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Final Version

**ADMINISTRATION PROPOSAL FOR REAUTHORIZATION OF TITLE V  
OF THE OLDER AMERICANS ACT  
Legislative Specifications**

**I. STATEMENT OF PURPOSE**

The Older Americans Act of 1965 (OAA) was last amended on November 13, 2000, and the authorization of appropriations for the Act expires on September 30, 2005. The U.S. Department of Labor operates Title V of the OAA – the Senior Community Service Employment Program (SCSEP). This paper outlines the Administration proposal for the reauthorization of Title V. The proposal is based on five key reform principles:

1. Help meet employers' demands for skilled workers by attracting more older workers into the labor force, encouraging others to remain in the workforce, and by offering opportunities for older workers to update their skills.
2. Make the One-Stop Career Center system effective for older individuals seeking to work or upgrade their skills, including better integrating services for older workers and assisting more older workers, regardless of income, to gain skills in-demand.
3. Tailor services to meet the needs of individual older workers by providing a range of training experiences, including community service employment, on-the-job training and classroom training, depending on the individual's background and experience.
4. Target SCSEP resources to those older workers most in need (primarily low-income older workers who lack the basic skills for private sector employment), while ensuring that others receive services through the One-Stop Career Center system.
5. Streamline the program to make it easier to administer in order to improve program performance, serve more participants, and receive a return on investment for the federal taxpayers' dollar.

## II. STRUCTURE

**Program Structure:** After determining via formula what amount would go to each state, states would conduct a competition for funds to run the SCSEP program in each state. Based on guidelines and priorities provided by the Department, states would select one or more grantees to operate the program, thereby simplifying administration, eliminating duplication, and creating a more cohesive program. The competition would have to be conducted at least once during each three-year period.

Eligible entities would include non-profit agencies and organizations, for-profit agencies and organizations, agencies of a state government (under terms and conditions to assure their designation through full and open competition), or a consortium of agencies and/or organizations, including political subdivisions.

Consistent with the provision of current law at Title V, section 506, Guam, American Samoa, and the United States Virgin Islands would receive funds to administer a SCSEP program under terms and conditions similar to those that apply to states.

**Changes to the Formula:** Not more than 1.5 percent would be reserved for National Activities (see Section V), which would not be subject to the requirement that a minimum percentage of funds be spent on wages. National Activities funding would be used to achieve principles 1, 2 and 4, focusing on increasing the number of older workers in the workforce by improving services and resources at One-Stop Career Centers. The current law reservations for grants to serve older Indians and older Pacific Islander and Asian Americans would be retained.

## III. ELIGIBILITY

**Increase the Age Eligibility to 65 with a Limited Exception for Ages 55 - 64:** WIA, not SCSEP, should be the primary deliverer of services to individuals age 55 - 64 (WIA currently serves this age range; the drop-off in services generally occurs at age 65 and older). However, to provide flexibility and ease the transition to the new minimum age eligibility, some leeway could be allowed under SCSEP to serve individuals age 55 - 64, (perhaps a maximum percentage). There are some individuals in this age range who may have multiple barriers to employment and could benefit from SCSEP when WIA is unable to serve them.

**Standardize the Income Threshold:** Reauthorization provides an opportunity to align the SCSEP income eligibility standards with those used in ETA and other Federal programs that are income-tested. More uniformity with respect to the

classes of income (e.g., Social Security benefits vs. earned income) considered in determining income eligibility for programs serving older Americans would increase public confidence in the fact that these programs are being administered in a consistent and equitable manner.

## V. EMPLOYMENT FOCUS

**Time Limits on Program Participation:** The reauthorized program would set a limit of two years to participate in the program to encourage individuals to obtain unsubsidized employment. Currently, the average time a participant remains in the program is 27 months without including AARP participants and 24 ½ months with AARP participants. NOTE: The two largest grantees – AARP and Experience Works – average 9 months and 31 months, respectively. For eleven grantees, an average of 25 percent or more of their participants are in the program for more than five years.<sup>1</sup>

**Eliminate Fringe Benefits:** The reauthorized program would eliminate all fringe benefits (except accident insurance or benefits that may be required by law) to program participants to reinforce the training aspects of the program.

Currently, grantees are permitted to offer annual leave, sick leave, holidays, health insurance, social security, physical examinations, and any other fringe benefits approved in the grant agreement except for retirement benefits. Many grantees have already eliminated or greatly reduced the fringe benefits offered.

**Deem Participants Ineligible for Pension Programs:** Currently, some grantees have expressed concerns that, according to pension law, they must allow SCSEP participants to participate in their pension program. This practice is not appropriate for a program that provides limited training experience with the grantee. Providing participants with pensions also serves as a disincentive for participants to leave the program. Finally, the appropriation does not provide for payment toward pension programs in the unit cost.

**Allow Flexible Training Options:** The reauthorized program would allow grantees to place individuals in appropriate training, and would specifically authorize occupational training prior to or concurrent with placement in community service or on-the-job training. Training options would include: community service or other work experience, on-the-job training, and classroom, lectures, seminars, individual instructions, or other arrangements, including but not limited to, arrangements with other workforce investment programs.

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<sup>1</sup> This information was obtained from the new data collection system for all current enrolled participants who were enrolled as of December 31, 2004. The accuracy is dependent upon the data populated for the participants enrolled prior to implementation and may not be exact.

**Permit grantees to spend no less than 65 percent of their grant funds on wages.**

The current limit of “no less than” 75 percent on wages and fringe benefits, coupled with the 13.5 percent ceiling on administrative costs (which may be waived up to 15 percent under extenuating circumstances), leaves grantees with only between 10-11.5 percent of their allocated funds for training and other supportive services combined. Furthermore, the current limit requires, in practice, that participants be placed in community service assignments. Finally, it severely limits the ability of grantees to provide other types of services, including on-the-job training, which could be cost-effective to the program and allow more individuals to be served. Note that this change would allow grantees to allocate additional funding for “Other Participant Costs,” which includes funding for supportive services and salaries for staff providing programmatic services.

## V. NATIONAL ACTIVITIES

**Eliminate 502(e) Projects and Opt for National Activities:** The reauthorized law would attract more older workers into the labor force and more effectively serve older workers through One-Stop Career Centers with this change.

Up to 1.5 percent of the appropriated amount would be reserved for these projects with a focus on preparation for and placement in private sector employment (non-profit and for-profit). The reauthorized program would also strengthen the capacity of the larger workforce investment system (of which SCSEP is a required partner) to provide comprehensive, integrated employment and training services to older workers (both those eligible for SCSEP and other partner programs) directed to high growth jobs.

At current funding levels, the reservation of 1.5 percent is approximately \$6.5 million. Activities authorized would include outreach to businesses and older workers, research, demonstrations and pilots, training and technical assistance, dissemination of best practices, and technology improvements.

## VI. PERFORMANCE

**Use the Common Measures:** Grantees would be held accountable for performance on three primary outcome measures: (1) entered employment; (2) retention in employment; and (3) earnings. These reflect the common measures applicable to all federal job training and employment programs. Additional outcomes may be tracked as secondary outcomes, such as community services provided. In addition, grantees would be required to show annual yearly progress, similar to what is being proposed as part of WIA reauthorization.

**Eliminate Sanctions in Favor of Competition:** Current competition requirements that are based on failure to meet performance would be replaced with a requirement that all grants must be competed every three years.