

Employing Veterans with Disabilities:

The Nelson–DeWine Amendment

The American Legion National Convention
National Economic Commission
Salt Lake City, Utah
August 26, 2006



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THE DISABILITY PREFERENCE PROGRAM FOR TAX COLLECTION
CONTRACTS
AMENDMENT TO S. 2020

BACKGROUND

In 2004, Congress enacted the American Jobs Creation Act of 2004 (P.L. 108-357), to allow the Internal Revenue Service (IRS) to hire debt collection companies to collect unpaid and past due Federal income taxes. On average, these contracts will create up to 4,000 well paying private-sector jobs.

If Federal employees conducted these same tax collection activities, current law would give preferences to disabled veterans in filling those Federal jobs. In addition, if other persons with severe disabilities were employed by the Federal Government in those jobs, those disabled persons would benefit from the Federal Government's long history of non-discrimination and policies of promoting job opportunities for the disabled.

By enacting legislation to improve the IRS' tax collection efforts and placing those efforts on a sound commercial footing by outsourcing or privatizing the initiative, Congress certainly did not intend to curtail the national commitment to creating meaningful job opportunities for disabled veterans and other persons with severe disabilities. Indeed, the contracts that the IRS will soon execute with private-sector debt collection companies provide a unique opportunity for the Federal Government to stimulate creation of well paying jobs for disabled veterans and other persons with severe disabilities.

THE AMENDMENT

Congress must cure an oversight in the American Jobs Creation Act to assure that existing Federal employment preferences for disabled veterans and Federal policies promoting opportunities for other severely disabled persons are carried forward as a part of the IRS' contracting criteria.

This amendment would establish a preference for those companies that currently employ a minimum of 50 persons and veterans with severe disabilities. Further, 35 percent of the employees working on the IRS contract must be persons or veterans with severe disabilities.

WORKING WITH THE IRS

This initiative was presented to the IRS about two years ago. Their reluctance to implement the program at this time stems from their concern that it will interfere with the contracting process that recently got underway. In addition, they are concerned that General Services Administration (GSA) requirements preclude them from implementing such a program.

There is nothing in current GSA requirements that would preclude the IRS from implementing this initiative, nor would this interfere with the current contracting process. These requirements would not be in effect until on or after the date of enactment. This means that the IRS would have more than two years to establish this program.

BENEFITS TO THE IRS

In a letter to Congressman Jim McCrery, dated August 3, 2005, the IRS stated that call centers are well suited for individuals with disabilities. It is a simple fact that hiring disabled workers makes good business sense. These workers tend to be more loyal and generally have higher retention rates. A higher retention rate translates into savings for the company in terms of reduced training costs.

Moreover, disabled workers also do an excellent substantive job and have low complaint rates. The high level of performance achieved by disabled workers will inure directly to IRS' benefit under any contract with companies who hire disabled employees. The lower level of complaints anticipated from employment of disabled persons as collection agents is reason alone for the IRS to give a preference to contractors with a substantial disabled-worker-component of their workforce.

BENEFITS TO THE GOVERNMENT AND TAXPAYER

Under this amendment, a minimum of 140 jobs would be created for persons with disabilities (PWD's) at third-party debt collection agencies contracted to collect certain past due income taxes. On average, these jobs would pay \$40,000 annually and would include health and 401(k) benefits. This would not only help to alleviate the current unemployment rate of PWD's, it would also generate substantial savings by reducing the number of individuals receiving Supplemental Security Income (SSI)/Disability Insurance (DI) benefits.

Today, there are 2.6 million veterans receiving service-connected benefits, including disability benefits. In addition, there are over 340,000 applications pending by other veterans. Outsourcing of debt collection is already established. This provision offers the added benefit of more jobs for disabled veterans and other PWD's and the reduction of Federal benefit program costs.