# DEPARTMENT OF LABOR

**Since 2001, the Administration has:**

- Launched a High-Growth Job Training Initiative to help train workers for jobs in the career fields of the $21^{st}$ Century;
- Signed into law stronger protections for workers' retirement savings;
- Enacted a major expansion of the Trade Adjustment Assistance program and health insurance tax credits, increasing benefit spending by three-fold from 2001 to help trade-displaced workers and certain retirees;
- Posted the strongest ever enforcement results: reduced workplace fatalities to historic lows and secured pension and health benefits and assets totaling a record $1.4 billion;
- Revised outdated and burdensome regulations to better protect workers, including regulations to improve the accountability of larger labor unions; and
- Removed barriers to the participation of faith-based organizations in grant programs.

**The President's Budget:**

- Provides innovative Personal Reemployment Accounts to help unemployed workers return to work, engages community colleges to train workers for high-demand occupations, calls on faith-based and community organizations to help ex-offenders find work and avoid crime, and reforms existing job training programs to meet employers' and workers' needs;
- Protects workers' pensions and promotes the security of workers' retirement savings;
- Reinforces critical worker protections, including worker safety and health; and
- Increases resources to deter and detect fraud and corruption in pension and health plans and union finances.

**Department of Labor**

Secretary of Labor: Elaine L. Chao

*www.dol.gov* 1–866–4–USA–DOL

**Number of Employees:** 17,347

**2005 Discretionary Budget Authority:**
$11.9 billion

**Key Components:** Six main regions, 962 offices in all 50 States; Washington, D.C.; Puerto Rico; and Guam.

Secretary Chao lends a hand at the Treasure Island Job Corps Center in San Francisco, California.

## OVERVIEW

America's economy cannot thrive without a vibrant and secure workforce. The Department of Labor (DOL) promotes the welfare of the Nation's job seekers, wage earners, and retirees by: protecting worker safety and health; safeguarding workers' wages, leave rights, retirement and workplace health benefits, and equal employment opportunities; administering employment, training, and benefit programs; financing and overseeing the States' unemployment insurance systems; collecting and disseminating key labor and economic data; promoting the employment of workers with unique needs, such as disadvantaged youth, veterans, and individuals with disabilities; and protecting union members' rights.

DOL is adapting to meet these responsibilities in an ever-changing economy. Workforce demographics are changing, creating challenges in serving a more diverse workforce. The labor market is changing, demanding shifts in training resources to ensure that workers are prepared to compete in an increasingly global economy. The structure of jobs is changing, as employers make greater use of telecommuting and non-traditional methods for getting work done. New production processes, industries, and services may pose new occupational safety and health hazards, which may not be readily addressed through traditional enforcement approaches. The 2005 Budget recognizes DOL's evolving role, and ensures:

- *A Prepared Workforce*. The President's Budget prepares workers for high-demand jobs, proposes new ways to help unemployed workers and ex-offenders return to work, improves existing employment and training programs to better serve workers, and streamlines the process for employers to obtain foreign labor where necessary.
- *A Secure Workforce*. The Budget proposes reforms to strengthen the Unemployment Insurance safety net, to fortify protections of workers' retirement savings and wages, and to combat fraud in pension and health plans.
- *Quality Workplaces*. The Budget supports both strong enforcement and compliance assistance to ensure that workplaces are safe, healthful, and free from discrimination.
- *A Competitive Workforce*. The President's Budget enables DOL to play a leading role in helping workers and job-seekers succeed in a dynamic economy. DOL will track labor market trends and mobilize its resources to address them while also continually reviewing its regulations to ensure that they reflect the modern workplace and protect workers without stifling job growth.

# TRAINING AMERICA'S WORKERS

> *There are a lot of Americans looking for work, and we need to do something about that in Washington, D.C. We've taken steps to get our economy growing again, and there are some very hopeful signs that progress is being made. I'm optimistic about the future of this country. Yet today's unemployment report shows we've got more to do. And I'm not going to be satisfied until every American who's looking for a job can find a job.*
>
> President George W. Bush
> September 2003

The Nation is experiencing a rebound in economic growth and signs of an improving labor market. The President will not be satisfied, however, until every worker who wants a job can find one. A well-designed set of programs to assist workers preparing for new challenges is critical to accomplishing this goal. The President's 2005 Budget proposes a three-part strategy comprised of: 1) a Community College Initiative to train workers for jobs in high-growth fields, 2) a Personal Reemployment Account pilot program, and 3) reform of Federal employment and training programs. Taken together, these proposals will prepare workers for high-demand jobs, give job-seekers more control over their return-to-work strategy, and eliminate red tape and duplication in the job training system. In total, the President's Budget invests more than $14 billion in helping workers train for and find jobs through employment and training grants to States, direct assistance to workers adversely affected by foreign trade, and Pell Grants. Student loans account for an additional $7.6 billion (see the Department of Education chapter).

**The President's Budget Invests Billions of Dollars in Training for America's Workers**
(Budgetary resources in millions of dollars)

| | Actual | | | Estimate | |
|---|---|---|---|---|---|
| | 2001 | 2002 | 2003 | 2004 | 2005 |
| Department of Labor: | | | | | |
| Training and Employment resources [1, 2] | 7,486 | 7,275 | 7,140 | 7,310 | 7,700 |
| *Community College Initiative* | — | — | — | — | *250* |
| *Personal Reemployment Accounts* | — | — | — | — | *50* |
| Department of Education: | | | | | |
| Pell Grants for technical and two-year post-secondary schools [3] | 4,522 | 5,845 | 5,984 | 6,368 | 6,888 |
| TOTAL | 12,008 | 13,120 | 13,124 | 13,678 | 14,588 |
| Addendum: | | | | | |
| Student Loans for technical and two-year post-secondary schools [4] | 3,662 | 4,446 | 5,400 | 6,631 | 7,562 |

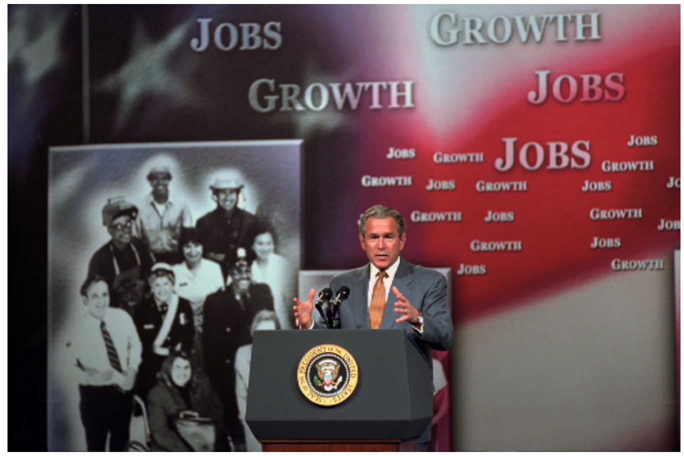
[1] Includes new budget authority for Workforce Investment Act (WIA) programs, the Employment Service, One-Stop Career Centers, and Community Service Employment for Older Americans; and spending for Trade Adjustment Assistance. Table does not show large balances of unspent WIA State grants that are carried in from prior years and remain available for providing training and employment services. In 2004, those balances are expected to exceed $1,400 million.

[2] If all unspent balances of WIA State grants that are carried in from prior years are spent in 2005, current estimates indicate that Training and Employment resources in 2005 would exceed $8.8 billion, a 21-percent increase above 2004.

[3] Estimate of the portion of budget authority used at technical and two-year post-secondary schools (roughly 50 percent of total Pell Grants).

[4] Loan volume.

### *Promoting Full Potential: Community Colleges Train Workers for High-Growth Jobs*



President Bush discusses job training at Northern Virginia Community College in Annandale, Virginia on June 17, 2003.

Adaptable and accessible, community colleges are vital partners in workforce development. The partnership between industry, which is driving the identification of skills, and community colleges, which are developing curricula and delivering training to prepare individuals to meet employers' demand, is a powerful economic development tool. Community colleges are increasingly critical providers of job training, both for degree-seekers and for workers seeking to retool, refine, and broaden their skills. To date, however, their potential has not been fully realized. The President's Budget builds on this potential by strengthening the role of community colleges in workforce development, providing $250 million for a new, employer-focused grant program for training in community and technical colleges. To receive funding, qualified applicants would be required to prepare a training plan with community colleges and employers, and certify that training would focus on industries with demonstrated labor shortages, such as health care and advanced manufacturing.

### *Emphasizing Jobs, Not Red Tape*

Too often, traditional training programs fail to focus on what unemployed workers want most: to get back to work. To help people find good jobs more quickly, the Budget includes $50 million for a pilot of Personal Reemployment Accounts (PRAs) for unemployment insurance recipients who need the most help in becoming re-employed. This flexible new program will give individuals more control over their return to work and reward them when they succeed. The proposal would support grants under which:

- States would offer accounts of up to $3,000 to eligible unemployed workers;
- PRA recipients would choose whatever training and services, such as child care and transportation, they believe will help them get back to work;
- Recipients would keep the balance of the account as a cash bonus if they find a job within 13 weeks; and
- PRAs would be available in addition to regular unemployment insurance benefits.

The President supports passage of PRA legislation in the Congress as well as legislation to reauthorize and reform the Workforce Investment Act (WIA). PRAs will usher in a new era in unemployed worker assistance that emphasizes individual control and rewards moving quickly from unemployment to work.

### *Focusing on Success: Reform of Federal Job Training and Employment Programs*

In addition to providing innovative training and speeding reemployment, the Administration will continue pressing in 2005 for significant improvements in existing Federal employment and training programs. The WIA's expiration presents an opportunity to eliminate redundancies, strengthen resource allocation, improve accountability, enhance the role of employers in the national workforce system, and increase State flexibility. The Administration proposes to:

- *Clarify Roles and Eliminate Overlap*. The Administration proposes to target resources more effectively by increasing State flexibility.
- *Combine Three Programs into a Single Adult Training Grant.* The new grant consolidates the WIA adult and dislocated worker programs and Employment Service State grants into a single funding stream. This reform will give States and the Secretary greater ability to target resources where needed, promote coordination, and eliminate duplication among current services for adults.
- *Tap Unused Resources to Target Areas of Need.* For the past few years, large amounts of WIA State formula grants funding have remained unspent in the Federal Treasury. In 2004, these balances will exceed $1.4 billion. While total unexpended balances remain high, some States and local areas have exhausted the resources available to them. The 2005 Budget uses unspent formula grant balances to maintain or increase service levels and provide more flexibility to DOL and States to reallocate and target funding where it is most needed.
- *Focus DOL's Role in Serving Youth.* The reformed program will minimize overlap between DOL and the Department of Education identified in the Program Assessment Rating Tool (PART). The Budget focuses DOL's resources on out-of-school youth and non-school programs that support academic achievement through targeted formula grants and competitive grants that will support programs to help youth acquire the skills, credentials, and experience they need to succeed in the labor market.
- *Forge Innovative Partnerships with Faith-Based and Community Organizations.* The Administration will expand its efforts to partner with faith-based and community organizations to harness their potential to offer new, results-driven training approaches. The Budget proposes a four-year, $300 million Prisoner Re-Entry Initiative, involving the Departments of Justice, Labor, and Housing and Urban Development, to help individuals exiting prison make a successful transition to community life and long-term employment. These funds will supplement existing resources in DOL's budget for prisoner re-entry. As part of this initiative, in 2005 DOL will offer grants to faith-based and community organizations to help reduce recidivism among ex-offenders through mentorships, job training, and other critical services.
- *Continue Program Eliminations Proposed in the 2004 Budget.* The 2005 Budget continues to recommend serving all workers through the core WIA system and ending narrow-purpose programs identified as ineffective or duplicative. The Budget proposes the elimination of the Migrant and Seasonal Farmworkers Program deemed ineffective by the PART (see further discussion in the performance evaluation section of this chapter) and the H-1B Training Grants, which have not been proven successful in raising the skills of U.S. workers in specialty occupations.

## REFORMING FOREIGN LABOR PROGRAMS

In addition to preparing U.S. workers for jobs, the Administration is committed to ensuring a labor supply for employers when no American worker is available and willing to take a job. On January 7, 2004, the President outlined his proposal to establish a new temporary worker program and significantly reform the current immigration system. To support this proposal, the Administration will develop a quick and simple system for employers to search for American workers by building upon an improved America's Job Bank (AJB), and otherwise facilitate the implementation of this program. (For additional information on the President's proposal, see *www.whitehouse.gov*.)

In addition, the Administration is streamlining its permanent labor certification program to help employers who cannot find domestic workers to fill specialized needs. Currently, applicants wait up to six years for permanent worker certifications. This has contributed to a backlog that now stands at over 300,000. The new process will help applicants by preventing backlogs while strengthening anti-fraud protections. DOL also is moving to eliminate significant backlogs in employer applications filed under the old process. The Budget proposes new permanent program application fee, which would finance the cost of processing new applications and partially support backlog reduction in State and regional offices.

## STRENGTHENING THE UNEMPLOYMENT INSURANCE SAFETY NET

**"Dumping" on the Taxpayers**

The General Accounting Office estimates that States have lost over $120 million in unemployment taxes in the last three years due to employers unscrupulously avoiding taxes through a practice known as "State Unemployment Tax Act (SUTA) dumping." Employers' payroll tax rates are based, in part, on how much UI benefits are paid to their unemployed workers. To reduce their UI taxes—which are required under SUTAs—some employers create or buy corporations that have lower payroll tax rates, then transfer some or all of their payroll to that company. Called "SUTA dumping," this practice has spawned a cottage industry of consultants who help dishonest employers exploit this tax loophole.

Unemployment Insurance (UI) is critical to workers' security, acting as a safety net during economic downturns by providing temporary, partial wage replacement for laid-off workers. Already, the Administration has taken concrete steps to fortify the UI system and reduce erroneous UI payments, which the DOL Inspector General has repeatedly identified as a top management challenge. Since 2001, the Administration has:

- Transmitted legislation to end manipulative practices used by some employers to avoid paying their fair share of State UI taxes—a practice known as "State Unemployment Tax Act (SUTA) dumping"—and allow State UI agencies to access the National Directory of New Hires. National directory access would allow quick detection of individuals who cheat the system by going back to work and continuing to collect UI. This change would reduce overpayments, saving an estimated $370 million in UI benefits over 10 years for the workers who really need them.
- Signed legislation three times to extend unemployment compensation, giving laid-off workers who have exhausted their regular unemployment benefits additional support while they seek new jobs.
- Reduced erroneous payments by using Social Security records, implementing new performance measures, and training States in best practices.

The Administration is building on these reforms in the 2005 Budget by:

- Including a $20 million increase to allow State staff in One-Stop Career Centers to conduct 50 percent more face-to-face beneficiary eligibility reviews. Research shows that increasing the number of periodic eligibility reviews will reduce erroneous payments and promote earlier return to work, resulting in annual savings of up to $400 million.
- Proposing legislation to collect wasteful and fraudulent unemployment benefit overpayments by reducing the Federal income tax refunds of workers with such overpayments, saving an estimated $281 million in the first year.

- Simplifying the way States' performance is measured to focus on the most critical aspects of service delivery, consistent with PART findings.

## PROTECTING WORKERS

The Bush Administration has compiled a solid record of achievements in labor law enforcement. Over the past several years the Administration has: 1) targeted enforcement to punish those who disregard workers' safety and rights; 2) pursued compliance assistance through outreach and education; 3) enlisted unions and employers as partners in improving workplace safety; and 4) used electronic tools to help employers understand and fulfill their responsibilities and reporting obligations. The Administration has enacted stronger protections for workers' retirement savings; issued practical, industry-specific guidelines to prevent repetitive stress injuries; forged innovative alliances with employers, unions, and other organizations to improve workplace safety; made sense of decades-old overtime rules; enhanced accountability in union financial matters; and found new ways to reach a growing and vulnerable population of non-English-speaking and temporary workers.

Under the Bush Administration's stewardship, DOL's enforcement agencies have produced real results for workers. In 2003, DOL collected 21 percent more back wages for workers than in the previous year, representing an 11-year high; and recovered back wages for 30 percent more workers. In the same year, DOL recovered and secured pension and health benefits and assets totaling $1.4 billion—a record high, and a 60-percent increase over the previous year. Workers are also safer. Workplace fatality and injury and illness rates have fallen to historic lows. In 2003, mine fatalities decreased by 14 percent, and mine injuries fell by 12 percent.

The Budget demonstrates the President's continued strong commitment to the more than 180 worker protection laws that DOL oversees. DOL will continue to fulfill its responsibilities through a combination of vigorous, targeted enforcement and compliance assistance. DOL uses enforcement to safeguard workers' benefits, wages, health, and safety. However, partnerships and compliance assistance are also effective because most employers want to meet their responsibilities under the law. In addition, the Administration will continue to update and improve regulations to reflect the modern workplace, make regulations more comprehensible to employers and workers, and reduce needless burden.

### *Safeguarding Workers' Retirement and Health Benefits Security*

As the nature of retirement changes, the needs of retirees change as well. Americans who are retiring today can have decades of healthy life before them. The Administration is promoting a secure retirement and dependable health benefits for the Nation's retirees and workers through a combination of aggressive enforcement, compliance assistance, and legislative changes. The Administration will continue to press for enactment of the President's retirement security plan, which would give workers more and better information on their retirement savings, increase access to investment advice, and strengthen workers' ability to manage their investments by giving them more freedom to diversify their investments and sell company stock. The Administration will also renew its proposal to expand and encourage savings by replacing a variety of tax-preferred savings vehicles with Lifetime Savings Accounts and Retirement Savings Accounts that have higher contribution limits and more flexibility. Building on his success in strengthening health care security for seniors through landmark reforms to Medicare, the President remains committed to securing the enactment of Association Health Plan (AHP) legislation. By allowing small businesses to join together to purchase health coverage, AHPs would make it easier and more affordable for small employers to provide health insurance coverage for their employees and would give millions more working Americans access to health benefits.

The Employee Benefits Security Administration (EBSA) protects the integrity of pensions, health plans, and other employee benefits for more than 150 million people. The Budget includes $132 million for EBSA, $8 million, or seven percent, above the 2004 level. This increase will provide additional enforcement resources to safeguard workers' retirement savings and other benefits, and will provide expanded compliance assistance to educate employers, unions, and pension plan administrators on their legal responsibilities, including those under the new pension and health-benefit laws. In addition, to address its PART rating of "results not demonstrated," EBSA will develop more outcome-oriented performance measures to quantify its impact on protecting workers' benefits.

The Pension Benefit Guaranty Corporation (PBGC) insures defined-benefit pensions against employer bankruptcy or other pension plan failures. Estimated current and future liabilities in PBGC-insured pension plans now exceed current assets by an unprecedented $350 billion. In order to avoid benefit reductions and help stabilize the defined-benefit pension system, the 2005 Budget proposes legislative reforms to:

- Give employers two years of relief from current pension plan contribution requirements—now tied to 30-year Treasury bond interest rates—and base requirements on more appropriate corporate bond rates.
- After the two-year transition period, base pension funding requirements on a "yield curve" (commonly used in corporate finance), which would better tie funding requirements to the timing of the payout of retiree benefits.
- Make additional changes to restrict promises of added benefits by severely underfunded plans and to provide better information on pension finances to workers, retirees, and stockholders.

Additionally, the Administration is developing a plan for comprehensive reform of the pension funding rules to: strengthen funding for workers' defined-benefit pensions; simplify funding rules; offer sponsors new, flexible approaches to finance their plans without the present yearly volatility; and make additional reforms to ensure PBGC's continued ability to safeguard pension benefits.

### *Protecting Union Members*

DOL's Office of Inspector General (OIG) and Office of Labor-Management Standards (OLMS) collaborate with other Federal agencies to ensure that labor unions remain vibrant, financially secure, and free from fraud and corruption. OLMS oversees union compliance with financial disclosure requirements established by the Labor-Management Reporting and Disclosure Act of 1959, enacted by the Congress to ensure financial integrity and encourage a more informed and active union membership.

DOL has made key revisions to the decades-old reporting process to increase transparency in the management of the Nation's largest unions and meet the real needs of union members. DOL's new rule updates the financial reporting form used by the largest and most sophisticated labor organizations to add greater

**Protecting Union Members' Dues**

In 2003, officials of the Washington Teachers' Union and their associates acknowledged diverting well over $2.5 million from union coffers between 1995 and 2002 to buy personal luxuries including expensive clothing and furs; designer handbags; meals; travel; art; jewelry; sports tickets; a $57,000 Tiffany tea set; a $13,000 television; custom wigs; and dental implants. The latest admissions—in the form of a plea bargain to a Federal indictment—came just days after the Department of Labor published new regulations to strengthen union financial disclosure. The regulations improve the financial transparency of the Nation's largest labor unions, strengthen accountability, and prevent future abuses like those that victimized Washington's teachers.

detail and more appropriate reporting categories, while using electronic filing to ease each union's compliance burden. Electronic filing will also improve transparency by making the reporting forms readily accessible, via the Internet, to all union members who seek information about their union's expenditures and disclosures. The Budget supports these changes by including $44 million for OLMS—a 13-percent increase above 2004. This increase builds on the enacted 2003 and 2004 Budgets, which helped restore critical enforcement resources that had been stripped away during the 1990s. The OIG continues to combat organized crime's efforts to influence unions and employee benefit plans. In 2003, its labor racketeering program led to 182 indictments, 122 convictions, and nearly $28 million in monetary accomplishments, including restitutions and forfeitures. The 2005 Budget includes an additional $2.5 million for audits and investigations, allowing the OIG to step up investigation of those who jeopardize the financial security of workers by defrauding pension and health benefit plans.

### *Ensuring Safe and Healthy Workplaces*

Nowhere are the objectives and consequences of DOL's work more tangible than in the area of workplace safety and health. Through the Occupational Safety and Health Administration (OSHA) and the Mine Safety and Health Administration (MSHA), DOL works to reduce employee injuries, illnesses, and deaths. Due in part to these agencies' activities, occupational injury, illness, and fatality rates have reached historic lows. In 2002, workplace fatalities dropped 6.6 percent, to the lowest level on record. Fatalities among Hispanic workers, which had been rising each year since 1995, were down six percent in 2002. Still, problems persist in certain industries, occupations, and demographic groups. The Budget provides a total of $737 million for OSHA and MSHA, giving these agencies the resources they need to target problem areas and continue reducing workplace accidents.

**Hole-in-One for Worker Safety**

Employees gain when OSHA and employers work together. In October of 2003, OSHA recognized the Titleist Ball Plant II in Dartmouth, Massachusetts as the 1000th Voluntary Protection Program (VPP) "Star" site for excellence in workplace safety and health. VPP recognizes workplaces—like the Titleist Ball Plant II—where employers and employees have established strong safety and health programs. Star status is reserved for workplaces that have achieved the highest occupational safety and health standards, including having below-average three-year injury and illness rates. VPP worksites boast lost workday rates that are more than 50 percent below their industry average. That means greater safety for workers and greater profits for employers.

Enforcement remains a central part of DOL's strategy for improving workplace safety and health. OSHA will continue to target work sites where workers are most at risk, and MSHA will continue to inspect all underground and surface mines. Since most employers want to protect their workers, traditional enforcement is coupled with compliance assistance and industry partnerships. The 2005 Budget includes $4.9 million to help OSHA meet employers' growing demands for assistance, expand the availability of compliance assistance in the field and web-based tools, and reach out to small businesses. OSHA will also expand the number of alliances and partnerships it has with employers, tapping into the vision and commitment of private industry to protect workers more effectively than it could alone. In addition, following the PART recommendation, OSHA will identify the monetary and net costs and benefits of its significant regulations and alternatives.

### *Raising Civil Monetary Penalties*

The vast majority of employers want to provide safe, healthful, and fair workplaces, and voluntarily comply with Federal requirements. However, in some cases, employers' compliance hinges on the threat of enforcement and strong sanctions. In some areas, current civil monetary penalties are not high enough to deter repeated or egregious offenses. The Budget proposes to increase civil monetary penalties for violations of laws administered by the Employment Standards Administration (ESA) and MSHA. For example, ESA proposes to raise civil monetary penalties for the death or serious injury of youths caused by child labor violations from $11,000 to $50,000, and to $100,000 for repeat and willful violations. MSHA proposes to raise the maximum penalty for egregious violations from $60,000 to $220,000, making its penalties more consistent with those levied by OSHA. The Budget also proposes to authorize the OLMS to impose civil monetary penalties on unions, employers, and others that fail to file their required financial reports on a timely basis. The authorizing of civil monetary penalties is intended to improve compliance with the filing requirement, not penalize inadvertent lapses.

### *Modernizing Regulations*

DOL regulations must achieve their objectives of protecting worker rights, benefits, and safety while minimizing burdens that can impede the Nation's productivity and competitiveness. Regulations must also reflect current work conditions, issues, and hazards.

Many employment laws and regulations date back a generation and were based on traditional on-site, full-time, long-term worker-employer relationships. Technology has since revolutionized the workplace. The Administration has made great strides in bringing its regulations into the 21st Century. In 2003, DOL proposed changes to outdated and complex "white collar" exemptions to the Fair Labor Standards Act's overtime requirements. Rank-and-file blue-collar workers, including first-responders and construction workers, will continue to qualify for overtime benefits under the new regulations. DOL will continue to review the laws and regulations in its jurisdiction to determine their appropriateness in the new workplace, harness technology, and reduce unnecessary burden.

**Long Overdue Overtime Reforms**

For years, DOL's enforcement of overtime protections has been undermined by the very rules meant to support it. The Fair Labor Standards Act includes exemptions to overtime pay for certain types of "white collar" employees. However, the rules implementing these exemptions have not been substantially updated in 40 years. DOL's own investigators have struggled to figure out which workers should qualify. Under DOL's simplified overtime rules, more than 1.3 million additional low-wage workers will be guaranteed overtime pay. Clear guidelines will mean workers and employers spend more time collaborating in the workplace, not battling for years in court.

## SUPPORTING WORKING FAMILIES

Today's workers struggle daily with caring for their families and meeting their obligations at work. As the economy adds more jobs, and productivity gains drive exceptional improvements in Americans' standard of living, we can make better use of technology and flexible work arrangements to help individuals balance the demands of work and family. The 2005 Budget includes $5 million to encourage greater use of scheduling flexibility under current law and telework options. In addition, the Administration supports efforts to provide new scheduling options to help ease the pressures faced by workers and their families.

## PERFORMANCE EVALUATION OF SELECT PROGRAMS

The Budget continues to focus on improving program performance. Fourteen of DOL's programs were assessed using the Program Assessment Rating Tool (PART), which evaluated the programs' design and purpose, strategic planning efforts, how well they are managed, and whether they are generating positive results for taxpayers. Below are some of the highlights and recommendations from the PART evaluations. For further details on DOL's performance assessments, see the White House budget website at *www.whitehouse.gov/omb/budget/*.

| Program | Rating | Explanation | Recommendation |
|---|---|---|---|
| Black Lung Benefits Program | Moderately Effective | The program has a clear purpose and is well managed. Program stability, however, is threatened by the Black Lung Trust Fund's large and mounting debt. There is insufficient accountability for the performance of the claims adjudication entities outside the Employment Standards Administration. | Propose legislation to address the Trust Fund debt.<br>Develop performance measures for key claims adjudication entities.<br>Review performance targets to ensure they are challenging.<br>Include productivity data in DOL's performance budget.<br>Conduct a comprehensive program evaluation. |
| Migrant and Seasonal Farmworkers | Ineffective | The program's training and services duplicate other Federal efforts. The focus on training and employment is insufficient, and a congressional housing grants earmark further diverts the program from its primary purpose of improving employment and earnings. Performance accountability has historically been poor. | Re-propose the elimination of this ineffective and duplicative program. Other Federal programs (e.g., Rural Housing Service and Migrant Health Program) are better suited to provide the supportive services sought by most program participants, while training and employment programs can better be provided through the nationwide network of One-Stop Career Centers. |
| Davis-Bacon Wage Determination Program | Results Not Demonstrated | The program has implemented process redesign and technological improvements to remedy longstanding weaknesses, but lacks critical performance data. While program management is generally strong, the absence of specific performance measures hampers accountability. Recent program evaluations have been limited in scope. | Continue to implement multi-year effort to reform wage determination process.<br>Develop quantitative (and, where appropriate, qualitative) performance measures that are clear, ambitious, and reflected in managers' performance appraisals.<br>Begin an independently conducted review of the program in 2004. |

# UPDATE ON THE PRESIDENT'S MANAGEMENT AGENDA

The table below provides an update on DOL's implementation of the President's Management Agenda as of December 31, 2003.

| | Human Capital | Competitive Sourcing | Financial Performance | E-Government | Budget and Performance Integration |
|---|---|---|---|---|---|
| **Status** | 🟡 | 🔴 | 🟡 | 🟡 | 🟡 |
| **Progress** | 🟢 | 🟡 | 🟢 | 🟢 | 🟢 |

DOL has institutionalized the President's Management Agenda through strong, centralized oversight of management objectives; preparation of semi-annual management scorecards for DOL agencies; and effective, program-by-program implementation of recommendations made in PART assessments. On the human capital front, DOL has identified core skill sets for 27 mission-critical occupations and is building a solid, diverse talent pool through active recruitment and well-targeted leadership development programs. The Department has established a new Competitive Sourcing Office to guide agency progress and open an increasing number of functions to competition. To improve financial performance, DOL is implementing a new core accounting system, and is reducing erroneous payments through better data exchanges with other Federal agencies and legislation to improve the unemployment insurance benefits system. DOL's *GovBenefits.gov* website, which supplies eligibility information on 419 Federal benefit programs, now includes links to 50 State programs. Since its April 2002 launch, the site has led to more than one million citizen referrals to Federal agencies.

In support of the President's Management Agenda, the 2005 Budget includes $3.5 million to support additional program and performance evaluations, competitive sourcing studies, and human capital initiatives.

| Initiative | Status | Progress |
|---|---|---|
| Faith-Based and Community Initiative | 🟡 | 🟢 |

DOL has taken significant steps to improve communications and outreach to faith-based and community-based organizations, including streamlining the grants application process for small and novice applicants and eliminating significant barriers to their participation in DOL programs. DOL is also establishing pilot projects to test innovative ways to improve services through faith-based and community organizations.

## DEPARTMENT OF LABOR

(In millions of dollars)

| | Actual | | Estimate | |
|---|---|---|---|---|
| | 2001 | 2003 | 2004 | 2005 |
| **Spending** | | | | |
| Discretionary Budget Authority: | | | | |
| Training and Employment Services | 5,630 | 5,174 | 5,130 | 5,922 |
| Unemployment Administration [1] | 2,434 | 2,634 | 2,688 | 2,711 |
| Employment Service/One-Stop Career Centers [2] | 1,016 | 961 | 969 | 180 |
| Community Service Employment for Older Americans | 440 | 442 | 439 | 440 |
| Bureau of Labor Statistics | 450 | 492 | 518 | 534 |
| Occupational Safety and Health Administration | 425 | 450 | 458 | 462 |
| Mine Safety and Health Administration | 246 | 273 | 269 | 276 |
| Employment Standards Administration | 363 | 381 | 392 | 409 |
| Employee Benefits Security Administration | 107 | 116 | 124 | 132 |
| Veterans' Employment and Training | 212 | 212 | 219 | 221 |
| Bureau of International Labor Affairs | 148 | 147 | 110 | 31 |
| Information Technology | 37 | 55 | 48 | 34 |
| Office of Disability Employment Policy | 23 | 47 | 47 | 48 |
| Office of the Inspector General | 55 | 62 | 65 | 70 |
| Management Crosscut | — | — | 5 | 10 |
| All other | 342 | 385 | 251 | 400 |
| Total, Discretionary budget authority | 11,928 | 11,831 | 11,733 | 11,880 |
| Total, Discretionary outlays | 10,426 | 12,509 | 11,679 | 11,428 |
| Mandatory Outlays: | | | | |
| Unemployment Insurance | | | | |
| Existing Law | 27,989 | 54,564 | 45,320 | 40,198 |
| Legislative Proposal | — | — | — | −12 |
| Trade Adjustment Assistance | 400 | 551 | 770 | 1,051 |
| Black Lung Benefits Program [3] | | | | |
| Existing Law | 1,499 | 1,462 | 1,456 | 1,425 |
| Legislative Proposal | — | — | — | 2,764 |
| Federal Employees' Compensation Act [4] | | | | |
| Existing Law | 121 | −24 | 197 | 276 |
| Legislative Proposal | — | — | — | −7 |
| Pension Benefit Guaranty Corporation [4] | −1,068 | 229 | −55 | −93 |
| Welfare-to-work | 659 | 312 | 181 | 2 |
| H–1B Training and Administration | 24 | 73 | 259 | 104 |
| All other [4] | −287 | −123 | −59 | −130 |
| Total, Mandatory outlays | 29,337 | 57,044 | 48,069 | 45,578 |
| Total, Outlays | 39,763 | 69,553 | 59,748 | 57,006 |

[1] 2001 and 2004 entries include workload contingency funds, which are triggered by increased workloads.

[2] The 2005 Budget proposes to reform and consolidate three State formula grants for training and employment services. The 2005 column reflects the transfer of Employment Service State Grants funding ($696 million) to Training and Employment Services.

[3] 2005 entry includes the prepayment premium for the Trust Fund debt refinancing proposal. The premium is an intragovernmental transfer, so there is no Government-wide budgetary effect. For comparability, 2001 and 2003 entries include Part B of the Black Lung Benefits Program, which was transferred to DOL in 2004.

[4] Net mandatory outlays are negative when offsetting collections exceed outlays.