

PERFORMANCE AND ACCOUNTABILITY REPORT



Highlights 2007



U.S. DEPARTMENT OF LABOR

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This report summarizes the Department of Labor's (DOL or Department) *Fiscal Year (FY) 2007 Performance and Accountability Report (PAR)*, which presents the results of the Department's programs and financial performance. DOL's full report can be accessed at <http://www.dol.gov/sec/media/reports/annual2007/2007annualreport.pdf>. Results contained in this report may be updated from the FY 2007 Performance and Accountability Report.

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Fast Facts

About the U.S. Department of Labor

- √ The Department of Labor (DOL) was established on **March 4, 1913** by President William Howard Taft to "foster, promote and develop the welfare of working people, to improve their working conditions, and to advance their opportunities for profitable employment."
- √ DOL administers and enforces more than **180** Federal laws. These mandates, and the regulations that implement them, cover workplace activities for about 10 million employers and 125 million workers.
- √ One law DOL administers is the Fair Labor Standards Act (FLSA), which establishes minimum wages, overtime pay, record keeping and child labor standards. On May 25, 2007, FLSA was amended to increase the Federal minimum wage in three steps: to \$5.85 per hour effective July 24, 2007; to \$6.55 per hour effective July 24, 2008; and to **\$7.25 per hour** effective July 24, 2009.
- √ Today, there are approximately **16,000** DOL employees nationwide. DOL employees work at the national office and offices in the following regions: Boston, New York, Philadelphia, Atlanta, Chicago, Kansas City, Dallas, Denver, San Francisco, and Seattle.

Questions or comments about this report should be directed to:
Center for Program Planning and Results, U.S. Department of Labor
200 Constitution Avenue, NW, Room S-3317, Washington, DC 20210, Phone: 202-693-7120

Secretary's Message

February 1, 2008

I am pleased to submit *Highlights 2007*- a summary of the *Fiscal Year 2007 Performance and Accountability Report (PAR)*. The strategies and priorities of the Department have served us well in protecting and advancing the American workforce. In doing so, I am proud that the Department achieved its eleventh consecutive clean audit opinion on DOL's annual financial statements.

The *Highlights* document presents, for the first time, DOL's program and financial performance in a shorter and more accessible format, covering 13 key performance goals that fairly represent DOL's FY 2007 performance. Key performance goals were selected from a total of 25 according to the budgetary size of the programs, outcome orientation of the measures and departmental priorities. The full report can be downloaded at <http://www.dol.gov/sec/media/reports/annual2007/2007annualreport.pdf>.



The basis for program performance is centered around four strategic goals:

- *A Prepared Workforce* – to provide training and services to new and incumbent workers and to supply quality information on the economy and labor market;
- *A Competitive Workforce* – to enhance the effectiveness and efficiency of the workforce development and regulatory systems that assist workers and employers in meeting the challenges of worldwide competition;
- *Safe and Secure Workplaces* – to ensure that workplaces are safe, healthful, and fair; protect workers' rights to wages due them; protect workers' equal opportunity rights; and protect veterans' employment and re-employment rights;
- *Strengthened Economic Protections* – to protect and strengthen economic security; ensure union transparency; and secure pension and health benefits.

Each year the Department strives to establish ambitious and challenging goals and targets. For FY 2007, DOL's overall performance was *Achieved or Substantially Achieved* in 64 percent of its 25 performance goals. Performance in support of Strategic Goals 3 and 4 was particularly strong, reaching or improving upon 80 percent and 92 percent of the targets, respectively. The primary opportunity for improvement is in establishing *A Competitive Workforce* (Strategic Goal 2), in which 68 percent of the targets were reached or improved upon.

The program performance data presented in this report and in the PAR are complete and reliable, with no material inadequacies as defined in OMB Circular A-11 – with one exception. Performance Goal 06-2D (Community-Based Job Training Grants) data are considered inadequate for the purpose of determining goal achievement. Accordingly, it was omitted from the PAR. Detailed information on DOL's data quality efforts can be found on pages 60-63 of the PAR at <http://www.dol.gov/sec/media/reports/annual2007/SG-intro.pdf>.

Moving forward, DOL is creating a workforce investment system that places workers first as the Department overhauls employment and training programs, proposes strategies to spur regional economic development, and gives workers more control in reaching their career goals. Programs that protect workers' health, safety, benefits, pay, and union member rights continue to achieve results. The Mine Improvement and New Emergency Response Act of 2006, the most significant mine safety legislation in nearly 30 years, provides new tools to better ensure miner safety.

All this could not have been achieved without DOL's dedicated employees who respond with new and innovative ways to evolving employment and training needs, worker protections, and retirement security as the Department moves further into the 21st century.

A handwritten signature in black ink that reads 'Elaine L. Chao'.

Elaine L. Chao
Secretary of Labor

Introduction

The Mission

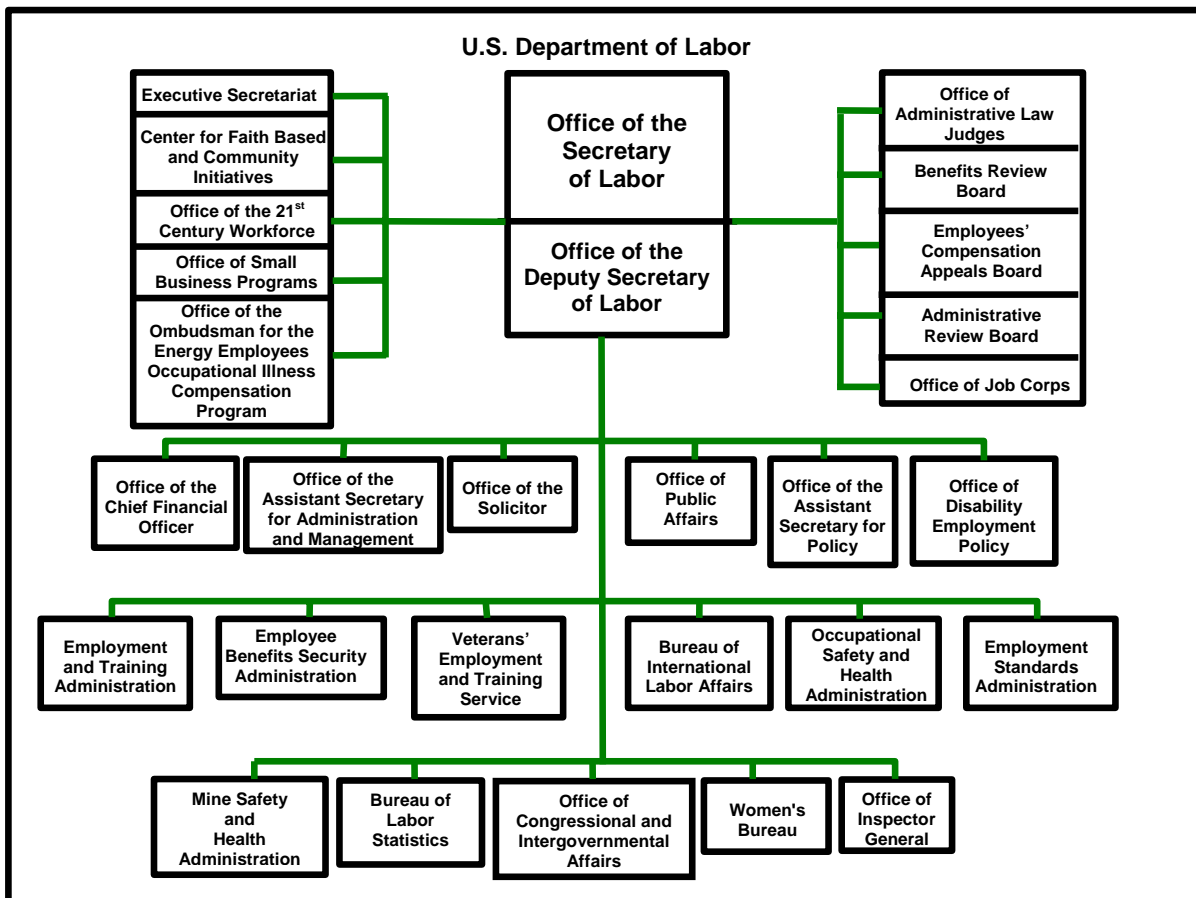
The Department of Labor fosters and promotes the welfare of the job seekers, wage earners, and retirees of the United States by improving their working conditions, advancing their opportunities for profitable employment, protecting their retirement and health care benefits, helping employers find workers, strengthening collective bargaining, and tracking changes in employment, prices, and other national economic measurements.

The Vision

We promote the economic well-being of workers and their families; help them share in the American dream through rising wages, increased pension and health benefits security and expanded economic opportunities; and foster safe and healthful workplaces that are free from discrimination.

Organization and Program Activities

The Department of Labor accomplishes its mission through component agencies and offices that administer various statutes and programs. These programs are carried out via a network of offices and through grantees and contractors. The largest program agencies, each headed by an Assistant Secretary, Commissioner, or Director, are the Employment and Training Administration (ETA), Employment Standards Administration (ESA), Occupational Safety and Health Administration (OSHA), Mine Safety and Health Administration (MSHA), Veterans' Employment and Training Service (VETS), Employee Benefits Security Administration (EBSA), Pension Benefit Guaranty Corporation (PBGC),¹ and the Bureau of Labor Statistics (BLS).



¹PBGC – a Federal corporation created by the Employee Retirement Income Security Act of 1974 – is not included in the DOL organization chart. However, PBGC's performance is included in the Annual Performance Report because PBGC's performance goals are included in the Department's performance budget.

Employment and Training		
Employment and Training Administration (ETA)	Provides job training and education, employment, labor market information, and income maintenance services.	
Veterans' Employment and Training Service (VETS)	Helps veterans, reservists, and National Guard members to secure and to maintain employment and employment rights.	
Office of Job Corps (OJC)	Provides job training and education to disadvantaged youth ages 16 through 24.	
Women's Bureau (WB)	Promotes profitable employment opportunities for women.	
Office of Disability Employment Policy (ODEP)	Increases employment opportunities for people with disabilities.	
Unemployment Insurance		
Unemployment Insurance (UI)	ETA administers programs that provide unemployment benefits to eligible workers.	
Workers' Compensation		
Office of Workers' Compensation Program (OWCP)	Provides wage replacement and other benefits to Federal and certain other workers injured at work or who acquire an occupational disease.	
Workplace Safety and Health		
Occupational Safety and Health Administration (OSHA)	Promotes safe and healthful working conditions for America's workers by enforcing compliance with the Occupational Safety and Health Act.	
Mine Safety and Health Administration (MSHA)	Promotes the safety and health of the Nation's 350,000 miners by enforcing compliance with Federal mine safety and health laws.	
Employment Standards Administration (ESA)	Advances and protects the welfare and rights of, and generates equal employment opportunity for, American workers.	
Health Plan and Retirement Benefit Protections		
Employee Benefits Security Administration (EBSA)	Responsible for administering and enforcing provisions of the Employee Retirement Income Security Act (ERISA).	
Pension Benefit Guaranty Corporation (PBGC)	Protects retirement-plan participants' pension benefits and supports a healthy retirement plan system.	
Labor Statistics		
Bureau of Labor Statistics (BLS)	Provides economic and employment statistics, including data on employment, wages, inflation, productivity, and many other relevant topics.	
International Policy		
Bureau of International Labor Affairs (ILAB)	Develops policy and programs relating to international labor activities.	

DOL Works for YOU – 2007 Performance Highlights

For American Workers

- ✓ The fatality rate decreased from 1.75 to 1.58 per 100,000 workers in sectors covered by OSHA.
- ✓ Workers receiving trade adjustment assistance entered employment at or above a rate of 70 percent for the third straight year, but their job retention rates slipped a bit over the same period.

For Veterans

- ✓ Entered employment and employment retention rates went down slightly for all veterans, disabled veterans and homeless veterans participating in DOL's reintegration program.
- ✓ Total claims and employer violations under the Uniformed Services Employment and Reemployment Rights Act (USERRA) decreased by four percent and eight percent, respectively, suggesting that fewer veterans faced unlawful barriers when returning to work after active duty.
- ✓ Meritless USERRA claims decreased by 14 percent, which indicates veterans are better understanding their rights.

The *Key to Career Success* campaign connects veterans and separating military service members to the assistance and resources available to them from One-Stop Career Centers nationwide. In November 2006, DOL launched a Military Transition Portal available at www.careeronestop.org/militarytransition. The portal provides concise career information and links to services that help veterans and military service members successfully transition to civilian careers in high growth industries.

Photo credit: Neshan Naltchayan



For the Injured or Ill Worker

- ✓ The backlog of claims from workers in the nuclear weapons industry, formerly handled by the Department of Energy, was eliminated, and associated benefits paid totaled nearly \$500 million.

For the Unemployed

- ✓ The reemployment rate for unemployment insurance claimants increased by nearly three percent, from 62.4 percent in FY 2006 to 65.1 percent in FY 2007.
- ✓ DOL did not meet its target to increase the percentage of estimated unemployment insurance overpayments that States can establish for recovery. The agency is working with States to register all new hires and to train case workers in determining eligibility.

For Apprentices Workers

- ✓ Over 80 percent of workers in apprenticeship programs remained employed for at least nine months.
- ✓ Apprenticeship program participants' average hourly wages increased by \$1.50 within the first year of employment.

For Youth

- ✓ The Job Corps program improved basic reading and math skills for nearly 60 percent of its students, but placement and credentials outcomes dropped.
- ✓ Approximately 60 percent of WIA Youth program participants entered employment, post-secondary education, or advanced training after exiting the program, and over 40 percent earned credentials within a year after exit. These programs focus on out-of-school youth who may require specialized assistance to complete educational programs or secure jobs.

For Employees of Federal Contractors

- ✓ The discrimination rate among audited Federal contractors dropped to one percent from 1.7 percent in FY 2006.

- ✓ Federal contractors maintained a compliance rate above 85 percent for the fourth consecutive year, which means most audited contractors have affirmative action plans and comply with equal employment opportunity laws.

For Miners

- ✓ The mine injury and illness rate dropped for the fourth consecutive year.
- ✓ The mine fatal injury rate dropped from .022 to an estimated .0142 (both per 200,000 hours worked).
- ✓ The percent of respirable coal dust samples exceeding standards for designated occupations did not meet the target, and increased from 11.3 percent to 13.6 percent.

MSHA created a Mine Simulation Laboratory at the National Mine Academy in Beckley, WV to simulate real events and emergencies during miner training programs. This 48,000 square foot facility has a simulated coal mine on the lower level and a simulated metal/nonmetal mine on the second floor level. The simulated metal/nonmetal mine contains passageways, tunnels, stairways, and ladders to simulate different situations faced by mine rescue teams. Students receive “hands on” experience in simulated exercises in mine ventilation, accident investigation, mine inspection, mine rescue and recovery, and mine emergency operations management. The training facility is unique and recognized internationally for practical training in mine safety and health.

Photo credit: DOL/MSHA



For Workers with Pensions

- ✓ Sixty-nine percent of the closed Employee Retirement Income Security Act (ERISA) civil cases resulted in corrected fiduciary violations.
- ✓ Over 20,000 employers corrected fiduciary violations or applied for the Delinquent Filer Voluntary Compliance Program to come into compliance with ERISA requirements.

For Union Workers

- ✓ Democratic election procedures were maintained at a high level (92 percent).
- ✓ DOL failed to meet its targeted goal of 97 percent of union financial reports meeting standards of acceptability. The agency is working to expand electronic submission of union reporting to provide more timely public disclosure of reports and to improve the number of reports meeting reporting standards.

Cost of Strategic Goals: A Brief Overview

Net Cost by Strategic Goal	Total net cost (millions)	Key goals net cost (millions)
1 – A Prepared Workforce	\$3,103	\$2,023
2 – A Competitive Workforce	5,027	3,122
3 – Safe and Secure Workplaces	1,237	1,124
4 – Strengthened Economic Protections	38,495 ²	38,495
Not assigned to goals	10	-----
Total	\$47,872	\$44,764
Adjustment - Program Year (PY) to Fiscal Year (FY)	\$419	
FY 2007 net cost per Consolidated Statements	\$48,291	

Highlights 2007 features key goals from each of the four Strategic Goals of the Department. This chart illustrates the total net cost of each of the Strategic Goals and the total net cost of the key goals featured in each section. In the following Performance Section, *Highlights 2007* profiles each Strategic Goal and includes a pie chart of the net cost by key goal at the end of each section.

For a more complete discussion of DOL Program Net Costs, please refer to the *FY 2007 Performance and Accountability Report* or visit:

http://www.dol.gov/_sec/media/reports/annual2007/MDA2.htm.

²Includes unemployment benefit payments to individuals who are laid off or out of work and seeking employment (\$32.051 billion) plus disability benefit payments to individuals who suffered injury or illness on the job (\$3.050 billion) for a total of \$35.101 billion).

Strategic Goal 1: A Prepared Workforce

Develop a prepared workforce by providing effective training and support services to new and incumbent workers and supplying high-quality information on the economy and labor market.

America's prosperity depends, in part, on a steady stream of workers that possess skills required by today's employers. The Department must ensure that employers tap every available labor pool, including job seekers with disabilities, veterans, and disadvantaged youth. DOL agencies and offices supporting this goal are:

- Bureau of Labor Statistics
- Office of Job Corps
- Employment and Training Administration
- Veterans' Employment and Training Service
- Women's Bureau
- Center for Faith-Based and Community Initiatives

In January 2007, over 500 Job Corps students from 26 centers traveled to Lafayette, LA to build 11 homes for victims of hurricanes that devastated the Gulf Coast region in 2005. The Blitz Build project, a partnership of Habitat for Humanity, Major League Baseball, and the Dallas Region of Job Corps, gave students leadership and technical skills training in a real-world setting. Students from construction trades including plumbing, electricity, and building maintenance received valuable hands-on experience while logging more than 20,000 hours of community service. Photo credit: Meghan Umphres



A prepared workforce has the skills and the education that employers demand. Education – from literacy to vocational training – prepares workers for life-long employment. DOL focuses on helping individuals who face exceptional barriers to successful employment, such as low-income youth and homeless veterans, by providing specific occupational training that takes into account trainees' special circumstances. DOL also produces labor statistics that individuals and businesses use to better understand the job market and the economy. In FY 2007, DOL delivered timely and accurate labor statistics, increased literacy skills and educational attainment for youth, connected individuals with better jobs through apprenticeship programs, and placed homeless veterans in jobs. The brief narratives and tables in this section describe key performance goals under this strategic goal and provide their performance data. For more information on all performance goals in Strategic Goal 1, please see the Performance and Accountability Report at <http://www.dol.gov/sec/media/reports/annual2007/SG1.pdf>.

DOL Goal 07-1A (Bureau of Labor Statistics): *Timely, Accurate, and Relevant Economic Information*

BLS evaluates new economic and statistical methodologies; technologies; and survey design, collection, and dissemination approaches. Keeping abreast of improvements and using them to deliver data in a more timely and useful manner, while still maintaining cost effectiveness, are essential ingredients to meeting DOL goals and providing the quality of service BLS customers expect.

Bureau of Labor Statistics Performance Indicators	FY 2005 Goal Substantially Achieved		FY 2006 Goal Not Achieved		FY 2007 Goal Achieved	
	Target	Result	Target	Result	Target	Result
• Percent of output, timeliness, accuracy, and long-term improvement targets achieved for:						
• labor force statistics			85%	79%	80%	92%
• prices and living conditions			85%	94%	90%	90%
• compensation and working conditions			85%	77%	86%	96%
• productivity and technology			85%	100%	86%	100%
• Cost per transaction for Internet Data Collection Facility	\$3.32	\$2.44	\$2.58	\$1.82	\$1.79	\$1.12
• Customer satisfaction with BLS products and services	75%	74%	75%	79%	79%	79%

DOL Goal 06-1B³ (Job Corps): Increase Placements and Educational Attainments of Youth

Job Corps is an intensive educational and vocational training program (primarily residential) for economically disadvantaged youth ages 16 through 24 who often face multiple barriers to gainful employment. This program provides career counseling, technical skills and academic training, social education, and other support services, such as housing and transportation. Job Corps serves more than 60,000 individuals at 126 centers – including four satellite centers – nationwide. Placement and credential attainment outcomes fell for the second year in a row. Job Corps attributes these results to changes in data collection methods and instances of misreporting. Job Corps has implemented more stringent documentation requirements and a New Vision that includes strengthening placement services and post-center support and establishing a comprehensive admissions process to ensure students are ready and committed to the program.

Job Corps Performance Indicators	PY 2004 Goal Not Achieved		PY 2005 Goal Not Achieved		PY 2006 Goal Not Achieved	
	Target	Result	Target	Result	Target	Result
• Percent of participants entering employment or enrolling in post-secondary education or advanced training/occupational skills training ⁴⁵	85%	84%	85%	80%	87%	74%
• Percent of students who attain a general equivalency or high school diploma or a certificate after leaving the program	64%	64%	64%	60%	65%	57%
• Percent of students who will achieve literacy or numeracy gains of one Adult Basic Education level (approximately equivalent to two grade levels)	45%	47%	45%	58%	58%	58%

DOL Goal 06-1E (Veterans' Employment Programs): Help Veterans Get and Keep Jobs

Jobs for Veterans State grants support nationwide delivery of employment services to veterans and transitioning service members by disabled veterans' outreach specialists and local employment representatives stationed at One-Stop Career Centers. The Homeless Veterans' Reintegration Program (HVRP) is a competitive grant program emphasizing stable employment as the critical factor in mitigating homelessness among veterans. Program participants are served by community-based grantees that utilize a network of service providers funded by other Federal agencies to provide pre-employment services, and rely on the veterans' specialists to help them find employment once they are job-ready. For all veterans served by One-Stop Career Centers and for disabled veterans, retention rate targets were not reached and results were two percentage points lower than in PY 2005. This is partly attributable to a disruption in interstate sharing of data. For HVRP participants, the employment rate target was not reached; an increase in new grantees may have contributed to the decline. To improve employment and retention outcomes, VETS will redouble its efforts to facilitate coordination among grantees.

Veterans' Employment Programs Performance Indicators	PY 2003 Goal Achieved		PY 2004 Goal Achieved		PY 2005 Goal Achieved		PY 2006 Goal Not Achieved	
	Target	Result	Target	Result	Target	Result	Target	Result
• Entered employment rate ⁶ for all veterans	58%	58%	58%	60%	59%	62%	60%	60%
• Employment retention rate for all veterans	72%	79%	80%	81%	81%	81%	81%	79%
• Entered employment rate for disabled veterans	–	–	54%	56%	55%	57%	55%	55%

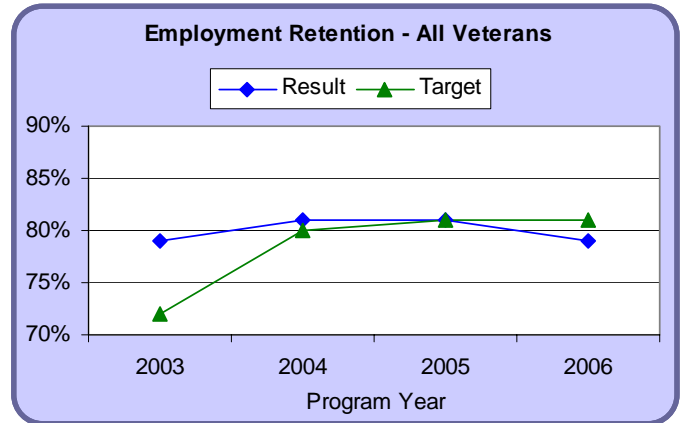
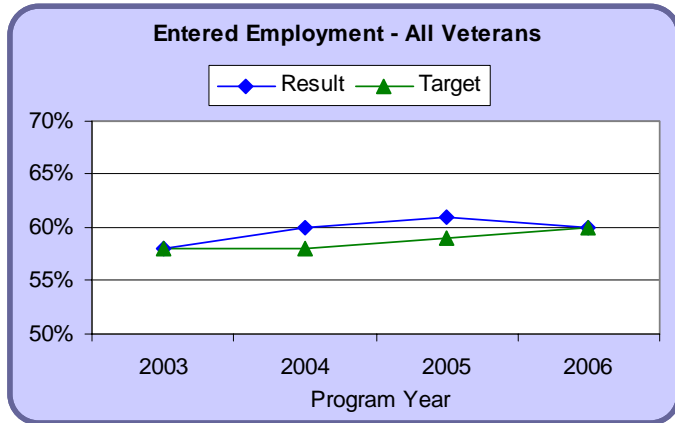
³Goals with labels that begin with "06" operate on a Program Year (PY) basis, and are reporting on the period from July 1, 2006 to June 30, 2007 due to the forward-funding authorized in the Workforce Investment Act of 1998.

⁴The first indicator (employment) is measured in the first quarter after exit. The second indicator (retention) is measured at the end of the third quarter after exit.

⁵This result only includes data on former enrollees and graduates (as reported in PY 2005). Limitations in the Wage Record Interchange System data sharing system capabilities have caused problems in Job Corps' ability to report on all participants.

⁶Entered employment rate is the percent of participants employed in the first quarter after exit; employment retention rate is the percent of participants employed in the first quarter after exit still employed in the second and third quarters after exit.

Veterans' Employment Programs Performance Indicators	PY 2003 Goal Achieved		PY 2004 Goal Achieved		PY 2005 Goal Achieved		PY 2006 Goal Not Achieved	
	Target	Result	Target	Result	Target	Result	Target	Result
• Employment retention rate for disabled veterans	-	-	78%	79%	79%	80%	79%	78%
• Entered employment rate for homeless veterans participating in the HVRP	54.5%	61%	60%	65%	61%	68%	68%	65%
• Six month employment retention rate for HVRP participants	-	-	Baseline	58%	58%	67%	58.5%	64%



Career Prescriptions for Success (CAPS) apprenticeship program addresses projected shortfalls of pharmacy technicians and pharmacists through a strategy of building community interest in pharmaceutical jobs, targeting areas with high unemployment, apprenticeships, and career advancement academic and training programs. Teresa learned of the CVS CAPS program through Goodwill Industries, a faith-based and community partner. The mother of two young sons, Teresa was looking for a challenging job in a new field with advancement opportunities. She joined CVS in August 2006. Since then, she has excelled as a Pharmacy Service Associate and is now training to become an Assistant Manager. Photo credit: Darnell Jones

To learn more about DOL's efforts to forge a Prepared Workforce, please visit:

- <http://www.bls.gov/>, <http://jobcorps.dol.gov/>,
- <http://www.doleta.gov/>, <http://www.dol.gov/wb>



Strategic Goal 2: A Competitive Workforce

Meet the competitive labor demands of the worldwide economy by enhancing the effectiveness and efficiency of the workforce development and regulatory systems that assist workers and employers in meeting the challenges of global competition.

The nation's future economic success depends on the development of a workforce that meets employers' needs for new and skilled workers. Through partnerships with State and local workforce agencies, business and industry, education and training providers, faith-based and community organizations, and economic development agencies, DOL makes strategic investments in job training and increases the accessibility and quality of information that helps match workers with employers. DOL agencies and offices supporting this goal are:

- Employment and Training Administration
- Office of Disability Employment Policy
- Office of the Assistant Secretary for Policy
- Bureau of International Labor Affairs

To support expansion of Whirlpool manufacturing operations in Ohio, the Governor's office committed \$1.2 million in customized workforce services. As operator of the local One-Stop Career Center, Marion Connections was charged with securing a workforce to support Whirlpool's implementation of a weekend production operation that would create 500 jobs within 90 days. This challenge involved recruiting, application screening, testing, interviewing and referring for hire. Marion Connections greatly exceeded Whirlpool's expectations. Due to the success of this initial partnership, Whirlpool (the county's largest employer) designated Marion Connections as its exclusive portal to employment. To date, over 3,000 interviews have been conducted and over 1,500 job seekers have been hired. Photo credit: DOL/ETA



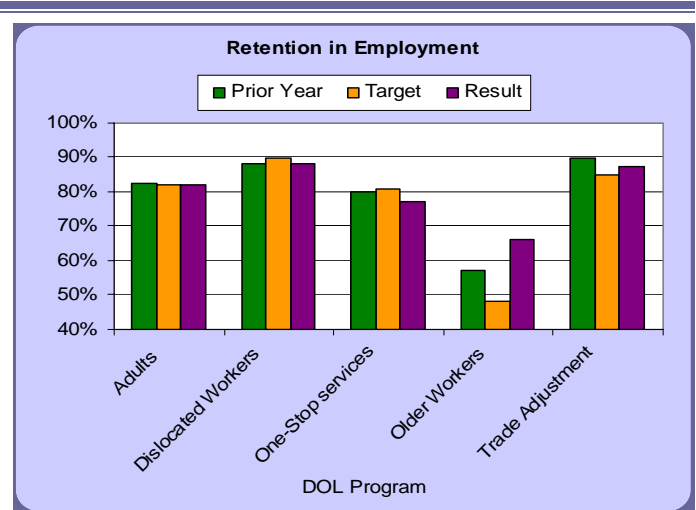
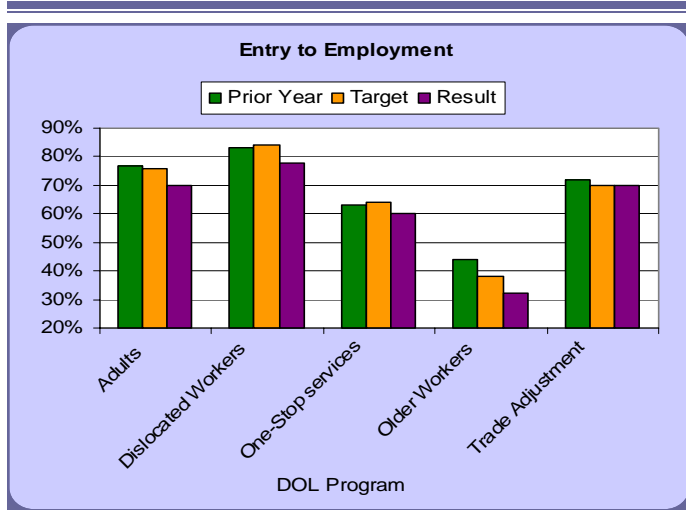
Fostering a competitive workforce means providing training that meets the rapidly evolving workforce needs of employers. By connecting workers with those needs, DOL can more effectively place workers in better paying, long-term jobs. DOL supports training efforts that tie directly into local economies – where jobs are located. To achieve this goal, DOL relies on a mix of programs that deliver training focused on the skills employers need to succeed. DOL tailors its programs to specific situations and workers – workers whose skills are no longer in demand, individuals with disabilities, and veterans. DOL measures its success by the numbers of individuals who find and remain in those jobs. In FY 2007, DOL helped more workers find jobs and improved foreign worker application processing for employers.

These results are realized by meeting the needs of one worker and one employer at a time. The brief narratives and tables in this section describe key performance goals under this strategic goal and provide their performance data. All three key goals in this section operate on a Program Year basis and report on July 1 to June 30 periods due to the forward-funding authorized in the Workforce Investment Act (WIA) of 1998. For more information on all performance goals in Strategic Goal 2, please see the Performance and Accountability Report at <http://www.dol.gov/sec/media/reports/annual2007/SG2.pdf>.

Many of the goals in Strategic Goal 2 are for employment and training programs whose results are measured by the percent of participants who obtain a job and by the percent of participants who remain employed.⁷ The charts below illustrate the programs' current and previous years' results. Significant differences in results between programs are generally explained by differences in types of services offered and populations served.

⁷More precisely, the entered employment rate is the percent of participants employed in the first quarter after exit. The employment retention rate is the percent of participants employed in the first quarter after exit who are still employed in the second and third quarters after exit.

Program Performance Overview



DOL Goal 06-2A (WIA Adult): Increase Employment, Retention and Earnings for Qualified Adults

The Workforce Investment Act (WIA) Adult Program helps workers (unemployed and employed) acquire the skills they need to compete in a global economy. Funds are provided by formula to States, which operate statewide networks of One-Stop Career Centers to provide comprehensive services such as skills assessments, individual career planning, occupational skills training, on-the-job training, skills upgrading, entrepreneurial training, and adult literacy activities. DOL reached two of the program's three performance indicator targets. The exception was the entered employment rate, which fell six percentage points below the target – a result that was not entirely surprising because integration strategies include co-enrollment with Wagner-Peyser Act employment services, a program with traditionally lower measured outcomes. DOL will improve its services by strengthening strategic partnerships and by encouraging its grantees to leverage resources.

WIA Adult Performance Indicators	PY 2003 Goal Achieved		PY 2004 Goal Achieved		PY 2005 Goal Achieved		PY 2006 Goal Not Achieved	
	Target	Result	Target	Result	Target	Result	Target	Result
• Entered employment rate for Adult program participants	71%	74%	75%	77%	76%	77%	76%	70%
• Employment retention rate for Adult program participants	82%	85%	85%	86%	81%	83%	82%	82%
• Average earnings in the second and third quarters after exit	–	–	–	–	–	–	\$11,000	\$11,870

DOL Goal 06-2B (WIA Dislocated Worker): Assist Dislocated Workers

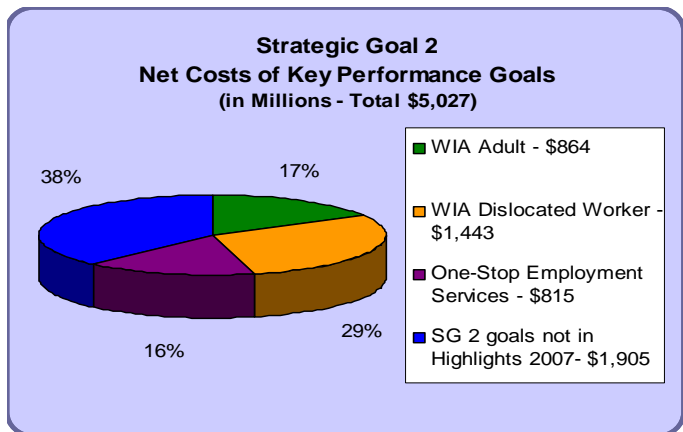
This program aims to quickly reemploy laid-off workers and to enhance their employability and earnings by increasing their occupational skills. DOL allocates 80 percent of funds by formula to the States. The Secretary of Labor may use the remaining funds for discretionary activities specified in WIA, including assistance to localities that suffer plant closings, job losses due to natural disasters, and military base realignment and closures. Services include occupational skills training, on-the-job training, skills upgrading, entrepreneurial training, job readiness training, adult literacy activities, and customized training for employers who commit to hiring. The entered employment rate missed the target by six percentage points and the employment retention rate missed the target by two percentage points. The drop in the entered employment rate reflects the impact of co-enrollment strategies (simultaneous participation in multiple employment and training programs) on measured performance. DOL is developing strategies for a regional approach to workforce development to maximize results.

WIA Dislocated Worker Performance Indicators	PY 2003 Goal Not Achieved		PY 2004 Goal Not Achieved		PY 2005 Goal Not Achieved		PY 2006 Goal Not Achieved	
	Target	Result	Target	Result	Target	Result	Target	Result
• Entered employment rate for Dislocated Worker program participants	78%	82%	82%	84%	83%	83%	84%	78%
• Employment retention rate for Dislocated Worker program participants	88%	90%	91%	91%	89%	88%	90%	88%
• Average earnings in the second and third quarters after exit	-	-	-	-	-	-	\$13,800	\$14,265

DOL Goal 06-2C (One-Stop Employment Services): Improve Employment Outcomes for One-Stop System Users
 The Wagner-Peyser Act-funded Employment Service, through a network of over 3,500 One-Stop Career Centers, delivers core employment and workforce information services to roughly 13 million workers and employers annually. Core services include job matching, referral, assessments, and a wide array of workforce and labor market information and career guidance products and tools. The entered employment rate and employment retention rate were both four percentage points below targets and three percentage points below PY 2005 performance. Since, unlike the WIA programs, the Employment Service does not provide training services, results are driven by national employment and hiring trends. To improve performance, DOL will work with employers to identify their workforce needs and improve the workforce investment system’s communication with industry.

One-Stop Employment Services Performance Indicators	PY 2003 Goal Achieved		PY 2004 Goal Not Achieved		PY 2005 Goal Achieved		PY 2006 Goal Not Achieved	
	Target	Result	Target	Result	Target	Result	Target	Result
• Entered employment rate for Employment Service program participants	58%	61%	58%	64%	61%	63%	64%	60%
• Employment retention rate for Employment Service program participants	72%	80%	72%	81%	78%	80%	81%	77%
• Average earnings in the second and third quarters after exit	-	-	-	-	-	-	\$10,500	\$11,749

Samson thought he knew everything about cars since his father owned an auto repair shop in his native Ethiopia. But when he entered the General Service Technician (GST) program at Shoreline Community College, Samson realized how challenging modern car repair had become. The program, funded through the High Growth Job Training Initiative, provides industry-certified automotive technician training. Samson graduated in 2006 and is now working full-time in pursuit of National Institute for Automotive Service Excellence certification. He says, “I’m on my way to achieving my dream.” Photo credit: Mark Cutshall



To learn more about DOL's contributions to a Competitive Workforce, please visit:

- <http://www.doleta.gov/>, <http://www.dol.gov/ilab/>,
- <http://www.dol.gov/asp/welcome.html>,
- <http://www.dol.gov/odep/>

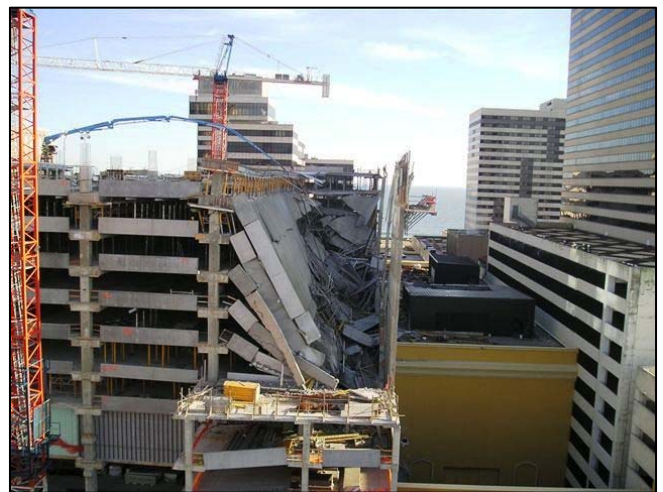
Strategic Goal 3: Safe and Secure Workplaces

Promote workplaces that are safe, healthful and fair; guarantee workers receive the wages due them; foster equal opportunity in employment; and protect veterans' employment and re-employment rights.

All workers are entitled to safe, healthful, and fair workplaces – and several DOL agencies have this as their primary mission. The Department is achieving this goal by promoting practices that minimize safety and health hazards and provide equal opportunities for workers. Rapid technological advances and dynamic workplace environments change the nature of work, leading to new challenges for our safety and health mission. DOL promotes equal employment opportunity by enforcing regulations for Federal contracting practices and the reemployment rights of veterans. Agencies with programs supporting this goal are:

- Occupational Safety and Health Administration
- Mine Safety and Health Administration
- Employment Standards Administration
- Veterans' Employment and Training Service

On October 30, 2003, new construction on the Tropicana Casino in Atlantic City, NJ collapsed. In the Department's ensuing lawsuit against the employer, DOL successfully argued that a contractor may not rely on poorly drafted building plans if the contractor has reason to know the plans are erroneous. By clarifying this important area of the law, the Department continued its mission of vigorously enforcing the nation's labor laws and supporting a safe and secure workplace for every worker. Photo credit: DOL/SOL



Collectively, these agencies provide a critical service to the American worker by ensuring employers comply with major employment laws. These laws represent some of the most fundamental protections for workers – making sure workplaces are safe, healthful, and fair. The agencies rely on a broad range of expertise – from front-line investigators to the strategic decision-makers – to administer these laws and to educate employers and the public. The performance goals and targets for this strategic goal focus on the effectiveness of these enforcement efforts and compliance programs. In FY 2007, DOL positively impacted the workplace by reducing injury and illness rates, improving working conditions, and by maintaining low rates of employment rights violations. The brief narratives and tables in this section describe key performance goals under this strategic goal and provide their performance data. For more information on all performance goals in Strategic Goal 3, please see the Performance and Accountability Report at <http://www.dol.gov/sec/media/reports/annual2007/SG3.pdf>.

DOL Goal 07-3A (Occupational Safety and Health): Reduce Workplace Injuries and Illnesses

OSHA promotes employee safety and health by working with employers and employees to create safer working environments. Outreach, education, and compliance assistance complement enforcement and enable OSHA to play a vital role in preventing on-the-job injuries, illnesses and fatalities. The majority of working Americans fall under the jurisdiction of Federal or State OSHA plans, with the exception of miners, transportation workers, some public employees, and the self-employed. OSHA helps to reduce on-the-job deaths and injuries by targeted interventions in the most hazardous workplaces. In past years, OSHA used two different measurements, now retired, to evaluate their achievement of the goal⁸. For more information on OSHA's past goals and indicators, please see DOL's FY 2006 Annual Performance and Accountability Report at: <http://www.dol.gov/sec/media/reports/annual2006/SG3.htm>.

⁸Days away from work case rate per 100 workers (DAFW)" and "Workplace fatalities per 100,000 workers for sectors covered by the OSH Act (based on a three year rolling average)." The DAFW rate for FY 2006 was 1.3 and 1.4 for FY 2005. The rolling three year averages for the workplace fatalities rate was 1.65 in FY 2006 and 1.61 in FY 2005.

Occupational Safety and Health Performance Indicators *Result estimated	FY 2007 Goal Achieved	
	Target	Result
• Days away from work, job restriction and job transfer (DART) per 100 workers	2.3	2.3*
• Workplace fatalities per 100,000 workers (for sectors covered by Occupational Safety and Health Act)	1.73	1.58

DOL Goal 07-3B (Mine Safety and Health): Reduce Mine Fatalities and Injuries

MSHA enforces compliance with safety and health standards and requirements of the Federal Mine Safety and Health Act (Mine Act) of 1977 and the Mine Improvement and New Emergency Response (MINER) Act of 2006. MSHA seeks to prevent mining industry fatalities and to reduce occupational illness and injury through mandated inspections at active underground and surface mines, enforcement, and by proactive compliance assistance and partnering with the mining community. The fatality rate indicator target was reached, while the all-injury incidence rate dropped for the fourth consecutive year but did not reach the target. The coal dust exposure target was not reached, but the three targets for silica dust and noise were reached. Attainment of the coal dust exposure target was complicated by increased coal production, which is correlated with new mining entities that lack adequate dust control and more difficult mining processes that generate dust at a higher rate. To prevent overexposures, MSHA continues its targeted enforcement and compliance assistance efforts at problem mines.

Mine Safety and Health Performance Indicators	FY 2004 Goal Substantially Achieved		FY 2005 Goal Not Achieved		FY 2006 Goal Not Achieved		FY 2007 Goal Substantially Achieved	
	Target	Result	Target	Result	Target	Result	Target	Result
• Mine industry fatal injury incidence rate (per 200,000 hours worked)	.022	.017	.022	.018	.021	.022	.0201	.0195
• Mine industry all-injury incidence rate (per 200,000 hours worked)	3.85	4.07	3.48	3.90	3.13	3.69	2.82	3.48
• Percent of respirable coal dust samples exceeding standards	11.1%	10.2%	10.1%	10.8%	9.5%	11.3%	9.0%	12.2%
• Percent of MNM ⁹ silica dust samples with less than half of the exposure limit	–	–	–	–	–	–	75.5%	31.8%
• Percent of MNM noise samples with less than half of the exposure limit	–	–	–	–	–	–	71.3%	65.5%
• Percent of noise exposures above the citation level in coal mines	–	–	–	–	–	–	4.8%	3.7%

DOL Goal 07-3C (Wage and Hour): Protect Workers' Wages

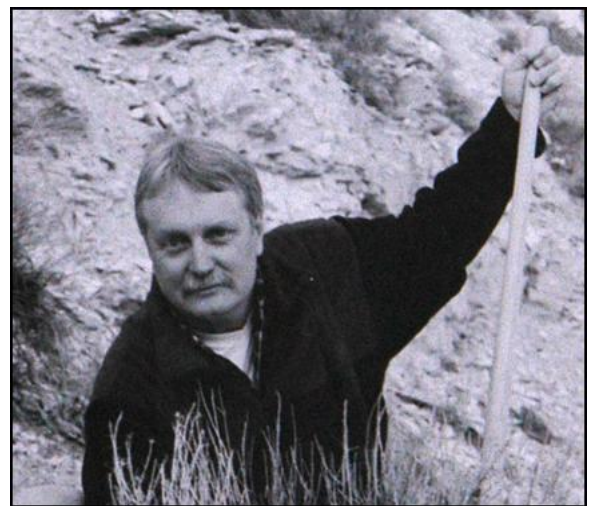
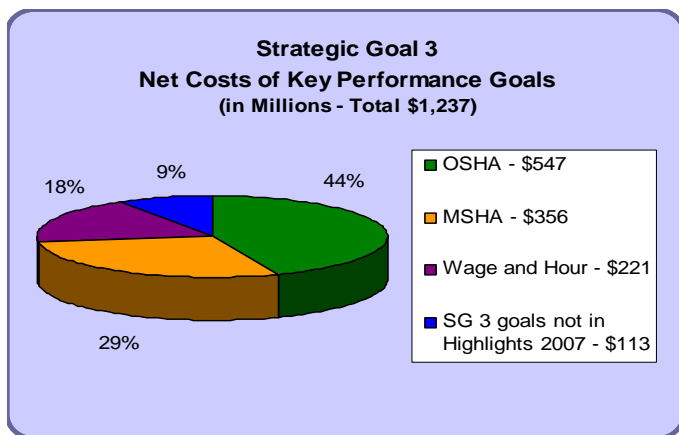
Through ESA's Wage and Hour Division (WHD), DOL enforces laws establishing minimum standards for wages and working conditions that include the minimum wage, overtime, and youth employment provisions of the Fair Labor Standards Act, the Migrant and Seasonal Agricultural Worker Protection Act, the Family and Medical Leave Act, and the Davis-Bacon and Service Contract Acts. Objectives are to maximize benefits for workers through efficient complaint resolution, to promote compliance among investigated employers, to increase compliance on behalf of low-wage workers in industries with the most persistent and serious violations, and to ensure accurate and timely wage rate determinations. Strategies include compliance assistance, partnerships and collaborative efforts, and complaint-driven and directed enforcement. In FY 2007, a loss of experienced senior investigators, as well as industry changes that added to the complexity of investigations, contributed to performance shortfalls for reducing employer recidivism to 66 percent from 76 percent and decreasing the number of workers assisted per 1,000 hours. One promising trend is that the severity of recidivism violations decreased as evidenced by fewer affected employees and less back wages owed to workers.

⁹MNM = Metal and Non-metal mines

Wage and Hour Performance Indicators	FY 2004 Goal Achieved		FY 2005 Goal Achieved		FY 2006 Goal Achieved		FY 2007 Goal Not Achieved	
	Target	Result	Target	Result	Target	Result	Target	Result
• Complaint resolutions in workers covered per 1,000 enforcement hours	-	-	-	-	Baseline	293	296	271
• Percent of prior violators compliant following a full investigation	74%	71%	72%	72%	73%	76%	77%	66%
• Low wage workers assisted per 1,000 case hours	-	-	-	-	-	-	304	418
• Wage determination data submission forms processed per 1,000 hours	Baseline	1,491	1,506	1,667	1,491	1,834	1,852	2,636



In 2005, WHD's Southeast region began a concerted effort to reduce the number of farmworker fatalities and injuries. The State of Florida requires Farm Labor Contractors (FLCs) and employees who transport workers to pass a certification examination, so WHD and the State agreed to update the State study guide with safety information on 15-passenger vans. WHD provided this information to registered FLCs and conducted presentations on the Migrant and Seasonal Agricultural Worker Protection Act transportation safety requirements, including operation of buses, environmental factors affecting safe operation, driver impairment, and use of cell phones. Since 2004, reported annual agriculture-related transportation fatalities in Florida have declined from 13 to 4, and the number involving 15-passenger vans declined from 11 to 2.
Photo credit: DOL/ESA



Remembering Gary Jensen

On August 16, 2007, Gary L. Jensen, a Coal Mine Safety and Health Inspector from MSHA District 9, lost his life while working as a member of a mine rescue team trying to save six miners trapped underground at the Crandall Canyon Mine in Utah. In his tribute to Gary, MSHA District Manager Allyn Davis shared these sentiments: "Gary was one of our best and a member of our mine rescue team. He was the ultimate mining safety professional. He worked tirelessly in an attempt to ensure that the nation's coal miners could return home after work to their loved ones."
Photo credit: DOL/MSHA

To learn more about DOL's efforts to safe and secure workplaces, please visit:

<http://www.osha.gov/>, <http://www.msha.gov/>, <http://www.dol.gov/esa/whd/>, <http://www.dol.gov/vets/>

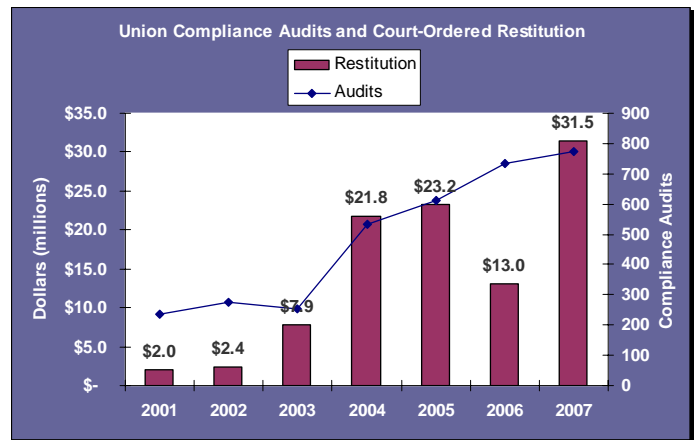
Strategic Goal 4: Strengthened Economic Protections

Protect and strengthen worker economic security through effective and efficient provision of unemployment insurance and workers' compensation; ensuring union transparency; and securing pension and health benefits.

DOL increases the economic security of America's working families by administering payment of temporary benefits for the unemployed, protecting Federal workers from the economic effects of work-related injuries and illness, ensuring transparency in labor union operations, protecting employee benefits plans against fraud, abuse and mismanagement, and insuring defined benefit pension plan payments. These operations are carried out by three DOL agencies and a government corporation whose board is chaired by the Secretary of Labor:

- Employment and Training Administration
- Employee Benefits Security Administration
- Employment Standards Administration
- Pension Benefit Guaranty Corporation

The Employment Standards Administration is responsible for administering provisions of the Labor-Management Reporting and Disclosure Act of 1959. The agency's criminal enforcement program includes investigations of embezzlement from labor organizations, extortionate picketing, deprivation of union members' rights by force or violence, and fraud in union officer elections. The agency's civil program collects and publicly discloses unions' annual financial reports, conducts compliance audits and seeks civil remedies for violations of officer election procedures. During 2007, DOL obtained a total of 97 indictments and 115 convictions, primarily involving union officers and employees who embezzled union funds resulting in court-ordered restitution back to the unions of more than \$31.5 million.



For these agencies, protecting America's workers means protecting their economic security. DOL provides benefits and enforces laws that provide a safety net for workers and ensure transparency among the unions that represent them. These agencies work to ensure that unemployed workers receive benefits; workers in special industries receive compensation when injured or ill; pension contributions and health benefits are secure; and unions deliver honest elections and financial records. In FY 2007, DOL provided resources for the unemployed, ensured that covered workers timely received their benefits, supplied superior customer service on pension plan issues, and increased the transparency of union reporting.

These results are realized by delivering excellent service and careful consideration to each worker's claim and situation. The brief narratives and tables in this section describe key performance goals under this strategic goal and provide their performance data. For more information on all performance goals in Strategic Goal 4, please see the Performance and Accountability Report at <http://www.dol.gov/sec/media/reports/annual2007/SG4.pdf>.

DOL Goal 07-4A (Unemployment Insurance): Pay Unemployment Insurance Claims Accurately and Promptly.

By temporarily replacing part of unemployed workers' lost wages, the Federal-State Unemployment Insurance (UI) system alleviates individual financial hardship due to unemployment and stabilizes the economy during economic downturns. The system's success depends on the timely payment of benefits, prevention or prompt detection of erroneous payments, timely establishment of new employers' tax accounts to ensure the reporting of workers' wages and payment of taxes to fund benefits, and promoting and facilitating workers' return to suitable work. States operate their own programs under their own laws, which must substantially comply with Federal law. DOL provides program leadership, allocates administrative funds, provides technical assistance, and exercises performance oversight to ensure that State partners meet Federal UI laws and regulations. Detection of overpayment performance fell five percentage points below target due to a 12 percent increase in estimated recoverable overpayments. An improved Benefit Accuracy Measurement System detected more overpayments while those established for recovery remained virtually unchanged. DOL will continue to reduce overpayments by promoting and facilitating States' access to reemployment data and training in adjudication of eligibility issues.

Unemployment Insurance Performance Indicators	FY 2004 Goal Not Achieved		FY 2005 Goal Not Achieved		FY 2006 Goal Not Achieved		FY 2007 Goal Not Achieved	
	Target	Result	Target	Result	Target	Result	Target	Result
• Percent of intrastate first payments made within 21 days	89.2%	80.7%	89.9%	89.3%	89.9%	87.5%	90.0%	88.2%
• Percent of the amount of established detectable/recoverable overpayments	59%	57.4%	59.5%	58.7%	59.5%	62%	60.0%	54.7%
• Percent of claimants reemployed in the quarter after receiving their first payment	-	-	-	-	Baseline	62.4%	65.0%	65.1%
• Percent of new employer liability determinations made	82.2%	80.2%	82.4%	82.4%	82.5%	83.6%	82.8%	84.7%

DOL Goal 07-4B (Workers' Compensation): Reduce the Consequences of Work-related Injuries.

ESA's Office of Workers' Compensation Programs protects workers, their dependents and survivors from the economic effects of work-related injuries and illnesses by providing wage replacement and cash benefits, medical treatment, vocational rehabilitation and other benefits through four major disability compensation programs. Activities emphasize adjudicating claims and paying benefits accurately and timely, efficiently mediating disputed claims, assisting with injury recovery and return to work, controlling costs, providing responsive informational and other assistance to customers, and assisting employers with regulatory compliance and program administration. This year, DOL did not reach the target for lost production days for the U.S. Postal Service (USPS). The number of USPS claims remained constant from the prior year while opportunities for reemployment to light duty in that agency decreased, particularly as more job functions were automated. As a result, DOL is examining strategies targeted to the USPS claimant population through its case management and vocational rehabilitation activities.

Workers' Compensation Performance Indicators	FY 2004 Goal Substantially Achieved		FY 2005 Goal Substantially Achieved		FY 2006 Goal Achieved		FY 2007 Goal Substantially Achieved	
	Target	Result	Target	Result	Target	Result	Target	Result
• Lost production days rate (per 100 employees) for USPS workers ¹⁰	146	147	148	135	146	142	129.8	135.2
• Lost production days rate (per 100 employees) for other government workers	55.4	61.9	61	56	60	52.2	49	46.3
• Savings resulting from Periodic Roll Management case evaluations (\$million)	\$18	\$24	\$17	\$23	\$13	\$16	\$8	\$17.1
• Rate of change in indexed cost per case below nationwide health care cost trend	+8.8%	+2.4%	+8.8%	+2.8%	+8.7%	+6.3%	+8.5%	+8.1%
• Targets for communications performance areas	3	4	3	3	4	4	4	4
• Longshore - average days to resolve disputed issues in contested cases	273	247	245	254	250	235	248	230
• Black Lung - average days to render a decision for benefits	-	-	-	-	-	-	247	224
• Energy - average days to process initial claims	-	-	-	-	-	-	Baseline	238
• Energy - percent of final decisions processed within 180 days (hearing cases) or 75 days (all other cases)	-	-	-	-	80%	89%	85%	86%
• Energy - percent of Part E claims backlog receiving initial decisions	-	-	-	-	75%	85%	100%	100%

¹⁰In FY 2006, the agency adjusted the methods of calculating Lost Production Days (Postal and non Postal) to more accurately account for intermittent periods of compensation. The effect of this change results in a lower and more accurate LPD figures.

DOL Goal 07-4C (Union Disclosure): Union Financial Integrity and Transparency.

ESA's Office of Labor-Management Standards (OLMS) ensures union transparency, financial integrity, and democracy by administering and enforcing the Labor-Management Reporting and Disclosure Act. The law requires public disclosure reporting by unions and others, establishes standards for union officer elections, and imposes criminal sanctions for embezzlement of union funds. To implement these protections, OLMS conducts criminal and civil investigations and union audits, and administers the reporting and public disclosure program.

Union Disclosure Performance Indicators	FY 2004 Goal Achieved		FY 2005 Goal Substantially Achieved		FY 2006 Goal Not Achieved		FY 2007 Goal Substantially Achieved	
	Target	Result	Target	Result	Target	Result	Target	Result
• Unions with fraud	Baseline	9%	–	–	8%	8%	7.5%	7%
• Unions with democratic officer elections	–	–	–	–	Baseline	92%	92.5%	92.3%
• Union reports meeting standards of acceptability	75%	92%	95%	94%	96%	93%	97%	95%

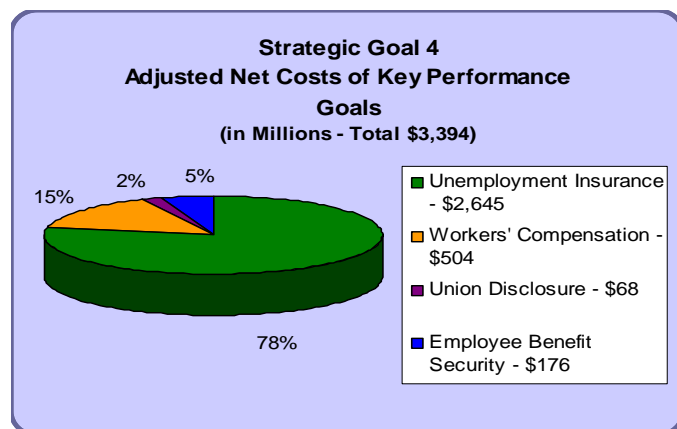
DOL Goal 07-4D (Employee Benefit Security): Provide for Secure Pension and Health Plans

EBSA is responsible for assuring compliance with the Employee Retirement Income Security Act. By successfully identifying and resolving civil and criminal cases, DOL maintains the integrity of employee benefit plans nationwide. Outreach and education to plan participants, beneficiaries, employers and plan officials in understanding their rights and responsibilities under the law also helps protect workers' and retirees' benefits.

Employee Benefit Security Performance Indicators	FY 2005 Goal Achieved		FY 2006 Goal Achieved		FY 2007 Goal Achieved	
	Target	Result	Target	Result	Target	Result
• Criminal ratio – cases accepted/cases referred	–	–	–	–	48%	67%
• Civil ratio – cases with corrected fiduciary violations/closed cases	–	–	–	–	61%	69%
• Customer Satisfaction Index for plan sponsors or professionals who contact EBSA for assistance	–	–	–	–	Baseline	81.5
• Voluntary Compliance program applications	8,340	14,082	13,500	17,214	13,838	20,123

Total net cost dedicated to Strategic Goal 4 in FY 2007 was \$38,495 million. This chart, however, is based on an adjusted net cost that excludes income maintenance – unemployment benefit payments to individuals who are laid off or out of work and seeking employment (32,051 million) plus disability benefit payments to individuals who suffered injury or illness on the job (\$3,050 million).

EBSA investigated an Oakland, MD company's health plan after receiving a complaint of unpaid health claims. DOL found the company had gone out of business, filed for bankruptcy and did not pay health claims for seven months. As a result of the investigation, the company forwarded \$285,197 to the third party administrator to pay the claims.



To learn more about DOL's efforts to strengthen economic protections, please visit:
<http://www.dol.gov/esa>, <http://www.dol.gov/ebsa/>, <http://www.doleta.gov/>, <http://www.pbgc.gov/>

Message from the Chief Financial Officer



I am pleased to report that for the eleventh year in a row, the Department of Labor received an unqualified or “clean” opinion from our Inspector General on our consolidated financial statements. This past spring the Department also received a seventh consecutive Certificate of Excellence in Accountability Reporting from the Association of Government Accountants. To maintain this high level of excellence we are engaged in several endeavors to improve our financial management.

We are working to transform managerial cost accounting from a compliance initiative to a “must have” management tool that will lead to better information for making decisions and enhancing accountability across the Department. We are refining departmental internal control over financial reporting, to aggressively create an environment in which it becomes an integrated, routine practice.

In an effort not to falter in meeting the future needs of the Department, we have charted a path for the development of a new financial management system and have begun pursuing the use of a shared service provider, in keeping with the government-wide Financial Management Line of Business initiative.

Finally, the Department has maintained a “green” status score on the Improving Financial Performance and Eliminating Improper Payments scorecards of the President’s Management Agenda, by working to shape a lasting environment in which timely and accurate financial information is routinely a part of critical decision making.

Douglas W. Webster
Chief Financial Officer
February 1, 2008

Financial Performance Overview

REPORTING ENTITY AND FINANCIAL PRESENTATION

DOL has eight major program agencies that conduct operations in five major program areas. DOL reports its financial activities annually in Consolidated Financial Statements, prepared in accordance with U.S. generally accepted accounting principles and the financial reporting requirements of the U.S. Office of Management and Budget (OMB). For FY 2007 and FY 2006, six principal financial statements, the *Consolidated Balance Sheet*, *Consolidated Statement of Net Cost*, *Consolidated Statement of Changes in Net Position*, *Combined Statement of Budgetary Resources*, *Consolidated Statement of Custodial Activity*, and *Statement of Social Insurance*, were presented with accompanying notes and other required information. DOL’s major program agencies, the program areas in which they operate, and their net cost of operations for FY 2007 are presented in the table below.

DOL COSTS BY OPERATING AGENCY		DOL COSTS BY PROGRAM		
Major Program Operating Agencies	2007 Net Cost (In 000s)	Major Programs	Operating Agencies	2007 Net Cost (In 000s)
Employment and Training Administration (ETA)	\$42,251,369	Income maintenance	ETA, ESA	\$39,966,597
Employment Standards Administration (ESA)	3,880,887	Employment and training	ETA, VETS, Job Corps	6,043,722
Occupational Safety and Health Administration (OSHA)	527,856	Labor, employment and pension standards	ESA, EBBSA, VETS	705,784
Mine Safety and Health Administration (MSHA)	340,845	Worker safety and health	OSHA, MSHA	880,066
Employee Benefits Security Administration (EBSA)	172,511	Statistics	BLS	607,866
Bureau of Labor Statistics (BLS)	575,192			
Veterans’ Employment and Training Service (VETS)	228,640	Cost not assigned to programs		86,684
Other Departmental Agencies	313,419			
Total Net Cost of Operations	\$48,290,719	Total Net Cost of Operations		\$48,290,719

MAJOR PROGRAM COMPONENTS

Income Maintenance Programs

The **Unemployment Insurance (UI)** program, administered by ETA, provides regular benefits to eligible unemployed workers financed by State unemployment taxes on employer payrolls. State taxes and benefit payments are deposited in and paid from State accounts within the Unemployment Trust Fund (UTF). A Federal unemployment tax on employer payrolls is deposited in accounts within the UTF to finance the Federal share of extended unemployment benefits and to provide for administrative expenses related to the operation of the UI program. Funds held in the UTF are invested in interest bearing U.S. Treasury securities until needed for program expenses.

The **Federal Employees' Compensation Act**, administered by ESA, pays compensation for wage loss and other benefits, including benefits for medical treatment, to eligible Federal employees who sustain traumatic injuries or occupational diseases resulting from their Federal employment. If the traumatic injury or occupational disease results in the Federal employee's death, compensation benefits are available to eligible survivors.

The **Energy Employees Occupational Illness Compensation Program Act**, administered by ESA in conjunction with several other Federal agencies, provides benefits to eligible employees of the Department of Energy and its contractors and subcontractors (and their eligible survivors) for cancers arising out of exposure to radiation at covered facilities and for illnesses resulting from exposure to toxic substances at covered facilities.

The **Black Lung Disability Benefits** program, administered by ESA, provides benefits to eligible coal miners disabled due to black lung disease. Benefit payments and administrative expenses are funded by excise taxes paid by coal mine operators, based on the sale of coal. Taxes and program expenses are deposited in and paid from the Black Lung Disability Trust Fund (BLDTF). If BLDTF resources are insufficient to meet program expenses, legislation provides for repayable advances, with interest, from the U.S. Treasury to the BLDTF. In FY 2007, cash inflows to the BLDTF were not sufficient to meet cash outflows, requiring advances from Treasury of \$426 million. At the end of FY 2007, liabilities in the BLDTF exceeded assets by \$10.0 billion. This accumulated deficit is projected to increase to \$51.2 billion by 2040.

Employment and Training Programs

The **Job Training** programs administered by ETA, Job Corps and VETS make investments in human capital intended to increase national economic productive capacity, through adult, youth, dislocated worker, older worker and trade adjustment assistance training programs for the economically disadvantaged and veterans. In FY 2007, ETA, Job Corps and VETS invested \$6.0 billion in human capital, serving over 3.9 million participants through a system of Federal, State and local training programs.

Other Major Programs

Labor, Employment and Pension Standards - ESA operates programs to enforce and assist compliance with legal standards for workers' wages and working conditions, including minimum wage and overtime, child labor protections, and labor union standards. EBSA operates programs to protect private employee pension, health and other benefit plans against fraud and abuse through compliance assistance, enforcement and education. VETS operates programs designed to mitigate employment issues for service members which arise from conflicts between their military obligations and civilian employment.

Worker Safety and Health - OSHA enforces the Occupational Safety and Health Act through compliance assistance, inspection of workplaces, prompt response to situations of imminent danger, and investigation of fatalities, catastrophes and worker complaints. MSHA operates programs designed to protect the safety and health of mining industry workers, through enforcement, compliance assistance, education, training, and technical support.

Statistics - BLS operates programs designed to produce and disseminate to decision makers timely, accurate and relevant information on the economy, including labor market conditions and price and productivity changes. Statistics provided by BLS include the unemployment rate, new jobs creation, and the Consumer Price Index.

FINANCIAL POSITION AND RESULTS OF OPERATIONS

Highlights of DOL's financial position and the results of its operations for FY 2007 and FY 2006 follow:

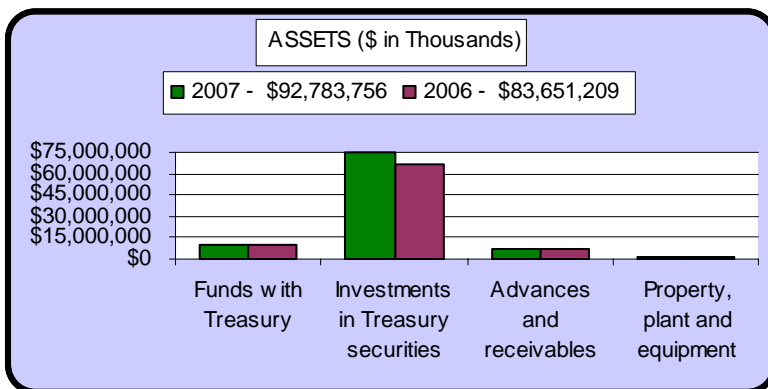
SUMMARY OF CONSOLIDATED BALANCE SHEET

As of September 30, 2007 and 2006

(Dollars in Thousands)

ASSETS

	<u>2007</u>	<u>2006</u>
Funds with U.S. Treasury	\$ 9,982,952	\$ 9,717,149
Investments in Treasury securities	75,131,134	66,455,052
Advances and receivables, net	6,553,851	6,402,198
Property, plant and equipment, net	<u>1,115,819</u>	<u>1,076,810</u>
Total assets	<u>\$92,783,756</u>	<u>\$83,651,209</u>



LIABILITIES AND NET POSITION

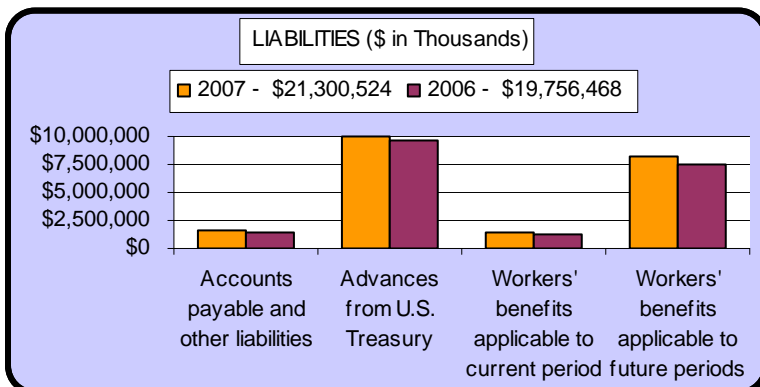
Liabilities

Accounts payable and other liabilities	\$ 1,656,509	\$ 1,434,507
Advances from U.S. Treasury	10,057,557	9,631,557
Workers' benefits, current period	1,448,772	1,199,648
Workers' benefits, future periods	<u>8,137,686</u>	<u>7,490,756</u>
Total liabilities	21,300,524	19,756,468

Net position

Unexpended appropriations	8,207,904	8,193,767
Cumulative results of operations	<u>63,275,328</u>	<u>55,700,974</u>
Total net position	<u>71,483,232</u>	<u>63,894,741</u>

Total liabilities and net position \$92,783,756 \$83,651,209



ASSETS

DOL's **Total assets** in FY 2007 were \$92.8 billion, an increase of \$9.1 billion (11 percent) over FY 2006. Increases in **Investments in Treasury securities** (\$75.1 billion in FY 2007, a 13 percent increase) caused most of this change. **Funds with U.S. Treasury** (\$10.0 billion in FY 2007) represent balances available to DOL (\$8.3 billion) for allowable expenditures and restricted balances (\$1.7 billion) not currently available to DOL. DOL's **Advances and receivables**, net of allowance (\$6.6 billion in FY 2007) represent amounts due the Unemployment Trust Fund for interest earned (\$0.9 billion), State Unemployment Insurance taxes and benefit payments (\$1.8 billion); reimbursements due from Federal agencies for benefits paid on behalf of their workers (\$3.8 billion); and Other (\$0.1 billion). Over 80 percent of DOL's **Property, plant and equipment** (\$1.1 billion in FY 2007), is held by 122 Job Corps' youth training centers. Remaining property, plant and equipment consists of Automatic Data Processing software, furniture and fixtures, equipment and improvements to U.S. General Services Administration leased facilities.

LIABILITIES AND NET POSITION

DOL's **Total liabilities** in FY 2007 represented claims against 23 percent of DOL's total assets. Repayable **Advances from U.S. Treasury** (47 percent of total liabilities in FY 2007), are made to the Black Lung Disability Trust Fund when resources are not adequate to meet expenses. Advances of \$426 million were made in FY 2007. **Workers' benefits** (45 percent of total liabilities in FY 2007) consist of unemployment, Federal and Black Lung disability, and Energy employee occupational illness compensation (EEOIC) benefits for current and future periods. Accrued unemployment (\$1.3 billion) and future EEOIC benefits (\$7.5 billion) comprise 92 percent of the \$9.6 billion workers' benefit liability for FY 2007. DOL's **Net Position**, 77 percent of total assets in FY 2007, represents the Department's residual interest in its net assets (total assets minus total liabilities). Net Position consists of **Unexpended Appropriations**, which include the unobligated balances and undelivered orders of DOL's appropriated funds, and **Cumulative Results of Operations**, which include the historical difference between financing sources and expenses and certain other assets and liabilities in DOL's earmarked funds, are financed by specific revenues, and DOL's other appropriated and non-appropriated funds.

SUMMARY OF CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For The Years Ending September 30, 2007 and 2006

(Dollars in Thousands)

CUMULATIVE RESULTS OF OPERATIONS

	2007	2006
Beginning balance, as adjusted	\$55,712,306	\$43,320,538
Financing sources		
Appropriations used	10,482,552	9,925,600
Employer taxes	39,910,946	42,014,032
Interest and assessments	3,498,697	2,941,712
Reimbursement of unemployment benefits from public employers	1,632,863	1,855,188
Other	328,683	517,933
	55,853,741	57,254,465
Net cost of operations	(48,290,719)	(44,874,029)
	7,563,022	12,380,436
Cumulative results of operations, ending balance	\$63,275,328	\$55,700,974
UNEXPENDED APPROPRIATIONS		
Beginning balance, as adjusted	\$8,242,168	\$8,115,461
Financing sources		
Appropriations received	11,006,912	10,703,673
Appropriations used	(10,482,552)	(9,925,600)
Appropriations transferred or unavailable	(558,624)	(699,767)
	(34,264)	78,306
Unexpended appropriations, ending balance	\$8,207,904	\$8,193,767
NET POSITION	\$71,483,232	\$63,894,741

SUMMARY OF CONSOLIDATED STATEMENT OF NET COST

For The Years Ending September 30, 2007 and 2006

(Dollars in Thousands)

NET COST OF MAJOR PROGRAMS

	2007	2006
Income maintenance	\$39,966,597	\$36,949,222
Employment and training	6,043,722	5,688,173
Labor, employment and Pension standards	705,784	714,971
Worker safety and health	880,066	844,679
Statistics	607,866	598,810
Costs not assigned to programs	86,684	78,174
NET COST OF OPERATIONS	\$48,290,719	\$44,874,029

STATEMENT OF CHANGES IN NET POSITION

This statement presents changes in the components of *Net Position* attributable to DOL's net cost of operations, and to financing sources funding the net cost of operations. *Financing sources* provide funding for DOL's net operating costs, and are reported on the Statement of Changes in Net Position. Financing sources include *Appropriations used* from Congressional appropriations, (19 percent of total FY 2007 financing sources); *Employer taxes* for Federal and State unemployment insurance, paid by employers on wages paid to covered employees (72 percent of total FY 2007 financing sources); *Interest* earned on investments held by the Unemployment Trust Fund and other DOL trust funds *and assessments* levied by DOL's enforcement agencies (6 percent of total FY 2007 financing sources); and *Reimbursement of unemployment benefits* due from public employers electing to reimburse the Unemployment Trust Fund for benefits paid to their employees in lieu of taxes (3 percent of total FY 2007 financing sources). DOL's *Net Position* increased by \$7.6 billion in FY 2007, a 12 percent increase over 2006, resulting from a \$7.6 billion (14 percent) increase in *Cumulative Results of Operations*. This increase was attributable to an \$8.6 billion surplus in Unemployment Trust Fund operations in FY 2007.

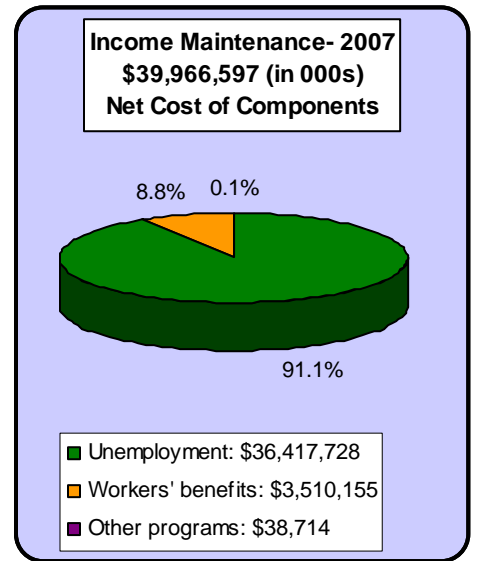
STATEMENT OF NET COST

This statement presents DOL's net cost by major program. *Net costs* are derived by deducting the earned revenues of a program from its gross costs. *Earned revenues* are recognized by DOL programs for reimbursements from other Federal agencies and the public for program costs incurred on their behalf. DOL's earned revenues in FY 2007 were \$3.3 billion, 98 percent of which were earned by DOL's income maintenance programs, for reimbursements from other Federal agencies for worker benefits (\$2.6 billion) and for unemployment benefits (\$0.7 billion), paid by the Special Benefit Fund and the Unemployment Trust Fund on behalf of their workers.

SUMMARY OF NET COST OF OPERATIONS
For The Years Ending September 30, 2007 and 2006
(Dollars in Thousands)

NET COST OF COMPONENTS

	<u>2007</u>	<u>2006</u>
INCOME MAINTENANCE		
<u>Unemployment Insurance (ETA)</u>		
Unemployment benefit payments, net of earned revenue	\$31,601,127	\$29,822,838
Grants to States to administer State unemployment insurance programs	4,258,410	4,614,537
Other	558,191	388,760
	<u>36,417,728</u>	<u>34,826,135</u>
<u>Workers' Benefits (ESA)</u>		
Federal employees workers' compensation benefits, net of earned revenue	2,082,107	742,284
Black Lung Disability benefits	285,632	299,479
Interest on repayable advances, BLDTF	717,214	694,964
Other	425,202	351,188
	<u>3,510,155</u>	<u>2,087,915</u>
Other Departmental programs	38,714	35,172
	<u>39,966,597</u>	<u>36,949,222</u>
EMPLOYMENT AND TRAINING		
<u>Job Training and Employment Services</u>		
Employment and Training Administration	4,364,601	4,165,024
Job Corps	1,469,040	1,315,752
Veterans Employment and Training Service	208,841	206,231
Other Departmental programs	1,240	1,166
	<u>6,043,722</u>	<u>5,688,173</u>
<u>Other Major Programs:</u>		
LABOR, EMPLOYMENT AND PENSION STANDARDS		
Employment Standards Administration	370,732	358,947
Employee Benefits Security Administration	138,941	144,081
Veterans Employment and Training Service	19,799	19,633
Other Departmental programs	176,312	192,310
	<u>705,784</u>	<u>714,971</u>
WORKER SAFETY AND HEALTH		
Occupational Safety and Health Administration	527,856	502,425
Mine Safety and Health Administration	340,845	331,693
Other Departmental programs	11,365	10,561
	<u>880,066</u>	<u>844,679</u>
STATISTICS		
Bureau of Labor Statistics	575,192	568,447
Other Departmental programs	32,674	30,363
	<u>607,866</u>	<u>598,810</u>
Total other major programs	2,193,716	2,158,460
Costs not assigned to programs	86,684	78,174
NET COSTS OF OPERATIONS	<u>\$48,290,719</u>	<u>\$44,874,029</u>

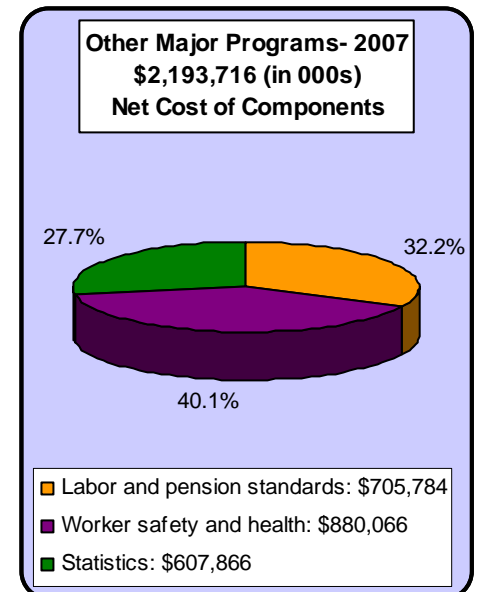


JOB TRAINING PROGRAMS

Employment and Training Administration
 Adult, Youth and Dislocated Workers (Workforce Investment Act)
 Senior Community Service Employment Program (Older Americans Act)
 Trade Adjustment Assistance (Trade Act)

Job Corps Youth programs (Workforce Investment Act)

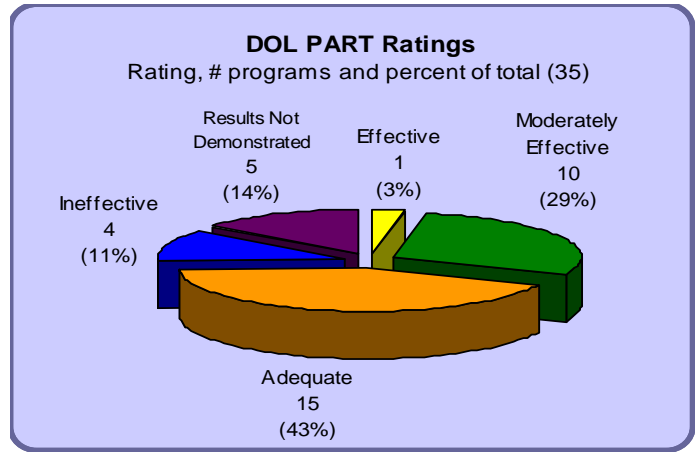
Veterans Employment and Training Service Veterans (Jobs For Veterans Act; Other)



Management Issues

Program Assessment Rating Tool (PART) Reviews

Together, the Department of Labor and OMB assess the performance of DOL's programs through the PART. Programs that are performing have ratings of **Effective**, **Moderately Effective**, or **Adequate** based on the results of their assessment. Programs that are categorized as not performing have ratings of **Ineffective** or **Results Not Demonstrated**. DOL develops an improvement plan to track future steps that will improve performance from each assessment. Please see the back inside cover for a list of DOL programs and their PART ratings. Each DOL program's assessment, improvement plan, performance results and targets are available at <http://www.whitehouse.gov/omb/expectmore/agency/012.html>.



President's Management Agenda (PMA)




The PMA is an aggressive strategy for improving the management of the Federal government that focuses on five areas: *Strategic Management of Human Capital*, *Competitive Sourcing*, *Improved Financial Performance*, *Expanded Electronic Government*, and *Performance Improvement Initiative*. Agencies are rated quarterly by OMB with a scorecard rating of red, yellow, or green for its status and progress on each initiative. Green means DOL is meeting expectations in the PMA. Yellow indicates DOL is meeting most expectations. Red signifies the agency is not meeting most expectations in the PMA. For more information, see page 54 of the *Performance and Accountability Report* at <http://www.dol.gov/sec/media/reports/annual2007/MDA.pdf>.

Department of Labor's PMA Scorecard Status		
Executive Branch Management Scorecard	September 2006 Status	September 2007 Status
Strategic Management of Human Capital	Green	Green
Competitive Sourcing	Green	Green
Improved Financial Performance	Green	Green
Expanded E-Government	Green	Green
Performance Improvement Initiative	Green	Green
Eliminating Improper Payments	Green	Green
Faith-Based and Community Initiative	Green	Green
Federal Real Property Asset Management	Yellow	Yellow

Major Management Challenges

Each year, DOL identifies Major Management Challenges in the Department that impact the achievement of performance goals, accountability to the American taxpayers, and ability of DOL to preserve the American workplace. Major Management Challenges focus on the successful management of its performance and financial data, its procurement integrity, and its ability to develop and secure information technology systems. The status and the progress DOL made in addressing each Major Management Challenge is indicated by a “traffic light” designation of red, yellow, or green. Green indicates DOL is actively implementing all suggested remedial actions to address the challenges. Yellow indicates DOL is actively implementing most remedial actions. Red indicates DOL has not yet implemented most remedial actions.

This year’s list includes ten items, each of which has been identified as a concern by the Department’s Office of Inspector General (OIG) or the U.S. Government Accountability Office (GAO). The complete list can be accessed on pages 37-45 of the PAR, at <http://www.dol.gov/sec/media/reports/annual2007/MDA.pdf>. The following table highlights three key challenges and associated management actions to date. The challenges are noteworthy because of their prominence in the public eye and their impact on American workers and their families.

Major Management Challenge	Issue	FY 2008 Actions Remaining	DOL Progress Rating
Protect the Safety and Health of Workers	<ul style="list-style-type: none"> • Improve mine safety inspections and peer review • Ensure that OSHA-funded consultation programs ensure that employers correct serious hazards identified by the consultants 	<ul style="list-style-type: none"> • Create and implement MSHA Office of Accountability and review Program Accountability Handbook • Increase OSHA monitoring of consultation programs to ensure that serious hazards are corrected 	
Ensure the Effectiveness of the Job Corps Program	<ul style="list-style-type: none"> • Improve management of Job Corps Centers • Improve performance monitoring and reporting • Ensure student safety and health • Assess incoming students for cognitive disabilities 	<ul style="list-style-type: none"> • Conduct rigorous data integrity audits of Job Corps Centers concurrently with onsite compliance and quality • Implement occupational safety and health standards • Ensure that students with cognitive disabilities are identified and properly assessed 	
Ensure the Security of Employee Benefit Plan Assets	<ul style="list-style-type: none"> • Implement the Pension Protection Act of 2006 • Strengthen DOL’s oversight ability over plan audits • Increase DOL’s oversight of ERISA health care provisions; work closely with State insurance commissioners and Department of Justice (DOJ) to identify and prosecute fraudulent Multiple Employer Welfare Arrangements (MEWAs) 	<ul style="list-style-type: none"> • Continue to implement Pension Protection Act regulations • Continue CPA firm inspection program focusing on firms that perform a significant amount of pension and health benefit plan audit work • Pursue Health Fraud/MEWA’s as an EBSA national enforcement project with a focus on health fraud recidivists and continue to coordinate closely with State Insurance commissioners and DOJ officials 	

DOL PART RATINGS

Program	Year Assessed	Rating
Bureau of Labor Statistics	2003	Effective
Homeless Veterans Reintegration Program	2006	Moderately Effective
H-1B Visa for Specialty Occupations – Labor Condition Application	2004	Moderately Effective
Veterans' Employment and Training State Grants	2005	Moderately Effective
Federal Employees' Compensation Act	2002	Moderately Effective
Unemployment Insurance Administration State Grants	2003	Moderately Effective
Wage and Hour Enforcement and Compliance Program	2006	Moderately Effective
Office of the Solicitor	2006	Moderately Effective
Employee Benefits Security Administration	2004	Moderately Effective
Black Lung Benefits Program	2003	Moderately Effective
Pension Benefit Guaranty Corporation	2007	Moderately Effective
Office of Federal Contract Compliance Programs	2004	Adequate
Permanent Labor Certification	2004	Adequate
Energy Employees' Occupational Illness Compensation Program	2007	Adequate
Work Incentive Grants	2005	Adequate
Dislocated Worker National Emergency Grants	2007	Adequate
Occupational Safety and Health Administration	2007	Adequate
Employment Service	2004	Adequate
Job Corps	2007	Adequate
Office of Labor-Management Standards	2005	Adequate
Mine Safety and Health Administration	2003	Adequate
Longshore and Harbor Workers' Compensation Program	2005	Adequate
Workforce Investment Act - Adult Employment and Training	2005	Adequate
International Child Labor and Office of Foreign Relations	2004	Adequate
Native American	2004	Adequate
Workforce Investment Act – Dislocated Worker Assistance	2003	Adequate
Trade Adjustment Assistance	2007	Ineffective
Workforce Investment Act – Youth Activities	2003	Ineffective
Workforce Investment Act – Migrant and Seasonal Farmworkers	2003	Ineffective
Senior Community Service Employment Program	2003	Ineffective
Job Training Apprenticeship	2005	Results Not Demonstrated
Office of Disability Employment Policy	2006	Results Not Demonstrated
Women's Bureau	2005	Results Not Demonstrated
Youthbuild	2006	Results Not Demonstrated
Prevailing Wage Determination Program	2003	Results Not Demonstrated



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