

**STATEMENT OF ELAINE L. CHAO
SECRETARY OF LABOR
BEFORE THE
SUBCOMMITTEE ON LABOR,
HEALTH AND HUMAN SERVICES, AND EDUCATION
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES**

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Good morning Mr. Chairman, Congressman Obey, distinguished Members of the Subcommittee, ladies and gentlemen. Thank you for the opportunity to appear before you today to present the Department of Labor's Fiscal Year 2007 Budget.

The total request for the Department in FY 2007 is \$54.1 billion and 16,822 FTE, of which, \$13.5 billion is before the Committee. Of that amount, \$10.9 billion is requested for discretionary budget authority. Our budget request will allow us to build on the accomplishments achieved in recent years and enable the Department to meet its critical priorities for FY 2007.

In FY 2007, the Department will continue its record-setting enforcement of worker protection laws and provide innovative programs to help prepare workers for promising careers in the 21st century economy while maintaining the fiscal discipline necessary to ensure this country's continued economic expansion. The savings and reforms in the budget are important components of achieving the President's goal of cutting the budget deficit in half by 2009.

In his January 31st State of the Union Address, the President announced the *American Competitiveness Initiative* to encourage American innovation and strengthen our Nation's ability to compete in the Global Economy. To ensure our continued economic and technological leadership in the world, the *American Competitiveness Initiative* builds on the Administration's record of results with new investments and innovative reforms to our job training system. As part of this initiative, the President's FY 2007 Budget introduces Career Advancement Accounts (CAA). CAAs are self-managed accounts that will enable current and future workers to gain the skills needed to successfully enter, navigate and advance in 21st century jobs. The President's priorities for the Department also include safeguarding workers' safety and health; protecting workers' pay, benefits, pensions, and union dues; and achieving concrete, measurable results for workers.

RECENT ACCOMPLISHMENTS

As an introduction to the FY 2007 budget, I would like to highlight some of the Department's accomplishments over the last year. The Department has continued to make steady progress in protecting America's workforce.

Responding to the devastation wrought by Hurricanes Rita and Katrina has been one of the greatest challenges to face the Federal government. During this difficult period, the Department awarded up to \$210 million in national emergency grants to hurricane-stricken states to provide temporary jobs and employment and training assistance to more than 63,000 people affected by the hurricanes and to boost clean-up efforts. Most of that money was committed within the first week after Katrina hit. The Department also provided an additional \$44 million to help states process a surge in unemployment insurance claims. Again, most of this support was delivered within a week after the disaster occurred.

Four days after Katrina made landfall, the Department was operating a 24-hour, toll-free emergency hotline to give information on employment, worker benefits, and social services for evacuees and survivors. DOL-funded One-Stop Centers set up mobile operations to connect evacuees with essential social services. Disability specialists were deployed to communicate with disabled survivors and their unique needs. The Occupational Safety and Health Administration (OSHA) had teams on the ground to ensure the safety of clean up and recovery efforts and awarded \$5 million for safety training grants to construction unions and other training providers. The Department has approved \$210 million in National Emergency Grant funds to assist the workers displaced by hurricanes in both impacted states and states with evacuees. Another \$10 million was provided for construction training in Louisiana and Mississippi. In addition, funding under the Community College Initiative and the High Growth Job Training Initiative has been dedicated to the Gulf Coast: \$63 million was awarded to 35 community colleges to eight states and \$12 million to support training in critical industries, such as construction, energy, and health care. The Department played an important and effective role in helping survivors and supporting the clean up and recovery efforts.

The Department also is setting records in enforcing worker protection laws. Between 2000 and 2004, worker fatalities dropped 3.7%; the fatality rate for Hispanic workers fell 12% for the same period. Injury and illness rates are down 9.4% between 2002 and 2004 and federal workplace inspections for OSHA are up 8.2% between 2001 and 2005.

In the area of mine safety, we have also seen tremendous improvements, with fatalities in coal mines down from 42 in 2001 to 22 in 2005. The Mine Safety and Health Administration (MSHA) has increased its enforcement activities by issuing 18% more citations and orders at coal mines since 2000 and 6% more citations and orders at all mines over the same period. "Significant and Substantial" citations and orders at coal mines increased by 11% since 2000. Nevertheless, the recent tragic events in West Virginia remind us that there is still more work to be done to protect workers in this hazardous industry.

In 2005, more than 240,000 workers received \$166 million in back wages, including overtime, as a result of the Wage and Hour Division's enforcement. This is a 26% increase in the amount of back wages recovered since 2001. In 2005, the average number of days to resolve a complaint was 85, down by 39% since 2001.

The Employee Benefits Security Administration (EBSA) achieved \$1.7 billion in monetary results in FY 2005, protecting workers' health, benefit, and retirement plans — a 136% increase from FY 2001. EBSA closed 196 criminal investigations in 2005, up 37% since 2001, and has indicted 106 individuals, up 22% since 2001.

The Pension Benefit Guaranty Corporation (PBGC) paid benefits of \$3.7 billion to 682,820 retirees in single-employer plans and gave financial assistance of \$13.8 million to 29 insolvent multiemployer plans.

The Office of Federal Contract Compliance Programs attained record financial remedies of \$45 million in 2005, a 56% increase from 2001 and made recoveries for 14,761 workers in 2005, a 62% increase from 2001.

The Department has also enhanced the transparency and accountability of labor union finances so that union member rights are better protected and members know more about how their dues money is being spent. Meaningful information about union financial transactions is now available and easily accessible to union members.

FY 2007 PRIORITIES

While the Department is proud of our accomplishments, we must continue to strive to improve the lives of America's workers. The Department's FY 2007 budget focuses on four overall priorities: training workers for new opportunities; protecting workers' safety and health; protecting workers' pay, benefits, pensions, and union dues; and achieving concrete, measurable results for workers.

PREPARING WORKERS FOR NEW OPPORTUNITIES

Reforming the Workforce Investment System

Overall, the FY 2007 budget request for the Department's Employment and Training Administration (ETA) is \$8.5 billion in discretionary funds and 1,232 FTE. The budget request for ETA will allow the Department to carry out its role in the President's *American Competitiveness Initiative*. One aspect of the President's ambitious strategy to encourage American innovation and strengthen our Nation's ability to compete in the global economy requires us to reform our workforce investment system. The workforce investment system should recognize and strengthen workers' ownership of their careers, and provide more flexible resources and services designed to meet their changing needs. Studies have shown

that workers make sound decisions about tapping resources to advance their careers when they have good information on available options. Workers need to be provided as many choices as possible to gain the right skills and secure the best career opportunities.

To accomplish this, Federal job training dollars should be put directly in the hands of individuals. Therefore, the Department is seeking reforms that would consolidate funds appropriated for the following programs and allocate them to states as a single funding stream:

- Workforce Investment Act (WIA) Adult Program;
- WIA Dislocated Worker Program;
- WIA Youth Program; and
- Employment Service programs (including Employment Service formula grants, labor market information grants, and grants for administration of the Work Opportunity Tax Credit and the Welfare-to-Work Tax Credit).

States would use these funds primarily to provide Career Advancement Accounts to individuals in need of employment assistance. The funding would also be used by states to provide basic employment services such as career assessment, workforce information, and job search assistance to job seekers.

States would be required to use a minimum percentage of their grant (approximately 75 percent) for Career Advancement Accounts. Administrative costs for states would be capped at three percent, as is the case under many Department of Education programs. States would use the remaining funds (up to about 22 percent) to provide basic employment services to job seekers or employers. States and local areas would provide these services either through a network of community-based career centers or through partnerships with the private sector.

Career Advancement Accounts will be self-managed accounts of up to \$3,000, an amount sufficient to finance one year's study at a community college. The accounts could be renewed for one additional year, for a total two-year account amount of up to \$6,000 per worker to pay for expenses directly related to education and training. These accounts will be available to individuals entering the workforce or transitioning between jobs and careers, as well as to incumbent workers needing new skills to stay employed or to move up the career ladder. With lower administrative costs and the vast majority of funding used to finance the accounts, this proposal means that more individuals will participate in job training and attain new and higher-level job skills. In fact, the CAA initiative will offer training opportunities to 800,000 workers annually, more than tripling the number trained under the current system and give America's workers the resources they need to increase their skills and compete for the jobs of the 21st century economy.

High Growth Job Training Initiative

The President's FY 2007 budget also continues the High Growth Job Training Initiative, which identifies those sectors of the economy that are growing most rapidly and helps workers prepare for careers in these emerging fields. This initiative, which began in 2002, is based on

grants to partnerships that include the workforce investment system, business and industry, education and training providers, and economic development entities working collaboratively to develop industry-specific workforce solutions. Under this initiative, the Department has awarded \$256 million for 130 High Growth Job Training projects, such as health-care, biotechnology and advanced manufacturing. By training workers with skills that are in demand, more workers will be able to obtain quality jobs with higher wages and enhanced career opportunities. At the same time, employers will be able to fill critical workforce needs.

Community-Based Job Training Initiative

The budget provides funding at \$150 million for the third year of the President's Community-Based Job Training Initiative, which provides for Community-Based Job Training Grants. The first grants were awarded beginning in the fall of 2005. The Community-Based Job Training program builds on the expertise of America's community colleges to strengthen our job training programs, train workers for jobs in high-demand industries, and strengthens the role of community and technical colleges as partners of the workforce investment system.

Youthbuild

In July 2005, Secretary Jackson and I transmitted proposed legislation entitled the "Youthbuild Transfer Act of 2005" for Congressional consideration. I urge the Congress to support this legislation, which would transfer the Youthbuild program from the Department of Housing and Urban Development to the Department of Labor, as recommended by the White House Task Force on Disadvantaged Youth. Youthbuild provides competitive grants to local organizations to provide education and training to disadvantaged youth age 16-24. In addition to participating in classroom training, youth learn construction skills by helping to build affordable housing. Transferring the \$50 million Youthbuild program to DOL would provide the program with better contacts with the workforce investment system, stronger ties to DOL's Job Corps and apprenticeship programs, new links to the President's High Growth Job Training Initiative, improved access to the post secondary and community college system, and stronger connections to employers and local labor markets. It also promises to offer greater placement opportunities for the youths involved.

Prisoner Re-entry Initiative

The 2007 Budget provides \$59 million (including \$20 million in the Department of Labor) for the third year of the President's four-year Prisoner Re-entry Initiative. This initiative, which is jointly administered by the Departments of Labor, Health and Human Services, and Justice, is designed to strengthen urban communities through an employment-centered program that incorporates job training, short-term housing, mentoring, and other transitional services to help recently released prisoners make a successful transition back to society and long-term employment. It taps the unique contributions and capacities of America's faith-based and community organizations. Unlike traditional approaches to serving this population, the Prisoner Re-entry Initiative will enable participants to choose from among a variety of service providers. The local community grantee organization will manage and monitor these

opportunities that will allow each participant to decide which service providers are best suited to meet his or her unique needs.

Strengthening the Integrity of the Unemployment Insurance System

The Administration is concerned that almost \$3.6 billion in improper unemployment insurance benefit payments were made in 2004, and \$3 billion in 2005. The FY 2007 Budget continues to build upon previous proposals to strengthen the Unemployment Insurance (UI) system and reduce erroneous UI payments. Included in the discretionary funding request is a \$30 million increase in beneficiary eligibility reviews in One-Stop Career Centers. This is projected to save up to \$151 million annually. In addition, a \$10 million increase is requested to prevent and detect fraudulent unemployment benefit claims using stolen personal information — otherwise known as identity theft. To further improve the integrity of the UI system, the Administration is proposing a package of legislative changes that would reduce UI improper payments, saving an estimated \$3.7 billion over 10 years. The legislation would impose penalties for UI fraud; allow the use of private collection agencies to recover overpayments and delinquent employer taxes; charge employers when their actions lead to overpayments; garnish Federal income tax refunds for benefit overpayments and delinquent taxes; allow states to use recovered funds for further fraud prevention; and obtain more accurate date-of-hire information to stop payments when beneficiaries have returned to work. We urge the Congress to act on these important proposals to strengthen the financial integrity of the UI system.

Senior Community Service Employment Program

The FY 2007 Budget requests \$388 million for the Senior Community Service Employment Program (SCSEP). The Department's reauthorization proposal for SCSEP would streamline the program and make it easier to administer in order to improve program performance and get a greater return on investment for the Federal taxpayers' dollar. In addition, reauthorization would target program resources on those most in need, and tailor services to meet the needs of individual older workers by providing a range of training experiences, including community service and on-the-job and classroom training, depending on the individual's background and experience. The reduced funding level from FY 2006 reflects legislative reforms that include streamlining administration and other program overhead costs.

Job Corps Transfer

In the FY 2006 appropriation, the Congress directed the Department to transfer the Job Corps program out of the Employment and Training Administration (ETA) into the Office of the Secretary. The 2007 Budget proposes to transfer the program back to ETA, where it has been administered since its creation in 1964, to ensure close coordination with the other job training and employment programs administered by ETA. Job Corps provides services that are tailored to address the individual needs of disadvantaged youth and ultimately equip them to become qualified candidates for the world of work. The unique services of the Job Corps system are best leveraged through close integration with the other job training and

employment programs administered by ETA. Moving the program back to ETA will ensure these young people have access to the principal experts on labor markets as well as other youth employment programs.

PROTECTING WORKERS

In FY 2006, \$1.4 billion is requested for DOL's worker protection activities. This increase of \$62 million will enable the Department to continue our record-setting protection of workers' health, safety, pay, benefits and union dues.

Occupational Safety and Health Administration

The FY 2007 Budget request for OSHA is \$483.7 million and 2,173 FTE, an increase of \$11.2 million over FY 2006.

OSHA will continue to target inspections on the worst hazards and the most dangerous workplaces, while providing compliance assistance to workers and employers as they create safe and healthy workplaces. The request for OSHA includes a redirection of \$10.1 million to discontinue the narrowly focused training grant program to increase compliance assistance, outreach, and training for employers and workers. Of this amount, \$7.5 million would be shifted to support the development of the new Occupational Safety and Health Information System (OIS), which would replace OSHA's antiquated data system and provide timely data to help OSHA inspectors target their enforcement and compliance efforts on industries with the greatest workplace hazards. In addition, \$2.6 million would be used for increased compliance assistance directed toward Hispanic and non-English speaking workers. As part of this effort, outreach materials will be developed to help Hispanic-owned businesses understand and comply with Federal safety and health standards.

Mine Safety and Health Administration

The Mine Safety and Health Administration (MSHA) protects the safety and health of the Nation's miners through enforcement of the Federal Mine Safety and Health Act of 1977. The FY 2007 Budget request is \$287.8 million and 2,136 FTE, representing a funding increase of \$10.2 million over FY 2006.

MSHA will continue its commitment to rigorous mine inspections and enforcement activities. MSHA's FY 2007 Budget includes \$60.3 million for mine safety technology, training and compliance assistance – including an additional \$1 million devoted to new mine rescue technology. With the additional funding, MSHA will assess and test promising new technologies that could be deployed in support of mine rescue operations. The agency is continuing to provide grants to states to help them train more miners in critical safety procedures. We have recently revised our policy on releasing mine inspectors' notes to promote greater transparency in mine inspections.

To complement our budgetary resources for mine safety enforcement, the Administration again calls upon Congress to increase civil monetary penalties. To deter flagrant and repeat violations of the Mine Safety Act, penalties should be increased from \$60,000 to \$220,000. This would bring MSHA's civil monetary penalties in line with those authorized in the Occupational Safety and Health Act.

PROTECTING WORKERS' PAY, BENEFITS, AND UNION DUES

The Department will also continue its high priority programs to protect workers' pay, benefits and union dues.

Employment Standards Administration

The Department's Employment Standards Administration (ESA) administers and enforces a variety of laws designed to enhance the welfare and protect the rights of American workers. The FY 2007 budget request for administrative expenses for ESA is \$689.2 million and 4,219 FTE. This amount excludes \$31.0 million of H-1B fees available to the agency for limited uses. This represents an increase of \$32.8 million and 54 FTE from FY 2006.

Wage and Hour Division

The Wage and Hour Division is responsible for the administration and enforcement of a wide range of worker protection laws that collectively cover virtually all private, state, and local government employees. The FY 2007 budget request for the Wage and Hour Division totals \$177.6 million and 1,339 FTE, which excludes \$31.0 million in estimated fee revenue from DOL's portion of the H-1B visa fraud prevention fee authorized by the 2004 H-1B Visa Reform Act. The FY 2007 budget for the Wage and Hour Division includes an additional \$12 million to protect workers' pay and overtime compensation rights, including \$6.0 million and 39 FTE for additional Wage and Hour inspectors to strengthen enforcement resources for industries and workplaces that employ low-wage, immigrant, and younger workers. The budget also re-proposes legislation to increase civil monetary penalties associated with violation of child labor laws, raising the penalties from \$11,000 to \$50,000 for violations that result in the death or injury of youth in the workplace, and increasing the fine to \$100,000 for willful or repeat offenders. The Administration transmitted this important legislation to Congress last year, and the Department encourages Congress to pass it.

Office of Federal Contract Compliance

The FY 2006 budget request for the Office of Federal Contract Compliance Programs (OFCCP) totals \$83.7 million and 670 FTE, an increase of \$2.4 million. OFCCP is responsible for ensuring equal employment opportunity and non-discrimination in employment for businesses contracting with the Federal government. OFCCP carries out this mandate by conducting compliance evaluations to identify instances of systemic discrimination in the workplace, taking appropriate enforcement action, and providing relevant

and effective compliance assistance programs. During FY 2006, the implementation of Active Case Management to better target non-compliant contractors and monitoring Functional Affirmative Action Programs will improve the effectiveness of OFCCP's enforcement, meaning more workers will be protected.

Office of Workers' Compensation Programs

The FY 2007 discretionary budget request for administration of the Office of Workers' Compensation Programs (OWCP) totals \$106.3 million in discretionary funding and 905 FTE and supports the Federal Employees' Compensation Act (FECA) and the Longshore and Harbor Workers' Compensation program.

The OWCP budget also includes mandatory funding totaling \$102.3 million and 275 FTE to administer Part B of the Energy Employees Occupational Illness Compensation Program Act (EEOICPA), and an estimated \$59.5 million and 189 FTE for Part E of the Act, which was established in FY 2005. EEOICPA provides compensation and medical benefits to employees or survivors of employees of the Department of Energy and certain of its contractors and subcontractors, who suffer from a radiation-related cancer, beryllium-related disease, chronic silicosis or other covered illness as a result of work at covered Department of Energy or DOE contractor facilities.

Lastly, OWCP's 2007 Budget includes \$38.5 million in mandatory funding and 198 FTE for its administration of the Black Lung Benefits Act, and \$51 million in FECA Fair Share administrative funding and 127 FTE.

The 2007 Budget includes two legislative proposals affecting OWCP programs that play a critical role in protecting workers' economic security, providing monetary and medical benefits to Federal employees and coal miners whose ability to work has been diminished by an occupational injury or illness. The first re-proposes reforms to FECA to update its benefit structure, adopt best practices of State workers' compensation systems, and strengthen return-to-work incentives. This proposal is expected to generate Government-wide savings of \$592 million over ten years. The second is a proposal to restructure and eventually retire the mounting debt of the Black Lung Disability Trust Fund—a debt that is approaching \$9 billion.

Office of Labor-Management Standards

The FY 2007 budget request for the Office of Labor-Management Standards (OLMS) totals \$52.4 million and 406 FTE. OLMS enforces provisions of Federal law that establish standards for union democracy and financial integrity. OLMS conducts investigative audits and criminal investigations for embezzlement and other financial mismanagement; conducts civil investigations of union officer elections and supervises remedial elections where required; administers statutory union financial reporting requirements; and provides for public disclosure of filed reports. OLMS also administers employee protective provisions created under federal transit legislation.

To help restore OLMS after deep cuts made in the previous decade, the budget request includes an increase of \$4.5 million and 22 FTE to enhance union financial integrity, union advisory services, and compliance assistance activities. These additional resources will allow OLMS to conduct 830 compliance audits of unions in FY 2007. The budget also re-proposes legislation that would authorize OLMS to impose civil money penalties on unions and others that fail to file required financial reports on a timely basis.

Employee Benefits Security Administration

The Department's Employee Benefits Security Administration (EBSA) protects the integrity of pensions, health plans, and other employee benefits for more than 150 million workers. The FY 2007 budget for EBSA is \$143.6 million and 875 FTE. The President's budget for FY 2007 incorporates a \$14.5 million multi-agency proposal to replace EBSA's outdated, paper-based ERISA Filing and Acceptance System, known as EFAST. As part of the \$14.5 million proposal, the EBSA budget includes a \$5.0 million increase to replace the EFAST system. The remainder of the funding will come from PBGC and by re-directing base funding within EBSA. The new electronic filing system for Form 5500 reports will strengthen the protection of retirement benefits by greatly reducing processing times for Form 5500 filings and improving the reliability of Form 5500 data. By making data on the funding of pension and other benefit plans more transparent, this new system will support the President's efforts to strengthen retirement security for the nation's workers and retirees.

With regard to pension benefits, the Administration believes that pension promises made to workers and retirees must be kept. The current system does not ensure that pension plans are adequately funded. Underfunded plan terminations threaten workers' retirement security and are placing an increasing strain on the pension insurance system. These underfunded plans also impose an unfair and increasing burden on employers who sponsor healthy pension plans.

The President's budget for FY 2007 re-proposes retirement security reforms that require accurate measurement of pension liabilities; require employers to fully fund their pension promises; increase financial disclosure to workers; and adjust insurance premiums according to the level of plan underfunding. In addition, the President's budget includes a \$23.9 million increase for administrative expenses for the Pension Benefit Guaranty Corporation to enable it to meet increased workload demands placed on it by the termination of several very large underfunded pension plans. During 2005, PBGC became responsible for benefit payments for an additional 269,000 participants and beneficiaries, more than double its expected workload.

The Administration's plan will reform the premium structure to better reflect the real risks and costs of the insurance program. President Bush signed legislation last week that increases, and indexes for inflation, the flat-rate premiums paid for PBGC-insured plans. That rate had not been increased since 1991. In addition, the Administration has proposed to strengthen the risk-based premiums paid by underfunded single-employer plans. Charging riskier companies more will provide a greater incentive for responsible funding.

OTHER PROGRAMS

Bureau of Labor Statistics

In order to maintain the development of timely and accurate statistics on major labor market indicators, the FY 2007 Budget provides the Bureau of Labor Statistics (BLS) with \$563.3 million and 2,453 FTE, which is an increase of \$26.2 million and 15 FTE over FY 2006. This funding level provides BLS with the necessary resources to continue producing sensitive and important economic data, including the Consumer Price Index, the Producer Price Index, and the Employment Situation. The Consumer Price Index is a key measure of the Nation's economic well-being that directly affects the income of millions of Americans. To ensure that this measure is accurate and up-to-date, the budget includes an increase \$8.0 million and 15 FTE. These resources will be used to continually update the housing and geographic samples that underlie the index to ensure that these samples fully incorporate the most recent demographic and geographic trends and changes. A 2003 Program Assessment Rating Tool review rated BLS as *Effective* and found that BLS consistently achieves its goals for timeliness, customer satisfaction and improving relevancy and accuracy.

Office of Disability Employment Policy

The 2007 Budget request provides the Office of Disability Employment Policy (ODEP) a total of \$20.3 million and 59 FTE in FY 2007. The 2007 Budget will enable ODEP to continue its core mission of providing national leadership in developing and implementing disability employment policy to increase the employment opportunities and retention for people with disabilities.

Bureau of International Labor Affairs

The request for the Bureau of International Labor Affairs (ILAB) in FY 2007 is \$12.4 million and 58 FTE. The budget returns ILAB to its core mission of developing international labor policy, and performing research, analysis, and advocacy.

The requested funding levels would allow ILAB to implement the labor supplementary agreement to NAFTA and the labor provisions of trade agreements negotiated under the Trade Act of 2002, participate in the formulation of U.S. trade policy and negotiation of trade agreements, conduct research and report on global working conditions, assess the impact on U.S. employment of trade agreements, and represent the U.S. government before international labor organizations, including the International Labor Organization.

ILAB will continue to implement ongoing efforts in more than 70 countries funded in previous years to eliminate the worst forms of child labor and promote the application of core labor standards.

Veterans' Employment and Training Service

This Nation's commitment to our veterans must be honored. No veteran should return home without the support that is needed to make the transition back to private life a smooth and successful one. For the Department's Veterans' Employment and Training Service (VETS), the Department is requesting \$224.8 million and 250 FTE to maximize employment opportunities for veterans and protect their employment and reemployment rights.

The \$161.2 million requested for State grants will help over 700,000 veterans seeking reemployment services. Under the Homeless Veterans Reintegration Program (HVRP), VETS will provide employment and training assistance to homeless veterans, with expected job placements of nearly 9,000 homeless veterans. VETS staff work to ensure the employment and reemployment rights of separating servicemembers as well as members of the Guard and Reserve and others who are entitled to the protections of the Uniformed Services Employment and Reemployment Rights Act.

Office of the Solicitor

The FY 2007 Budget includes \$85.2 million in discretionary funding and 614 FTE, an increase of \$4.7 million and 10 FTE. The Solicitor's office provides the legal services that support the Department, including the Department's compliance assistance and enforcement programs. The proposed budget includes the additional resources necessary to support the worker protection efforts planned for FY 2007.

President's Management Agenda and Department-wide Management Initiatives

Before I close today, Mr. Chairman, I also want to highlight the Department's ongoing efforts to implement the President's Management Agenda. In August 2001, President Bush sent to Congress his President's Management Agenda (PMA), a strategy for improving the management and performance of the Federal government. The agenda called for focused efforts in the following five government-wide initiatives aimed at improving results to citizens: Strategic Management of Human Capital, Competitive Sourcing, Improved Financial Performance, Expanded Electronic Government, and Budget and Performance Integration. DOL is also responsible for three of the PMA initiatives that are found only in selected departments: Faith-Based and Community Initiatives; Real Property Asset Management; and Eliminating Improper Payments.

I am proud to say that the Department is the first Cabinet agency to earn "green" ratings in all five government-wide scorecards. In addition, by the close of FY 2005, the Department achieved a sixth "green" rating for its efforts to eliminate improper payments. On the basis of its exceptional ratings, DOL was honored with the President's Quality Award, the highest honor in the Executive Branch given for overall management excellence.

The Program Assessment Rating Tool, or PART, is central to our efforts at the Department of Labor to improve the performance of our programs. To date, twenty-eight DOL programs

have been assessed through the PART. The PART assessments have not only been useful to informing the public and policy makers of our programs' strengths and weaknesses, but they have allowed our programs and their managers a systematic method of self-assessment. A PART review helps inform both funding and management decisions aimed at making the program more effective. The Department is actively implementing program improvements identified through PART assessments.

CONCLUSION

With the resources we have requested for FY 2007, the Department will continue to improve its protection of workers' safety and health, protect workers' pay, benefits, and union dues, secure the employment rights of America's veterans, and prepare workers for the jobs of the 21st century.

Mr. Chairman, this is an overview of the programs we have planned at the Department of Labor for FY 2007.

I am happy to respond to any questions that you may have.

Thank you.