

News from the

**U.S. Senate Committee on
Health, Education, Labor and Pensions**

Michael B. Enzi (Wyoming), Chairman



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**Investigation Finds Billions Wasted on Programs Congress
Intended to Promote Jobs for Blind, Disabled Individuals;
Enzi Plans to Offer Reforms**

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Washington, D.C. – A six-month investigation has found two long-standing federal programs, designed to promote jobs for individuals who are blind or disabled by tapping into billions worth of

federal procurement contracts, are failing to produce many jobs and instead are helping promote an exclusive class of high-paid CEOs, Senator Mike Enzi (R-WY) Chairman of the Senate Health, Education, Labor and Pensions Committee said today.

Releasing a newly-prepared Committee report examining poor performance of the Randolph-Sheppard Act (R-S) and the Javits-Wagner-O'Day Act (JWOD), Enzi compared the profiteering of some non-profit, 501(c)(3) organizations and contractors to rampant executive abuses that were targeted when Congress passed the Sarbanes-Oxley Act. The federal government spends approximately \$2.05 billion annually on JWOD programs. However, it is unclear how much money goes to fund R-S programs, since current contracting data is not available from the Department of Education.

“The findings of the HELP Committee’s Oversight and Investigations team remind me of the corporate greed and accountability issues that led Congress to pass the Sarbanes-Oxley Act, and I fear this may only represent the tip of the iceberg.” Enzi said. “These programs are performing dismally and Congress must improve them. When we know there are currently about 15 million unemployed persons with disabilities between the ages of 16 and 64, this kind of waste under the nose of Congress and several administrations is even more tragic.”

The committee report, which Enzi released during a hearing Thursday, revealed that investigators found excessive salaries and benefits, including air travel by private jet, personal loans, auto leases and other fringe benefits provided to the CEOs and directors

in the JWOD program. As part of the investigation, the Committee examined IRS 990 forms revealing that CEO salaries of similarly-sized and similarly-situated JWOD 501(c)(3) nonprofits earned salaries ranging from \$369,000 to \$715,000, well above the national average salary for non-profit executives, which generally is about \$126,000.

In one instance a JWOD nonprofit paid its CEO a salary of \$0.00, but provided his consulting company \$4.6 million in fees.

Enzi called the lavish perks, excessive salaries and self dealing detailed in the report “disgraceful” and an “inexcusable waste of taxpayer money.” He also decried the lost potential to produce more jobs during nearly 70 years of neglected oversight of the two programs.

Similarly, the Randolph-Sheppard Act gives certain persons who are legally blind (licensed blind vendors) training, support and a priority to fulfill certain government food service contracts. However, only a select few licensed blind vendors are able to capture the financial windfalls that are available from the program by offering successful bids for pending contracts. These few licensed blind vendors are then able to hire employees or subcontractors to help fulfill the terms of what are often large, lucrative contracts.

According to the 2002 Department of Education Randolph-Sheppard Act 2002 Report found less than 5 percent of employees hired are blind and that less than 9 percent of the employees hired by licensed blind vendors are blind or have some other disability.

The Javits-Wagner-O'Day Act was written to address the needs of individuals living with any severe disability. It requires the federal government to make its purchases of certain goods and services from organizations with a 75 percent rate of direct labor being performed by persons living with disabilities. Through the years, the law has created incentives to hire and retain those living with disabilities. Unfortunately, it also has discouraged those with disabilities to move out of the sheltered

employment provided and into the competitive mainstream job market.

Enzi pledged that the HELP Committee will look at a number of legislative options to improve the two programs, including:

- Combining Randolph-Sheppard and Javits-Wagner-O'Day into a single program. Streamlining and placing both programs into one line of command and oversight may help increase the efficiency and effectiveness of both programs and increase the opportunities provided for those living with disabilities.
- Including all persons living with disabilities in the combined program. Options and resources should be based on individual needs instead of disability categories and generalizations.
- Creating incentives and opportunities for integrated, competitive employment (e.g., supported employment, micro-enterprise and customized employment). The more employment opportunities that are created, the more individuals the combined programs will be able to assist. An increase in the number of employment opportunities that are available to persons with disabilities will help fulfill the original intent of Congress.
- Providing training and job placement consistent with a person's capabilities and goals
- Requiring accountability, based on outcomes. These programs as currently administered need greater oversight and accountability. As these programs are reformed and modified to make them more accessible and effective, oversight will have to increase to ensure funds are being used efficiently and effectively.

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