

SECRETARY'S MESSAGE

ELAINE L. CHAO, SECRETARY OF LABOR



“The new century requires new partnerships and a different way of thinking.”

America's workforce faced new and unprecedented challenges in 2001, including many we could never have imagined before September 11th. But at every turn, working families have demonstrated why our Nation has the strongest, most skilled, and most vibrant workforce in the world; the strength of the American economy is the American worker.

Before September 11th, the Department of Labor (DOL) was in high gear, focusing our efforts on the challenges of the 21st century economy; closing the skills gap; filling labor shortages; welcoming workers with disabilities into the workforce; modernizing the labor laws to fit the needs of a changing economy; and finding innovative ideas to help families balance the demands of work and home.

In June, DOL hosted the Summit of the 21st Century Workforce. The new century requires new partnerships and a different way of thinking. Consequently, the Department went beyond the traditional stakeholders to call upon all sectors – business, academic, labor, and non-profit leaders – to sound the alarm that the workforce is changing faster than anyone could have imagined.

Around the same time, the economy started showing a slowdown – something then-President-elect George W. Bush had predicted seven months earlier. But with the President's tax cut in the mail and a comprehensive energy plan in the works, there were clear signs that an economic recovery was around the corner.

September 11th changed everything. The events of that day sent shockwaves through the economy. Thousands of lives were lost. The financial district closed. Airplanes were grounded. Hotel reservations were canceled. The impact was felt not only in New York, Washington, DC and Pennsylvania, but also throughout the country. Economic and personal insecurity rippled across the country and turned an expected recovery into a recession.

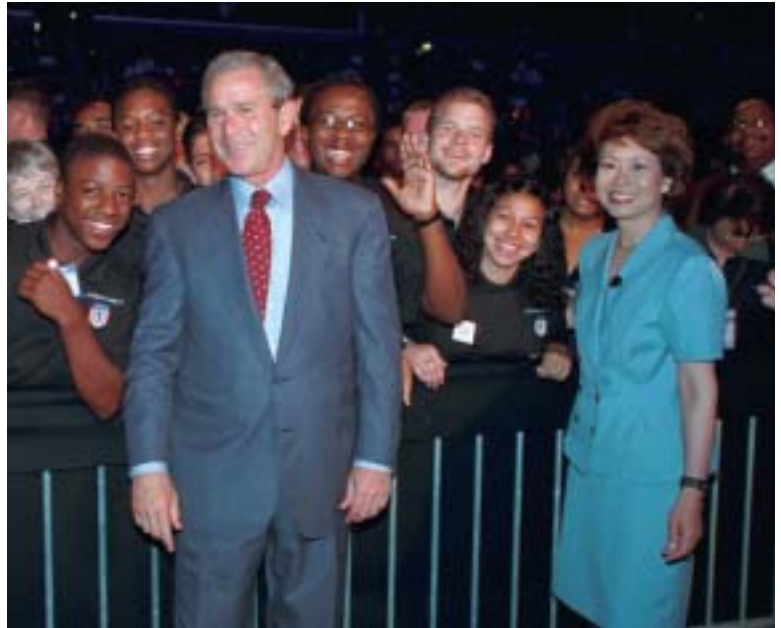
Hours after the attack, the Department of Labor's 17,000 dedicated professionals went into action. We immediately mobilized federal workers and OSHA inspectors at Ground Zero. DOL partnered with city officials, labor unions, and other organizations to protect the health and safety of rescue and recovery units.

Preparing and protecting American workers are the priorities of the Department of Labor. Since September 11th, our single most important goal has been to get Americans back to work.

President George W. Bush summed up his economic plan in one word: jobs. He charged DOL's Employment and Training Administration (ETA), and key stakeholders, with creating and implementing a "Back-to-Work" plan. On October 4, 2001, the President announced his plan at the Department, and proposed \$4 billion in National Emergency Grants to provide workers with needed training, employment services, and health care.

At the same time, America's One-Stop Career Centers were assisting new customers with their employment needs. The centers' career counseling helped thousands of displaced workers with job skills and job placement services.

Swift and compassionate relief to dislocated workers has been the Department's main concern since September 11th, but the war and the recession have not distracted us from our other priorities.



President George W. Bush and Secretary of Labor Elaine L. Chao pose for photographs with an enthusiastic crowd during the 21st Century Workforce Summit at Washington D. C.'s MCI Center June 20, 2001.

White House photo by Paul Morse.

Early in 2001, I outlined five guiding principles to the professionals at the Department of Labor. I wanted to remind everyone that the President would be pursuing a new agenda, including efforts to modernize the Nation's labor laws, encourage faith-based and community solutions, and streamline Department programs. But I also reiterated the Administration's commitment that some things at the Department would never change:

- Ensuring the safety and health of every workplace
- Guaranteeing an honest day's pay for an honest day's work
- Fighting discrimination wherever and whenever it exists
- Protecting workers from coercion and intimidation
- Safeguarding the pensions of America's workers

These objectives flow from our overarching strategic goals – *A Prepared Workforce, A Secure Workforce, Quality Workplaces* – that guide the day-to-day work of the Department. I am pleased that DOL’s annual report for FY 2001 will demonstrate continuing progress in reaching these goals. Here are a few highlights:

“These successes have been central to the continuing strategic goals – A Prepared Workforce, A Secure Workforce, Quality Workplaces – that serve as the unifying mission for the Department.”

- The Department’s first responsibility is to protect workers by enforcing the nation’s labor laws. In 2001, absences resulting from workplace injuries and illnesses declined by as much as 36 percent in some of the most hazardous industries, as OSHA continued its vigorous enforcement programs and expanded its voluntary compliance and education initiatives.
- DOL has demonstrated its continuing commitment to responsible stewardship of the resources entrusted to the Department, as reflected by the fifth consecutive “unqualified” or “clean” audit opinion on the Department’s financial statements. This year, we are also proud to report the successful completion of a multi-year initiative to bring all of the Department’s financial systems into compliance with the standards of the Federal Financial Management Improvement Act of 1996.
- In pursuing the President’s commitment to the New Freedom Initiative, the Department created the Office of Disability Employment Policy (ODEP). ODEP will assist people with disabilities to achieve rewarding careers and enable employers to benefit from the contributions of these talented but severely under-employed workers.
- The Job Corps program continues to demonstrate its effectiveness in preparing disadvantaged youth for the workforce. A recent evaluation

Secretary of Labor Elaine L. Chao presents Mrs. Harding with the first check, after the law went into effect, for \$150,000 in compensation.



As an employee of the gaseous diffusion plant in Paducah, KY in the 1950s and 60s, Joe Harding became seriously ill with cancer. Harding was convinced his illness was caused by exposure to radiation on the job, and before he died, he worked tirelessly to convince co-workers and elected officials that radiation levels at the Paducah plant were dangerously high. His widow Clara kept his message alive, focusing public attention on illnesses and deaths at the plant and insisting that workers be fairly compensated. Joe Harding’s story was picked up in newspapers and major magazines, and last fall, Mrs. Harding was invited to testify before Congress. Her testimony helped lay the groundwork for the 2000 enactment of the Energy Employees Occupational Illness Compensation Program Act. The Hardings fought for and won an amazing victory – not just for themselves, but for thousands of workers in America’s nuclear weapons industry.

Photo from: Paducah Sun

concluded that the program returns \$2 in benefits to society for every dollar of taxpayers' funds invested. Consistent with the Administration's commitment to link future budget requests with demonstrated performance, the President is requesting an additional \$73 million in FY 2003 to enable the Job Corps to train and place in employment more of the Nation's most vulnerable young people.

- DOL played a key role in advancing Trade Promotion Authority – a plan to give the President greater flexibility in opening more ports for American products and, in turn, creating more jobs for the American people.
- The Department was also assigned a leadership role in the Energy Employees Occupational Illness Compensation Program Act (EEOICPA) of 2000. Congress passed the Act to provide compensation to American workers who helped fight the Cold War and to the families of these workers. In less than a year, the Department set up the necessary infrastructure to deliver benefits to victims in nine States. On August 9, 2001, I went to Paducah, Kentucky to deliver the compensation program's first check to Clara Harding, the widow of a former plant worker who died of cancer. By the end of the year, the Department sent out over 1,000 compensation checks to victims and families across the Nation.
- The Department worked to improve the safety and health of America's mining community. Fatal accidents in America's mining industry reached the lowest level ever, despite a tragic accident in Alabama that claimed the lives of 13 coal miners. DOL issued a challenge to the mine operators and workers to join with the Department to cut in half, over the next four years, the number of miners killed and time lost as a result of work-related injuries.
- The Department's Faith-based and Community Initiatives Office is helping to fulfill the President's pledge to improve the results of services to the needy by expanding opportunities for faith-based institutions, with their tradition of successful, grass-roots services, to participate in DOL's job training and other grant programs.
- In the first year of operations of the Workforce Investment Act's adult training program, the program showed success in finding good jobs for



President George W. Bush, shown here being introduced by Secretary Elaine L. Chao, unveiled his economic recovery plan at the Department of Labor on October 4, 2001.

Photo by: Tami Heilemann.



participants. Quarterly earnings showed an increase over the participants' pre-enrollment incomes.

- The Office of the 21st Century Workforce, created by President George W. Bush, serves as a catalyst for change in the workforce, spotlighting the new realities of the American workplace. The office is focusing on closing the skills gap, promoting workplace flexibility, and helping families balance the demands of work and home.
- The Department continued its protection of private retirement funds. In the first eleven months of the Bush Administration, the Pension and Welfare Benefits Administration (PWBA) restored \$114 million of plan assets, corrected \$290 million in prohibited transactions, recovered \$65 million of pension benefits, and protected \$106 million in plan assets.

Although we can proudly record these successes, we also understand that challenges remain. DOL achieved a lower percentage of our performance goals in FY 2001 than in either of the previous two fiscal years. We are committed to achieving our FY 2002 goals, which we have set under the Government Performance and Results Act, or GPRA.

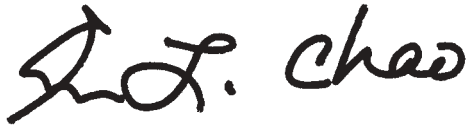
The federal government is developing greater accountability to its citizens because of the GPRA. The Act requires the establishment of department-specific strategic and performance plans, which focus on reaching key Departmental goals. By establishing a framework for performance-based management, these strategic plans enable us to meet our citizens' needs. The Department is fully committed to the President's vision of a results-driven Government and this report discusses the steps the Department will take to raise our performance in future years.

The performance and financial data presented in this report is fundamentally complete and reliable as outlined in the guidance available from the Office of Management and Budget. While we have identified no material inadequacies, this report describes our continuing efforts to strengthen the quality and timeliness of the Department's performance information to increase its value to both DOL managers and constituents. The results achieved for each FY 2001 goal are either discussed in this report or will be included in a future annual report. The Department's managers routinely use this performance information and financial data to improve the quality of DOL services and to formally account for the accomplishments of their programs.

In the next year, the Department of Labor will continue to fulfill its enduring vision:

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

In 2001, America crossed the threshold into a new millennium. Opportunities and challenges, triumphs and tragedies await the Nation at every turn. Throughout these changing times, the American worker proved that this Nation remains the most vibrant, skilled, and innovative economy the world has ever known; the strength of the American economy is the American worker.

A handwritten signature in black ink that reads "E.L. Chao". The signature is written in a cursive, flowing style.

Elaine L. Chao
Secretary of Labor