate performance measurement of the rehabilitation delivery system.
5. Support independence, self-sufficiency and employment as the primary goal of VR services.

Conclusion:

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

In summary:

The CCD Employment and Training Task Force will continue to support the participation of the programs administered under the Rehabilitation Act of 1973, as amended, together with the other mandatory partners, through existing Cost Allocation Guidelines.

The CCD Employment and Training Task Force does not believe that State VR Agencies should be covering expenses associated with making One Stop facilities and programs accessible to individuals with disabilities.

The CCD Employment and Training Task Force believes that VR participation on the State and local WIBs is critical. We further believe that individuals with disabilities and community-based providers should be represented on the both the SWIB and LWIB and support any effort to make this language stronger.

The CCD Employment and Training Task Force supports youth programs that include strong partnerships with the school system.

Thank you for your attention to our comments. We would be happy to discuss this further and answer any questions you may have. Please direct your questions to the Co-Chairs of the Employment and Training Task Force: Cheryl Bates-Harris, NAPAS, 202-408-9514; Alan Dinsmore, AFB, 202-408-0200; Charlie Harles, I-NABIR, 202-546-2847; and Celane McWhorter, APSE, 703-683-1166.

ON BEHALF OF:

American Association on Mental Retardation
 American Congress of Community Supports and Employment Services
 American Council of the Blind (ACB)
 American Foundation for the Blind
 American Network of Community Options and Resource
 Association for Educators of Community-Based Rehabilitation Personnel
 Association for Persons in Supported Employment
 Association of University Centers on Disabilities (AUCD)
 Council of State Administrators of Vocational Rehabilitation
 Helen Keller National Center
 International Association of Business, Industry and Rehabilitation (I-NABIR)
 National Association of Protection and Advocacy Systems
 National Association of Rehabilitation and Research Training Centers
 National Industries for the Blind
 NISH
 Paralyzed Veterans of America
 TASH

***APPENDIX L – SUBMITTED FOR THE RECORD, STATEMENT OF TREVA
ROANHORSE, PRESIDENT, CONSORTIA OF ADMINISTRATORS FOR
NATIVE AMERICAN REHABILITATION, WINDOWROCK, AZ***



CONSORTIA OF ADMINISTRATORS FOR NATIVE AMERICAN REHABILITATION
2002-2004

RECOMMENDATION TO PRESERVE THE PUBLIC VR PROGRAM
Presented by the Consortia of Administrators for Native American Rehabilitation (CANAR)

Upon reviewing HR 1261, CANAR is very concerned about several areas of proposed changes and amendments. The areas of greatest concern are:

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- On pages 17 -19 the State VR program is designated as a mandatory partner in the one state stop and the authority to allocate expenses to the partners is left up to the state governor and the state workforce board. This contradicts the well established concept of sole authority noted in section (Section 101(a) 2(B) (i and ii) of the Rehabilitation Act of 1973, as amended. We feel that this will have grave consequences for this extremely important program.
- The Public VR Program is already severely under-funded, with many States going on an Order of Selection due to a lack of adequate funding. The already limited resources cannot afford to be further diminished by diverting funds for the operational costs of One-Stop Centers. The proposals contained in HB 1261 will have a devastating effect on the State Public VR Program.
- The Public VR Program is over 83 years old and has a proven record of achievement. President Bush recognized the effectiveness of the Program with his submission of the FY 2003 and FY 2004 Budgets. In addition, a Longitudinal Study of the Public VR Program commissioned by the Congress showed its effectiveness and the results overwhelmingly supported the productiveness of the Public VR Program in moving persons with disabilities into competitive employment. On the other hand, there is absolutely no documented evidence to demonstrate that individuals with disabilities would be better served through One-Stop Centers or obtain better employment outcomes.

While the American Indian Vocational Rehabilitation (AIVR) programs do not have such a long history, the program performance and outcomes have been successful even in some of the most remote areas of the US. The AIVR agency success rates parallel those of the state VR program as recorded by RSA.

- The AIVR programs partner with the State VR programs in 25 states and find them to be strong allies in the quest to provide high quality VR services to American Indian / Alaska Natives living on or near the reservations. Presently, there are 69 AIVR programs that serve 98 reservations and 240 remote villages and communities. Without a strong and vital State VR partnership, services to these remote and rural communities will be jeopardized and diminished.

- We recommend performance-based funding for established and proven AIVR programs vs. continuous re-competition every 5 years. We believe that once a program has been successful for its first 5-year period that continuation should be based on established standards and not an ongoing grant writing process.

AIVR programs have proven through annual reports, on-site program monitoring and reviews, and recent national program evaluations authorized by RSA, the AIVR programs demonstrate quality and effective services and employment outcomes at a 64% success rate or higher.

- We believe the minimum set aside for the AIVR program should change from 1% to 1.15% and the maximum from 1.5% to 1.6%.
- Finally, we request that the Act include specific language to establish a **sole authority clause** similar to the language in 34 CFR 371.21(b) for AIVR programs.

CANAR requests your attention and support regarding our concerns and recommendations.

Sincerely,

A handwritten signature in black ink, appearing to be 'Treva Roanhorse', written in a cursive style with several loops and a long horizontal stroke at the end.

Treva Roanhorse, President
Consortia of Administrators for Native American Rehabilitation

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