

UNEMPLOYMENT COMPENSATION REFORM AND
THE PRESIDENT'S REEMPLOYMENT ASSISTANCE
PROPOSAL

HEARINGS
BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES
AND THE
SUBCOMMITTEE ON TRADE
OF THE
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

MARCH 8; AND JULY 12, 1994

Serial 103-95

Printed for the use of the Committee on Ways and Means



U.S. GOVERNMENT PRINTING OFFICE

84-377 CC

WASHINGTON : 1994

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

ISBN 0-16-046417-X

CONTENTS

	Page
Press releases announcing the hearings	2
WITNESSES.	
U.S. Department of Labor, Hon. Robert B. Reich, Secretary of Labor	77

Advisory Council on Unemployment Compensation, Janet L. Norwood	10
American Federation of Labor and Congress of Industrial Organizations:	
Markley Roberts	27
Rudolph Oswald	224
American Federation of State, County and Municipal Employees, AFL-CIO,	
Ed Jayne, presenting the statement of Charles M. Loveless	238
Association of Outplacement Consulting Firms International, James C.	
Cabrera	210
Balter, Jay H., VocAid, California Association of Rehabilitation Professionals,	
and California Association of Independent Rehabilitation Employers	217
Bernstein, Fran, National Employment Law Project, Inc	180
Brown, Hon. George E., Jr., a Representative in Congress from the State	
of California	123
Brown, William R., Employers' Task Force on Unemployment Compensation	
of the Council of State Chambers of Commerce	37
Cabrera, James C., Association of Outplacement Consulting Firms Inter-	
national, and Drake Beam Morin, Inc	210
California Association of Rehabilitation Professionals and California Associa-	
tion of Independent Rehabilitation Employers, Jay H. Balter	217
Carnevale, Anthony, National Commission for Employment Policy	192
Connerton, Peggy, Service Employees International Union, AFL-CIO	234
D.H. Lloyd & Associates, Denise Lloyd	151
Doyle, Frank P., General Electric Co	140
Drake Beam Morin, Inc.:	
James C. Cabrera	210
William J. Morin	127
Employers' Task Force on Unemployment Compensation of the Council of	
State Chambers of Commerce, William R. Brown	37
General Electric Co., Frank P. Doyle	140
International Union, United Automobile, Aerospace and Agricultural Imple-	
ment Workers of America, Richard W. McHugh	47
Interstate Conference of Employment Security Agencies, Inc., Andrew N.	
Richardson	200
Jacobson, Louis S., Westat, Inc	168
Jayne, Ed, American Federation of State, County and Municipal Employees,	
AFL-CIO, presenting the statement of Charles M. Loveless	238
Lloyd, Denise, National Small Business United, and D.H. Lloyd & Associates .	
Lodico, Paul A., Mon Valley Unemployed Committee	151
Lodico, Paul A., Mon Valley Unemployed Committee	188
Luchheim, Frank, Right Associates, and Association of Outplacement Con-	
sulting Firms International	210
McHugh, Richard W., International Union, United Automobile, Aerospace	
and Agricultural Implement Workers of America	47
MCI Communications Corp., John H. Zimmerman	146
Mon Valley Unemployed Committee, Paul A. Lodico	188
Morin, William J., Drake Beam Morin, Inc	127
National Alliance of Business, John H. Zimmerman	146

Chairman FORD. Mr. Balter.

STATEMENT OF JAY H. BALTER, PRESIDENT AND CHIEF EXECUTIVE OFFICER, VOCAID; CHAIRMAN, COMMITTEE ON REEMPLOYMENT ACT OF 1994, CALIFORNIA ASSOCIATION OF REHABILITATION PROFESSIONALS; AND COCHAIRMAN, CALIFORNIA ASSOCIATION OF INDEPENDENT REHABILITATION EMPLOYERS

Mr. BALTER. Mr. Chairman, members of the committee, I thank you for the opportunity to appear here. My name is Jay Balter. I am president and chief executive officer of VocAid, a 16-year private career vocational counseling firm.

I also represent the California Association of Rehabilitation Professionals (CARP), and the California Association of Independent Rehabilitation Employers (CAIRE), a society of 2,000 career and vocational counselors in California with well over 1,000 career counseling centers established and in operation.

The members of the organizations have academic credentials that include Bachelors, Masters, and Ph.D.s in vocational counseling, educational psychological, and guidance, industrial psychology, various behavioral sciences, and up to 20 years' experience in identifying labor markets and specific job requirements for our type of clientele.

We serve the 21 percent of the chronically unemployed that are a major problem to this country. This includes the displaced workers, factory workers who have lost their jobs to the Pacific rim and Mexico, middle management personnel who have become victims of corporate restructuring and downsizing, reentry people, housewives and senior citizens, high school graduates and nonhigh school graduates and college graduates who can't seem to find a job.

The majority of our clients are classified minority, non-English speaking, and many are disabled as a result of injury or disease, but are employable with proper guidance.

It is our opinion that the present unemployment insurance system and similar systems within the U.S. social welfare process have failed to maximize the abilities, skills, and intelligence of our workforce. It has instead perpetuated a dependence on governmental assistance, and the career of many of our clients, not all, has become the pursuit of benefits available in place of a self-reliant income-producing career goal.

It is easy to blame government. It is easy to blame the worker. And it is easy to blame business. We believe that the major responsibility rests with government as the creator of ideas and programs, not necessarily as the financier.

The Reemployment Act of 1994 is a major innovative response by the Federal Government to correct the unemployment insurance system and change it from a financially dependent system into a goal-oriented approach that serves the unemployed and the chronically unemployed community.

Government and private sector statistics support the need for change. Long-term unemployed represent 21 percent of the unemployed, and this group of people are not going back to work. Instead, they are turning to crime and fraud within the welfare system. They have become a double burden on society.

As a professional in career and vocational counseling for 30 years, I have learned the problems of the long-term unemployed are their lack of education or lack of access to education and training, not their lack of intelligence, ability, or desire.

If they have the access to the proper programs and professional advice other than similar unemployed peer group members, the chances to become long-term income-producers are greatly enhanced.

The administration proposes a program with the following modern social ideas: Early outreach linked to rapid response; reemployment bonuses; opportunity for the unemployed worker to start businesses. It is estimated that over 40 million people today are working at home using modern technology. These jobs have gone mainly to people who have the skills. The poor are not having this opportunity, and the Reemployment Act suggests counseling and training so they too can achieve entrepreneurial goals.

Why will the system work? The system focuses on reemployment, identifying skills, and providing job search assistance. Our experience has shown that we can identify the skills and employability of this group, this caliber of client, in 1 to 4 weeks, not 16 weeks.

And if we can't get them back to work and into job search by that point, we then can design a training program within another 30 days. We believe that the Reemployment Act is necessary for this country, and it not only will solve the unemployment problem, but will assist in the future in solving the welfare problem.

Thank you very much.

[The prepared statement follows:]