

**REQUIRED SUPPLEMENTARY STEWARDSHIP
INFORMATION**

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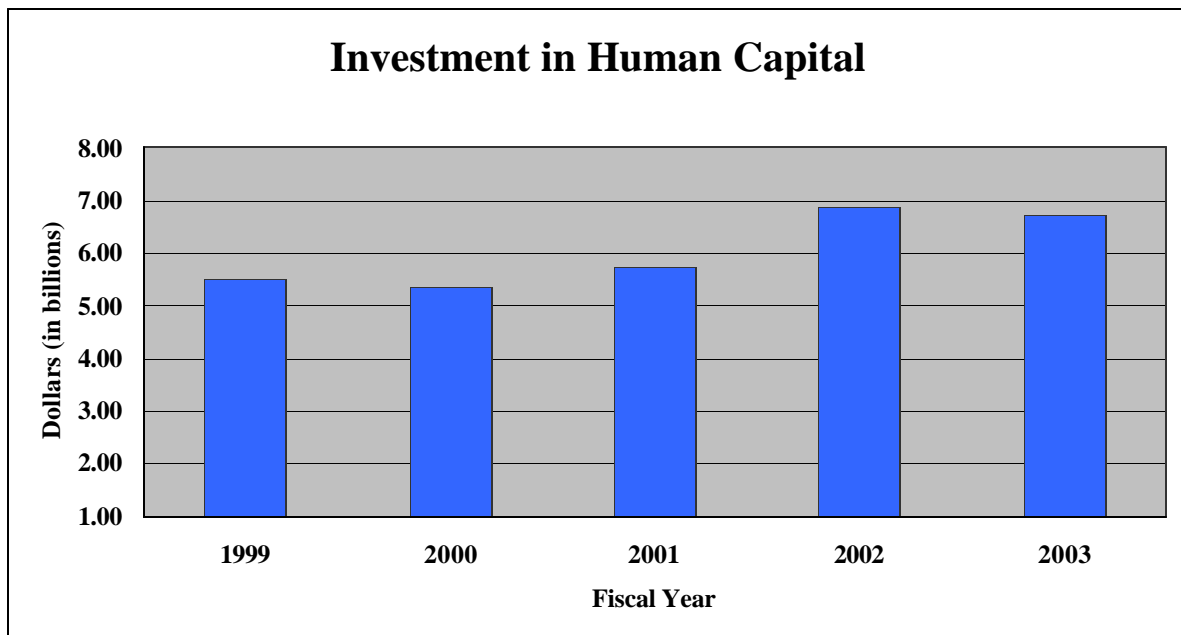
STEWARDSHIP INVESTMENTS IN HUMAN CAPITAL

Stewardship investments are made by the DOL for the nation's benefit. For accounting purposes, these investments are expensed as incurred, and reflected in the net cost of the DOL's operations. Stewardship investments provide long-term benefits which cannot be measured in traditional financial reports.

The DOL's stewardship investments are in human capital, reported as expenses in the net cost of the DOL's employment and training programs. These investments are intended to maintain or increase national economic productive capacity, as demonstrated by program outputs and outcomes. Within the DOL, the Employment and Training Administration and the Veterans=Employment and Training Service administer programs which invest in human capital, as discussed below.

Employment and Training Administration

The U.S. Department of Labor, Employment and Training Administration's (ETA) Federal investment in human capital comprises expenses incurred for training and employment services enacted under the Workforce Investment Act of 1998 (WIA), Job Training Partnership Act, as amended (JTPA), the Trade Act of 1974, as amended (Trade Act), School-To-Work Opportunities Act of 1994, as amended (STW), and Balanced Budget Act of 1997, as amended. This investment is made for the general public and the expenses incurred are intended to increase or maintain national economic productive capacity. The ETA's investment in human capital for fiscal years 1999 to 2003, excluding the cost of internal Federal education and training, is presented below.



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A brief description of the programs under each Act is as follows:

Workforce Investment Act (Successor Legislation to the JTPA)

- C **Youth Activities** - Grants to provide financial assistance to States and U.S. territories to design and operate workforce investment activities for eligible youth.
- C **Adult and Dislocated Worker Employment and Training Activities** - Grants to provide financial assistance to States and U.S. territories to design and operate training programs for low income adults and re-employment services and retraining assistance to individuals dislocated from their employment.
- C **Job Corps** - Nationwide program carried out in partnership with States and communities to assist eligible youth to become more responsible, employable, and productive citizens.
- C **National Programs** - Grants to provide financial assistance in support of employment and training activities and opportunities for Native American, Migrant and Seasonal Farm Workers, Veterans and Disadvantaged Youth.

Job Training Partnership Act (Antecedent Legislation to the WIA)

- C **Adult Employment and Training** - Grants to provide financial assistance to States and U.S. territories to design and operate training programs for low-income adults.
- C **Dislocated Worker Employment and Training** - Grants to provide re-employment services and retraining assistance to individuals dislocated from their employment.
- C **Youth Training** - Grants to provide financial assistance to States and U.S. territories to design and operate training programs for economically disadvantaged youth.
- C **Summer Youth Employment and Training** - Grants to operate programs of employment and opportunities, as well as academic enrichment for economically disadvantaged youth during the summer months.
- C **Native Americans** - Grants to Indian tribes and other Native American groups to provide training, work experience, and other employment-related services to Native Americans.
- C **Migrant and Seasonal Farm Workers** - Grants to public agencies and nonprofit groups to provide training and other employability development services to economically disadvantaged families whose principal livelihood is gained in migratory and other forms of seasonal farm work.
- C **Veterans Employment** - Grants or contracts to provide disabled, Vietnam era, and recently separated veterans with programs to meet their unique employment and training needs.
- C **National Activities** - Provides program support for JTPA activities and nationally administered programs for segments of the population that have special disadvantages in the labor market.

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Trade Act of 1974

- C **Trade Adjustment Assistance** - Adjustment assistance, including cash weekly benefits, training, job search, and relocation allowances provided to workers as authorized by the Trade Act of 1974, as amended.
- C **North American Free Trade Agreement (NAFTA)** - Transition adjustment assistance, including weekly cash benefits, training, job search, and relocation allowances provided to workers determined to be adversely affected as a result of the NAFTA as authorized by the Trade Act of 1974, as amended.

School-To-Work Opportunities Act

- C **School-To-Work Opportunities** - Grants to States and localities, jointly administered by the DOL and U.S. Department of Education to build systems that provide youth with the knowledge and skills necessary to make an effective transition from school to careers through work-based learning, school-based education, and connecting activities.

Balanced Budget Act of 1997

- C **Welfare-To-Work Opportunities** - Grants to States and localities, jointly administered by the DOL and U.S. Department of Health and Human Services to build programs to provide recipients receiving assistance under State funded programs with the knowledge and skills necessary to make an effective transition to unsubsidized employment opportunities.

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Veterans= Employment and Training Service

The mission of Veterans=Employment and Training Service (VETS) is to provide veterans with the resources and services to succeed in the 21st Century workforce, by maximizing their employment opportunities, protecting their employment rights, and meeting labor market demands with qualified veterans. The Agency's vision is embodied in this statement: Veterans Succeeding in the 21st Century Workforce.

VETS can be classified into two main areas, Career Counseling and Employment Services, and Transition and Reemployment Services. Brief descriptions follow:

Career Counseling and Employment Services

Disabled Veterans Outreach Program Specialist (DVOP) - This program is codified at 38 U.S.C. 4103A. DVOP grants are made to State Workforce Agencies (SWAs) according to a distribution formula prescribed by law. DVOP staff provide counseling, assessment, lifelong learning skills and/or referral to training for veterans, particularly those with disabilities or recently separated from the military.

Local Veterans= Employment Representative (LVER) - This program is codified at 38 U.S.C. 4104. The program provides grants to SWAs for the appointment of LVER staff positions identified in Job Service local offices and One-Stop Career Centers to enhance the services provided to veterans through oversight, technical support, and direct provision of services. LVER staff help veterans into productive employment through lifelong learning services.

Homeless Veterans= Reintegration Project (HVRP) - The HVRP, codified at 38 U.S.C. 2021, provides employment assistance to homeless veterans through grants to both urban and other areas.

Veterans= Workforce Investment Program (VWIP) - The VWIP, codified at 29 U.S.C. 2913, provides targeted veterans training and/or employment opportunities. The program targets service connected disabled veterans, recently separated, campaign badge veterans and veterans with significant employment barriers.

Transition and Reemployment Services

Transition Assistance Program (TAP) - Authority for TAP is provided in 10 U.S.C. 1144. TAP operates as a partnership between the Departments of Labor, Defense, and Veterans Affairs. This partnership also exists at the local level, where memoranda of understanding spell out the responsibilities of SESAs, military installations, VETS staff and VA facilities. The program provides separating service members and their spouses or individuals retiring from military service with career counseling and training on becoming productive members of society through employment.

Uniformed Services Employment and Reemployment Rights and Veteran=s Preference Rights (USERRA) - is codified at 38 U.S.C. Chapter 43. The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) succeeded Veterans=Reemployment Rights statutes. USERRA continues to protect civilian job rights and benefits for veterans, members of the National Guard and Reserves. Veteran=s Preference for Federal employment is codified in 5 U.S.C. 2108. VETS educates both employee and employer so they better understand the rights of the individuals and promotes a more productive relationship between employer and employee.

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The full cost of VETS major programs is presented below. Full costs include all direct program costs and those indirect costs which can reasonably be assigned or allocated to the program.

<u>(Dollars in thousands)</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Program Expenses				
Career Counseling and Employment Services				
Disabled Veterans Outreach Program	\$ 87,013	\$ 82,582	\$ 84,681	\$ 81,956
Local Veterans' Employment Representative	82,148	77,977	80,155	78,753
Transition and Reemployment Services	25,957	25,635	27,970	25,500
	<u>\$ 195,118</u>	<u>\$ 186,194</u>	<u>\$ 192,806</u>	<u>\$ 186,209</u>

A summary of program outputs is presented below.

Program Outputs	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Disabled Veterans Outreach Program				
Participants employed	235,000 *	120,400	131,000	146,000
Disabled veterans	na	15,057	16,000	17,500
Special disabled veterans	na	7,107	8,000	8,600
Participants assisted	na	584,719	581,000	568,000
Local Veterans' Employment Representative				
Participants employed	251,000 *	128,450	138,700	156,700
Disabled veterans	na	13,533	14,000	14,800
Special disabled veterans	na	6,233	6,500	6,900
Participants assisted	na	639,694	733,600	632,600
Transition and Reemployment Services				
Participants served	110,055	104,000	112,000	121,384
Workshops	3,142	3,151	3,181	3,121
Uniformed Services Employment and Reemployment				
Briefings, presentations, and technical assistance	10,081	5,436	3,200	4,981
Individuals briefed or assisted	66,545	54,050	-	-

* - Projected data.

na - Data not available at time of publication.

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SOCIAL INSURANCE PROGRAMS

The Federal Accounting Standards Advisory Board (FASAB) has classified certain government income transfer programs as social insurance programs. Recognizing that these programs have complex characteristics that do not fit traditional accounting models, the FASAB has developed accounting standards for social insurance programs which require the presentation of supplementary information to facilitate the assessment of the programs' long term sustainability.

The U.S. Department of Labor operates two programs classified under Federal accounting standards as social insurance programs, the Unemployment Insurance Program and the Black Lung Disability Benefits Program. Presented below is the supplementary information for the two programs.

Unemployment Insurance Program

The Unemployment Insurance (UI) Program was created in 1935 to provide income assistance to unemployed workers who lose their jobs through no fault of their own. The program protects workers during temporary periods of unemployment through the provision of unemployment compensation benefits. These benefits replace part of the unemployed workers' lost wages and, in so doing, stabilize the economy during recessionary periods by increasing the unemployed's purchasing power. The UI program operates counter cyclically, with benefits exceeding tax collections during recessionary periods and UI tax revenues exceeding benefit payments during periods of recovery.

Program Administration and Funding

The UI program is administered through a unique system of Federal-State partnerships, established in Federal law but executed through conforming State laws by State officials. The Federal government provides broad policy guidance and program direction through the oversight of the U.S. Department of Labor, while program details are established through individual State UI statutes, administered through State UI agencies.

Federal and State Unemployment Taxes

The UI program is financed through the collection of Federal and State unemployment taxes levied on subject employers and deposited in the Unemployment Trust Fund (UTF). The UTF was established to account for the receipt, investment and disbursement of unemployment taxes. Federal unemployment taxes are used to pay for the administrative costs of the UI program, including grants to each State to cover the costs of State UI operations and the Federal share of extended UI benefits. Federal unemployment taxes are also used to maintain a loan account within the UTF, from which insolvent States may borrow funds to pay UI benefits. State UI taxes are used exclusively for the payment of regular UI benefits, as well as the State's share of extended benefits.

Federal Unemployment Taxes

Under the provisions of the Federal Unemployment Tax Act (FUTA), a Federal tax is levied on covered employers, at a current rate of 6.2% of the first \$7,000 in annual wages paid to each employee. This Federal tax rate is reduced by a credit of up to 5.4%, granted to employers paying State UI taxes under conforming State UI statutes. Accordingly, in conforming States, employers pay an effective Federal tax of 0.8%. Federal unemployment taxes are collected by the Internal Revenue Service.

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State Unemployment Taxes

In addition to the Federal tax, individual States finance their UI programs through State tax contributions from subject employers based on the wages of covered employees. (Three States also collect contributions from employees). Within Federal confines, State tax rates are assigned in accordance with an employer's experience with unemployment. Actual tax rates vary greatly among the States and among individual employers within a State. At a minimum, these rates must be applied to the Federal tax base of \$7,000; however, States may adopt a higher wage base than the minimum established by FUTA. State UI agencies are responsible for the collection of State unemployment taxes.

Unemployment Trust Fund

Federal and State UI taxes are deposited into designated accounts within the Unemployment Trust Fund. The UTF was established under the authority of Title IX, Section 904 of the Social Security Act of 1935, as amended, to receive, hold, invest, loan and disburse Federal and State UI taxes. The U.S. Department of the Treasury acts as custodian over monies deposited into the UTF, investing amounts in excess of disbursing requirements in Treasury securities. The UTF is comprised of the following accounts:

Federal Accounts

The Employment Security Administration Account (ESAA) was established pursuant to Section 901 of the Act. All tax receipts collected under the Federal Unemployment Tax Act (FUTA) are appropriated to the ESAA and used to pay the costs of Federal and State administration of the unemployment insurance program and veterans' employment services, as well as 97 percent of the costs of the State employment services. Excess balances in ESAA, as defined under the Act, are transferred to other Federal accounts within the Fund, as described below.

The Federal Unemployment Account (FUA) was established pursuant to Section 904 of the Act. FUA is funded by any excesses from the ESAA as determined in accordance with Section 902 of the Act. Title XII, Section 1201 of the Act authorizes the FUA to loan Federal monies to State accounts that are unable to make benefit payments because the State UI account balance has been exhausted. Title XII loans must be repaid with interest. The FUA may borrow from the ESAA or EUCA, without interest, or may also receive repayable advances, with interest, from the general fund of the U.S. Treasury, when the FUA has a balance insufficient to make advances to the States.

The Extended Unemployment Compensation Account (EUCA) was established pursuant to Section 905 of the Act. EUCA provides for the payment of extended unemployment benefits authorized under the Federal-State Extended Unemployment Compensation Act of 1970, as amended. Under the extended benefits program, extended unemployment benefits are paid to individuals who have exhausted their regular unemployment benefits. These extended benefits are financed one-half by State unemployment taxes and one-half by FUTA taxes from the EUCA. The EUCA is funded by a percentage of the FUTA tax transferred from the ESAA in accordance with Section 905(b)(1) and (2) of the Act. The EUCA may borrow from the ESAA or the FUA, without interest, or may also receive repayable advances from the general fund of the Treasury when the EUCA has a balance insufficient to pay the Federal share of extended benefits. During periods of sustained high unemployment, the EUCA may also receive payments and non-repayable advances from the general fund of the Treasury to finance emergency unemployment compensation benefits. Emergency unemployment benefits require Congressional authorization.

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The Federal Employees Compensation Account (FECA) was established pursuant to Section 909 of the Act. The FEC account provides funds to States for unemployment compensation benefits paid to eligible former Federal civilian personnel and ex-service members. Generally, benefits paid are reimbursed to the Federal Employees Compensation Account by the various Federal agencies. Any additional resources necessary to assure that the account can make the required payments to States, due to the timing of the benefit payments and subsequent reimbursements, will be provided by non-repayable advances from the general fund of the Treasury.

State Accounts

Separate State Accounts were established for each State and territory depositing monies into the Fund, in accordance with Section 904 of the Act. State unemployment taxes are deposited into these individual accounts and may be used only to pay State unemployment benefits. States may receive repayable advances from the FUA when their balances in the Fund are insufficient to pay benefits.

Railroad Retirement Accounts

The Railroad UI Account and Railroad UI Administrative Account were established under Section 904 of the Act to provide for a separate unemployment insurance program for railroad employees. This separate unemployment insurance program is administered by the Railroad Retirement Board, an agency independent of DOL. DOL is not responsible for the administrative oversight or solvency of the railroad unemployment insurance system. Receipts from taxes on railroad payrolls are deposited in the Railroad UI Account and the Railroad UI Administrative Account to meet benefit payment and related administrative expenses.

UI Program Benefits

The UI program provides regular and extended benefit payments to eligible unemployed workers. Regular UI program benefits are established under State law, payable for a period not to exceed a maximum duration. In 1970, Federal law began to require States to extend this maximum period of benefit duration by fifty percent during periods of high unemployment. These extended benefit payments are paid equally from Federal and State accounts.

Regular UI Benefits

There are no Federal standards regarding eligibility, amount or duration of regular UI benefits. Eligibility requirements, as well as benefit amounts and benefit duration are determined under State law. Under State laws, worker eligibility for benefits depends on experience in covered employment during a past base period, which attempts to measure the workers' recent attachment to the labor force. Three factors are common to State eligibility requirements: (1) a minimum duration of recent employment and earnings during a base period prior to unemployment, (2) unemployment not the fault of the unemployed, and (3) availability of the unemployed for work.

Benefit payment amounts under all State laws vary with the workers' base period wage history. Generally, States compute the amount of weekly UI benefits as a percentage of an individual's average weekly base period earnings, within certain minimum and maximum limits. Most States set the duration of UI benefits by the amount of earnings an individual has received during the base period. Currently, almost all States have established the maximum duration for regular UI benefits at 26 weeks. Regular UI benefits are paid by the State UI agencies from monies drawn down from the State's account within the Unemployment Trust Fund.

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Extended UI Benefits

The Federal/State Extended Unemployment Compensation Act of 1970 provides for the extension of the duration of UI benefits during periods of high unemployment. When the insured unemployment level within a State, or in some cases total unemployment, reaches certain specified levels, the State must extend benefit duration by fifty percent, up to a combined maximum of 39 weeks. Fifty percent of the cost of extended unemployment benefits is paid from the Extended Unemployment Compensation Account within the UTF, and fifty percent by the State, from the State's UTF account.

Emergency UI Benefits

During prolonged periods of high unemployment, Congress may authorize the payment of emergency unemployment benefits to supplement extended UI benefit payments. Emergency benefits are currently being paid under the Temporary Extended Unemployment Compensation Act. Emergency benefit payments totaling \$10.7 billion were paid in FY 2003 and payments in excess of \$19 billion have been paid since inception of the program in March 2002. The benefits under this program are paid from Federal unemployment taxes and general fund appropriations in EUCA.

Federal UI Benefits

Unemployment benefits to unemployed Federal workers are paid from the Federal Employment Compensation Account within the Unemployment Trust Fund. These benefit costs are reimbursed by the responsible Federal agency and are not considered to be social insurance benefits. Federal unemployment compensation benefits are not included in this discussion of social insurance programs.

Program Finances and Sustainability

At September 30, 2003, total assets within the UTF exceeded liabilities by \$48.2 billion. This fund balance approximates the accumulated surplus of tax revenues and earnings on these revenues over benefit payment expenses and is available to finance benefit payments in future periods when tax revenues may be insufficient. Treasury invests this accumulated surplus in Federal securities. The net value of these securities at September 30, 2003 was \$48.2 billion. These investments accrue interest, which is distributed to eligible State and Federal accounts within the UTF. Interest income from these investments during FY 2003 was \$3.4 billion. Federal and State UI tax and reimbursable revenues of \$33.2 billion and regular, extended and emergency benefit payment expense of \$53.4 billion were recognized for the year ended September 30, 2003.

As discussed in Note 1.L.1 to the consolidated financial statements, DOL recognized a liability for regular, extended and temporary extended unemployment benefits to the extent of unpaid benefits applicable to the current period. Accrued unemployment benefits payable at September 30, 2003 were \$1.4 billion.

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Effect of Projected Cash Inflows and Outflows on the Accumulated Net Assets of the UTF

The ability of the UI program to meet a participant's future benefit payment needs depends on the availability of accumulated taxes and earnings within the UTF. The Department measures the effect of projected benefit payments on the accumulated net assets of the UTF, under an open group scenario, which includes current and future participants in the UI program. Future estimated cash inflows and outflows of the UTF are tracked by the Department for budgetary purposes. These projections allow the Department to monitor the sensitivity of the UI program to differing economic conditions, and to predict the program's sustainability under varying economic assumptions. The significant assumptions used in the projections include total unemployment rates, civilian labor force levels, percent of unemployed receiving benefits, total wages, distribution of benefit payments by state, state tax rate structures, state taxable wage bases and interest rates on UTF investments.

Presented on the following pages is the effect of projected economic conditions on the net assets of the UTF, excluding the Federal Employees Compensation Account.

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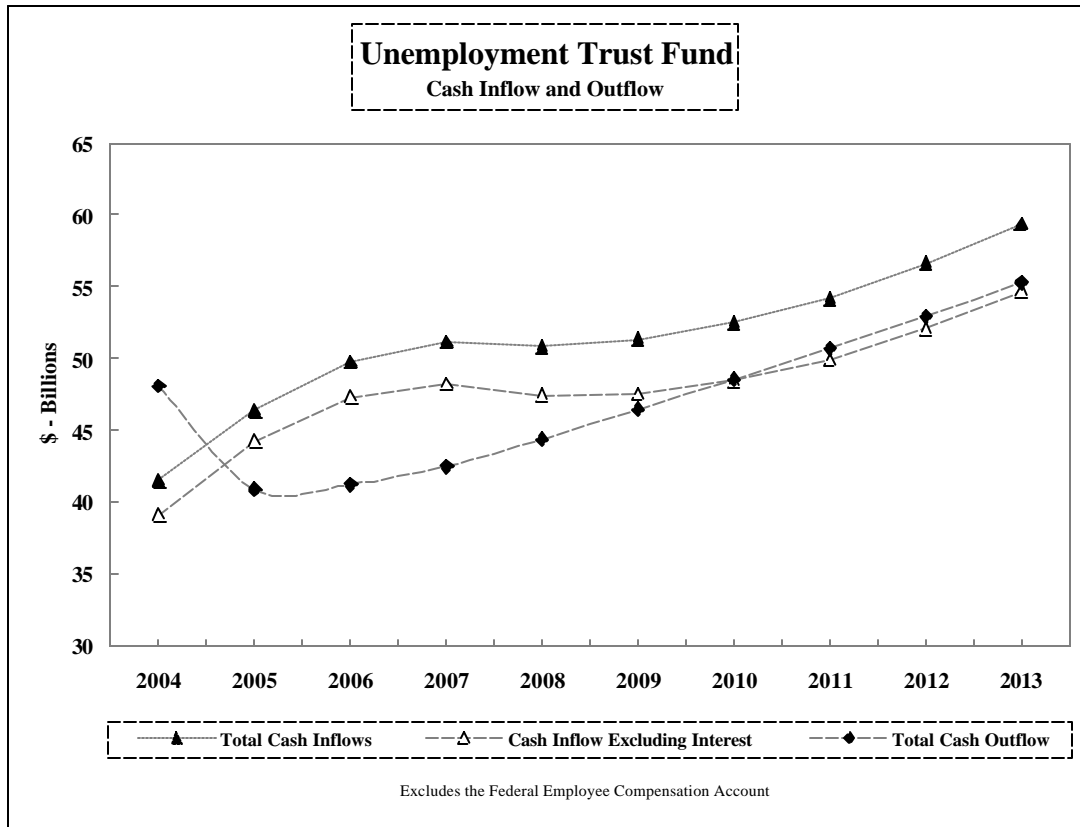
Charts I and II graphically depict the effect of expected economic conditions on the UTF over the next ten years.

Projected Cash Inflows and Outflows Under Expected Economic Conditions

Chart I depicts projected cash inflows and outflows of the UTF over the next ten years, under expected economic conditions. Both cash inflows and cash inflows excluding interest earnings are displayed. Current estimates by the Department are based on an expected unemployment rate of 5.70% during FY 2004, decreasing to 5.10% in FY 2008 and thereafter. Cash outflows exceed cash inflows combined with interest earnings for FY 2004. Positive cash flows resume in FY 2005, peaking at \$8.6 billion in FY 2007 and decreasing to \$3.5 billion in FY 2011, indicating that States have replenished their funds to desired levels.

These projections, excluding interest earnings, indicate net cash outflows in FY 2004, then net cash inflows for the next five years. Due to projected transfers of excess Federal funds to the States starting in 2008, which tends to depress state tax collections, there is crossover back to net outflows in FY 2010. The result is that the fund must rely on interest earnings to keep growing.

Chart I



REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

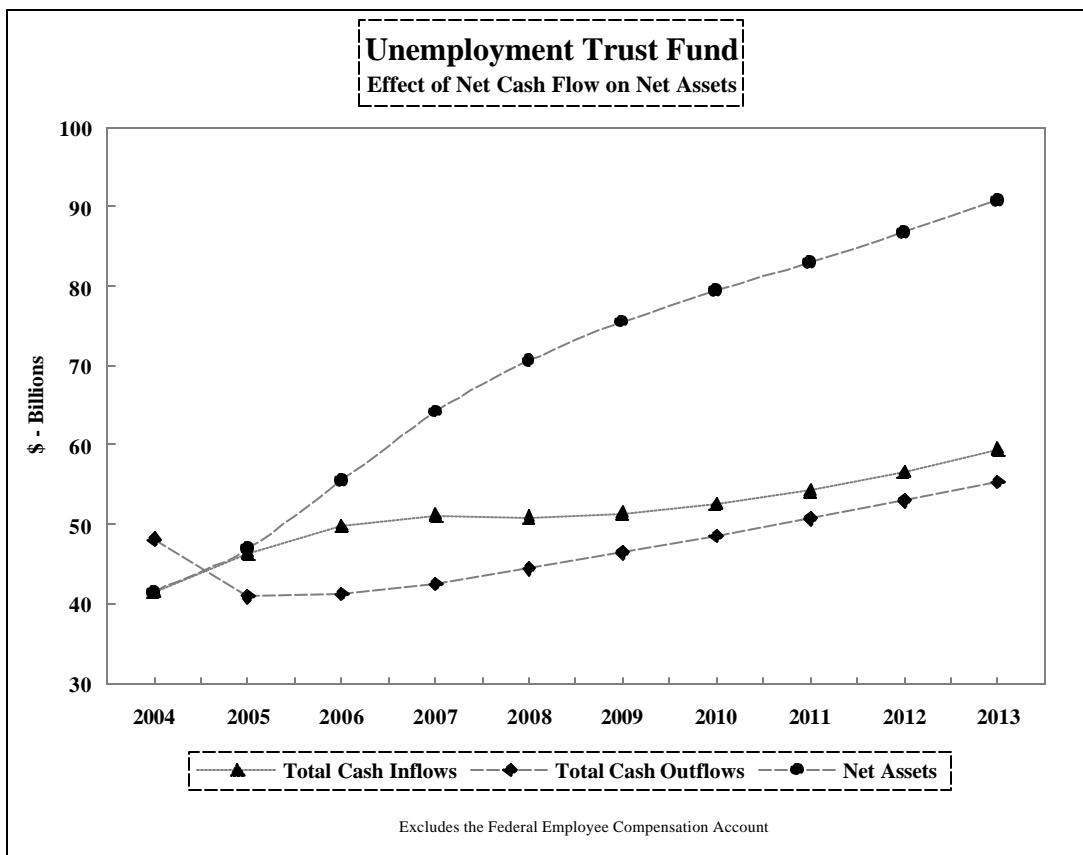
Effect of Projected Cash Inflows and Outflows on the Accumulated Net Assets of the UTF - Continued

Effect of Expected Cash Flows on UTF Assets

Chart II demonstrates the effect of these expected cash inflows and outflows on the net assets of the UTF over the ten year period ended September 30, 2013. Yearly projected total cash inflows, including interest earnings, and cash outflows are depicted, as well as the net effect of this cash flow on UTF assets.

Total cash outflows exceed cash inflows during 2004. Total cash inflows exceed cash outflows in each of the next nine years projected, with this excess peaking in 2007 and decreasing the next four years after that until resuming growth in 2012. Net UTF assets decrease to \$41.4 billion in FY 2004 but increase by 119% over the next nine years to \$90.7 billion by the end of FY 2013.

Chart II



REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

Recessionary Scenarios

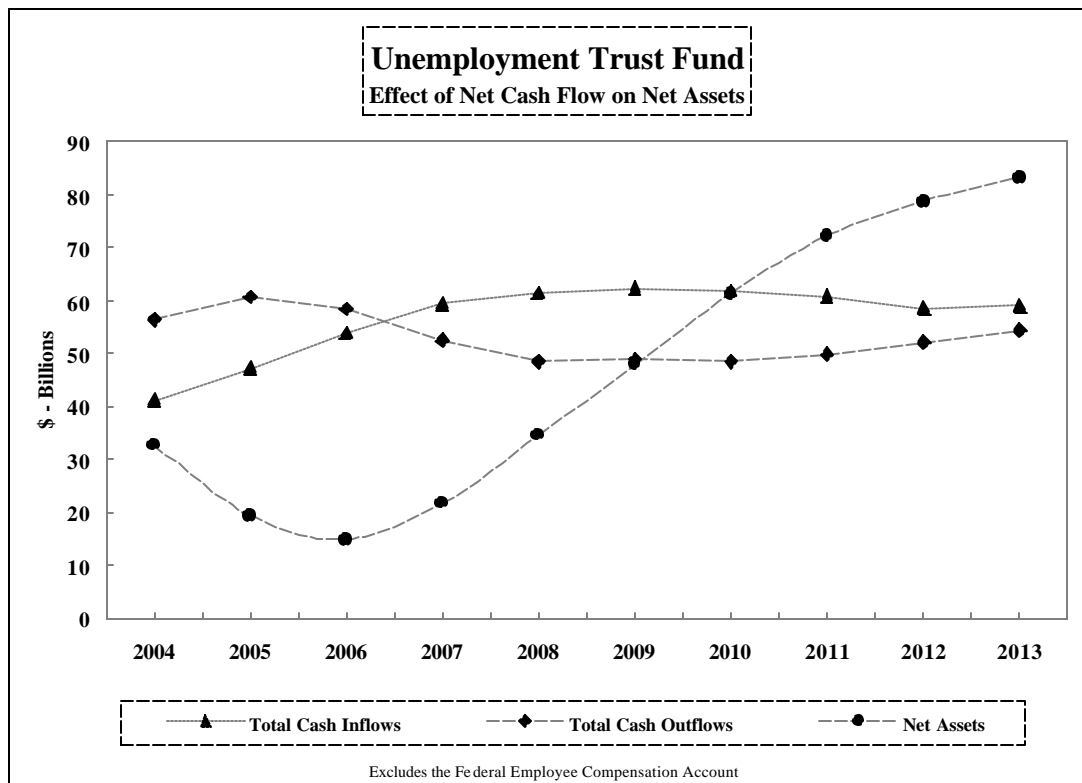
Charts III and IV demonstrate the effect on accumulated UTF assets of projected total cash inflows and cash outflows of the UTF over the ten year period ending September 30, 2013, under mild and severe recession scenarios. Each scenario uses an open group, which includes current and future participants in the UI program. Charts III and IV assume increased rates of unemployment during mild and deep periods of recession.

Effect on UTF Assets of Mild Recession

The Department projects the effect of moderate recession on the cash inflows and outflows of the UTF. Under this scenario, which utilizes an unemployment rate peaking at 7.43% in FY 2005, net cash outflows are projected in FY 2004 through FY 2006. Net cash inflows are reestablished in FY 2007 and peak in FY 2010 with a drop in the unemployment rate to 5.18%.

The crossover pattern discussed above remains the same without including interest earnings. However, in the final year of the projections when cash outflows are marginally less than total cash inflows the states have replenished their funds to the desired level and growth of the fund slows.

Chart III



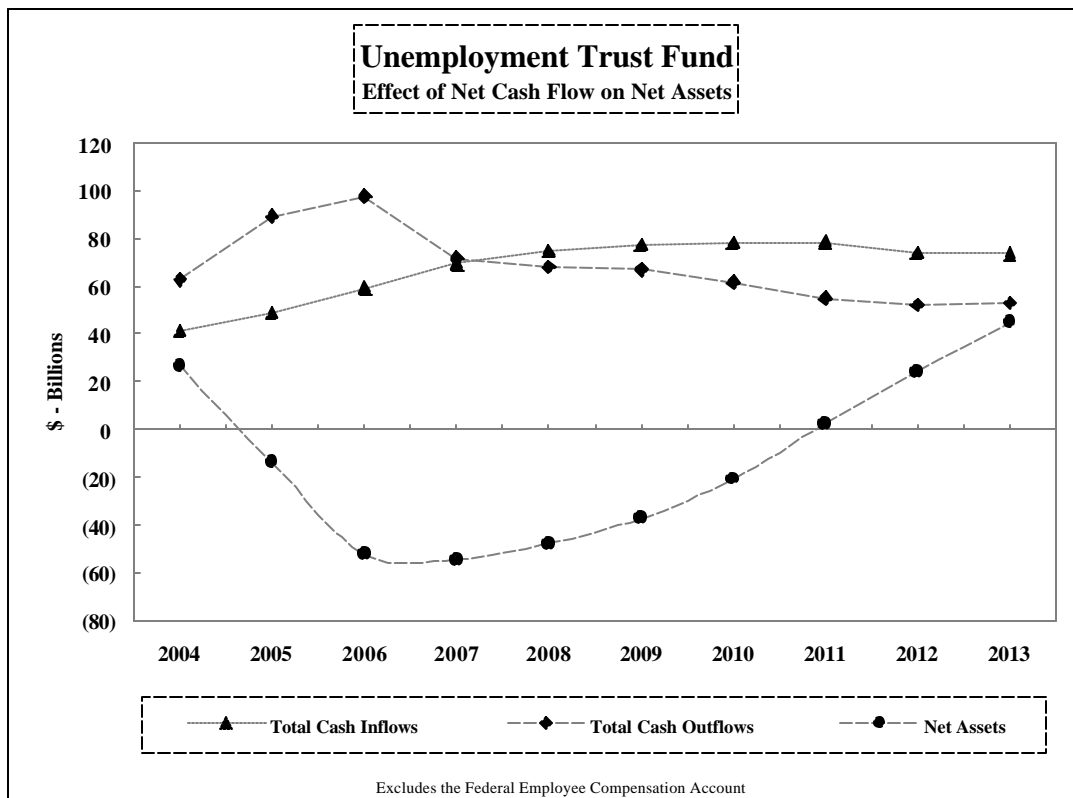
REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

Effect on UTF Assets of Deep Recession

The Department also estimates the effect of severe recession on the cash inflows and outflows of the UTF. This scenario assumes a rising unemployment rate peaking at 10.15% in FY 2006. Under this scenario, net cash outflows are projected in FY 2004 through FY 2007, with the fund in a deficit situation from 2005 to 2010. By the end of FY 2007, the net assets of the UTF decrease from \$26.6 billion in FY 2004 to a negative \$54.5 billion, a decline of \$81.1 billion (305%). State accounts without sufficient reserve balances to absorb negative cash flows would be forced to borrow funds from the FUA to meet benefit payment requirements. State borrowing demands could also deplete the FUA, which borrows from the ESAA and the EUCA until they are depleted. The FUA would then require advances from the general fund of the U.S. Treasury to provide for State borrowings. (See discussion of State solvency measures following.)

Net cash inflows are reestablished in FY 2008, with a drop in the unemployment rate to 7.28%. By the end of FY 2013, this positive cash flow has replenished UTF account balances to \$44.7 billion, higher than the beginning of the recession. This example demonstrates the counter cyclical nature of the UI program, which experiences net cash outflows during periods of recession, to be replenished through net cash inflows during periods of recovery.

Chart IV



Tables containing the total yearly cash inflow, interest earnings and cash outflow for each scenario are presented in the following pages.

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U.S. DEPARTMENT OF LABOR
SUPPLEMENTARY SOCIAL INSURANCE INFORMATION
CASH INFLOW AND OUTFLOW OF THE
UNEMPLOYMENT TRUST FUND EXCLUDING THE FEDERAL EMPLOYEES COMPENSATION ACCOUNT
FOR THE TEN YEAR PERIOD ENDING SEPTEMBER 30, 2013
(2) MILD RECESSIONARY UNEMPLOYMENT RATE

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
(Dollars in thousands)										
Balance, start of year	\$48,010,330	\$32,821,941	\$19,368,061	\$14,925,434	\$21,779,906	\$34,677,817	\$47,960,942	\$61,397,631	\$72,269,147	\$78,755,808
Cash inflow										
State unemployment taxes	31,591,000	38,491,000	44,156,000	47,673,000	48,967,000	48,478,000	47,517,000	46,333,000	45,915,000	46,971,000
Federal unemployment taxes	6,751,000	6,856,000	7,759,000	9,403,000	9,985,000	10,998,000	11,035,000	10,571,000	8,399,000	7,470,000
General revenue appropriation	417,900	21,800	17,300	4,100	600	900	400	500	600	700
Interest on loans	172,000	503,000	894,000	1,028,000	846,000	595,000	312,000	154,000	111,000	106,000
CMIA receipts	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Deposits by the Railroad Retirement Board	138,500	119,400	118,500	115,400	105,500	101,700	110,300	119,000	117,300	112,400
Total cash inflow excluding interest	39,073,400	45,994,200	52,947,800	58,226,500	59,907,100	60,176,600	58,977,700	57,180,500	54,545,900	54,663,100
Interest on Federal securities	2,198,268	1,233,547	1,014,524	1,196,813	1,544,247	2,123,146	2,880,027	3,581,924	4,048,919	4,330,061
Total cash inflow	41,271,668	47,227,747	53,962,324	59,423,313	61,451,347	62,299,746	61,857,727	60,762,424	58,594,819	58,993,161
Cash outflow										
State unemployment benefits	52,151,000	56,193,000	53,880,000	48,103,000	44,114,000	44,514,000	43,891,000	45,241,000	47,336,000	49,560,000
State administrative costs	4,046,328	4,224,202	4,258,845	4,194,269	4,160,972	4,217,083	4,238,701	4,350,563	4,465,871	4,570,230
Federal administrative costs	143,266	147,183	151,820	156,740	162,087	167,508	171,656	178,566	183,989	189,406
Interest on tax refunds	2,963	2,822	3,206	3,932	4,357	4,890	4,961	4,779	3,818	3,395
Railroad Retirement Board withdrawals	116,500	114,420	111,080	110,900	112,020	113,140	114,720	116,000	118,480	119,220
Total cash outflow	56,460,057	60,681,627	58,404,951	52,568,841	48,553,436	49,016,621	48,421,038	49,890,908	52,108,158	54,442,251
Excess of total cash inflow excluding interest over total cash outflow	(17,386,657)	(14,687,427)	(5,457,151)	5,657,659	11,353,664	11,159,979	10,556,662	7,289,592	2,437,742	220,849
Excess of total cash inflow over total cash outflow	(15,188,389)	(13,453,880)	(4,442,627)	6,854,472	12,897,911	13,283,125	13,436,689	10,871,516	6,486,661	4,550,910
Balance, end of year	\$32,821,941	\$19,368,061	\$14,925,434	\$21,779,906	\$34,677,817	\$47,960,942	\$61,397,631	\$72,269,147	\$78,755,808	\$83,306,718
Total unemployment rate	6.60%	7.43%	7.13%	6.35%	5.63%	5.48%	5.18%	5.10%	5.10%	5.10%

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

U.S. DEPARTMENT OF LABOR
 SUPPLEMENTARY SOCIAL INSURANCE INFORMATION
 CASH FLOW AND OUTFLOW OF THE
 UNEMPLOYMENT TRUST FUND EXCLUDING THE FEDERAL EMPLOYEES COMPENSATION ACCOUNT
 FOR THE TEN YEAR PERIOD ENDING SEPTEMBER 30, 2013

(3) DEEP RECESSIONARY UNEMPLOYMENT RATE

(Dollars in thousands)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Balance, start of year	\$ 48,010,330	\$ 26,580,618	\$ (13,911,847)	\$ (52,515,249)	\$ (54,503,714)	\$ (47,769,492)	\$ (37,404,250)	\$ (20,901,602)	\$ 2,402,980	\$ 24,192,801
Cash inflow										
State unemployment taxes	31,753,000	39,949,000	48,311,000	55,840,000	59,499,000	59,751,000	58,633,000	56,804,000	53,804,000	52,285,000
Federal unemployment taxes	6,716,000	6,710,000	7,537,000	9,484,000	10,841,000	13,295,000	15,309,000	17,603,000	16,569,000	18,115,000
General revenue appropriation	419,400	35,000	33,600	11,600	4,800	8,200	7,100	1,100	200	400
Interest on loans	232,000	1,154,000	2,765,000	3,774,000	3,805,000	3,627,000	3,244,000	2,603,000	1,862,000	1,125,000
CIVIA receipts	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Deposits by the Railroad Retirement Board	138,500	119,400	118,500	115,400	105,500	101,700	110,300	119,000	117,300	112,400
Total cash inflow excluding interest	<u>39,261,900</u>	<u>47,970,400</u>	<u>58,768,100</u>	<u>69,228,000</u>	<u>74,258,300</u>	<u>76,785,900</u>	<u>77,306,400</u>	<u>77,133,100</u>	<u>72,355,500</u>	<u>71,640,800</u>
Interest on Federal securities	1,981,149	766,923	376,038	298,577	421,912	577,704	789,495	1,166,176	1,546,241	1,968,128
Total cash inflow	41,243,049	48,737,323	59,144,138	69,526,577	74,680,212	77,363,604	78,095,895	78,299,276	73,901,741	73,608,928
Cash outflow										
State unemployment benefits	58,239,000	83,776,000	90,723,000	64,019,000	60,345,000	59,659,000	54,809,000	49,025,000	46,908,000	48,180,000
State administrative costs	4,171,048	4,789,423	5,058,526	4,624,436	4,522,152	4,552,803	4,490,988	4,467,170	4,493,920	4,572,421
Federal administrative costs	143,266	147,183	151,820	156,740	162,087	167,508	171,656	178,566	183,989	189,406
Interest on tax refunds	2,947	2,762	3,114	3,966	4,731	5,911	6,883	7,958	7,531	8,254
Interest on General Fund advances	-	400,000	1,700,000	2,600,000	2,800,000	2,500,000	2,000,000	1,200,000	400,000	-
Railroad Retirement Board withdrawals	116,500	114,420	111,080	110,900	112,020	113,140	114,720	116,000	118,480	119,220
Total cash outflow	<u>62,672,761</u>	<u>89,229,788</u>	<u>97,747,540</u>	<u>71,515,042</u>	<u>67,945,990</u>	<u>66,998,362</u>	<u>61,593,247</u>	<u>54,994,694</u>	<u>52,111,920</u>	<u>53,069,281</u>
Excess of total cash inflow excluding interest over total cash outflow	<u>(23,410,861)</u>	<u>(41,259,388)</u>	<u>(38,979,440)</u>	<u>(2,287,042)</u>	<u>6,312,310</u>	<u>9,787,538</u>	<u>15,713,153</u>	<u>22,138,406</u>	<u>20,243,580</u>	<u>18,571,519</u>
Excess of total cash inflow over total cash outflow	(21,429,712)	(40,492,465)	(38,603,402)	(1,988,465)	6,734,222	10,365,242	16,502,648	23,304,382	21,789,821	20,539,647
Balance, end of year	<u>\$ 26,580,618</u>	<u>\$ (13,911,847)</u>	<u>\$ (52,515,249)</u>	<u>\$ (54,503,714)</u>	<u>\$ (47,769,492)</u>	<u>\$ (37,404,250)</u>	<u>\$ (20,901,602)</u>	<u>\$ 2,402,980</u>	<u>\$ 24,192,801</u>	<u>\$ 44,732,448</u>
Total unemployment rate	6.93%	9.08%	10.15%	7.83%	7.28%	7.05%	6.43%	5.65%	5.20%	5.10%

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

States Minimally Solvent

Each State's accumulated UTF net assets or reserve balance should provide a defined level of benefit payments over a defined period. To be minimally solvent, a State's reserve balance should provide for one year's projected benefit payment needs based on the highest level of benefit payments experienced by the State over the last twenty years. A ratio of 1.0 or greater indicates a state is minimally solvent. States below this level are vulnerable to exhausting their funds in a recession. States exhausting their reserve balance must borrow funds from the Federal Unemployment Account (FUA) to make benefit payments. The Illinois, Missouri, New York and Minnesota state accounts had loans payable to FUA at the end of FY 2003. During periods of high sustained unemployment, balances in the FUA may be depleted. In these circumstances, FUA is authorized to borrow from the Treasury general fund.

Chart V presents the State by State results of this analysis at September 30, 2003, in descending order, by ratio. As the table below illustrates, 32 states failed to maintain minimal solvency ratios at September 30, 2003. The ratio is not computed for Texas because the bulk of their fund balance represents proceeds from the sale of bonds.

Chart V

Minimally Solvent		Not Minimally Solvent	
State	Ratio	State	Ratio
New Mexico	2.90	South Carolina	0.99
Mississippi	2.30	Georgia	0.97
Vermont	2.29	Oklahoma	0.97
Virgin Islands	2.00	South Dakota	0.90
Delaware	1.94	Wisconsin	0.90
Maine	1.80	Alaska	0.87
New Hampshire	1.67	Kansas	0.85
Arizona	1.63	Nebraska	0.83
Montana	1.53	Tennessee	0.82
Hawaii	1.49	New Jersey	0.75
Puerto Rico	1.45	Maryland	0.74
Iowa	1.39	Washington	0.67
Wyoming	1.39	Kentucky	0.64
Indiana	1.34	Rhode Island	0.64
Louisiana	1.34	Michigan	0.61
District of Columbia	1.25	Alabama	0.60
Utah	1.25	West Virginia	0.60
Oregon	1.22	Idaho	0.57
Florida	1.01	Connecticut	0.55
Nevada	1.01	Ohio	0.53
		Virginia	0.47
		North Dakota	0.39
		Pennsylvania	0.34
		Colorado	0.32
		Arkansas	0.31
		California	0.28
		Massachusetts	0.13
		North Carolina	0.01
		Illinois	-0.06
		Missouri	-0.08
		New York	-0.12
		Minnesota	-0.13
		Texas	N.A.

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

Black Lung Disability Benefit Program

The Black Lung Disability Benefit Program provides for compensation, medical and survivor benefits for eligible coal miners who are disabled due to pneumoconiosis (black lung disease) arising out of their coal mine employment. The U.S. Department of Labor operates the Black Lung Disability Benefit Program. The Black Lung Disability Trust Fund (BLDTF) provides benefit payments to eligible coal miners disabled by pneumoconiosis when no responsible mine operator can be assigned the liability.

Program Administration and Funding

Black lung disability benefit payments are funded by excise taxes from coal mine operators based on the sale of coal, as are the fund's administrative costs. These taxes are collected by the Internal Revenue Service and transferred to the BLDTF, which was established under the authority of the Black Lung Benefits Revenue Act, and administered by the U.S. Department of the Treasury. The Black Lung Benefits Revenue Act provides for repayable advances to the BLDTF from the general fund of the Treasury, in the event that BLDTF resources are not adequate to meet program obligations.

Program Finances and Sustainability

At September 30, 2003, total liabilities of the Black Lung Disability Trust Fund exceeded assets by \$8.2 billion. This deficit fund balance represented the accumulated shortfall of excise taxes necessary to meet benefit payment and interest expenses. This shortfall was funded by repayable advances to the BLDTF, which are repayable with interest. Outstanding advances at September 30, 2003 were \$8.2 billion, bearing interest rates ranging from 5.375 to 13.875 percent. Excise tax revenues of \$506.1 million, benefit payment expense of \$375.0 million and interest expense of \$620.6 million were recognized for the year ended September 30, 2003.

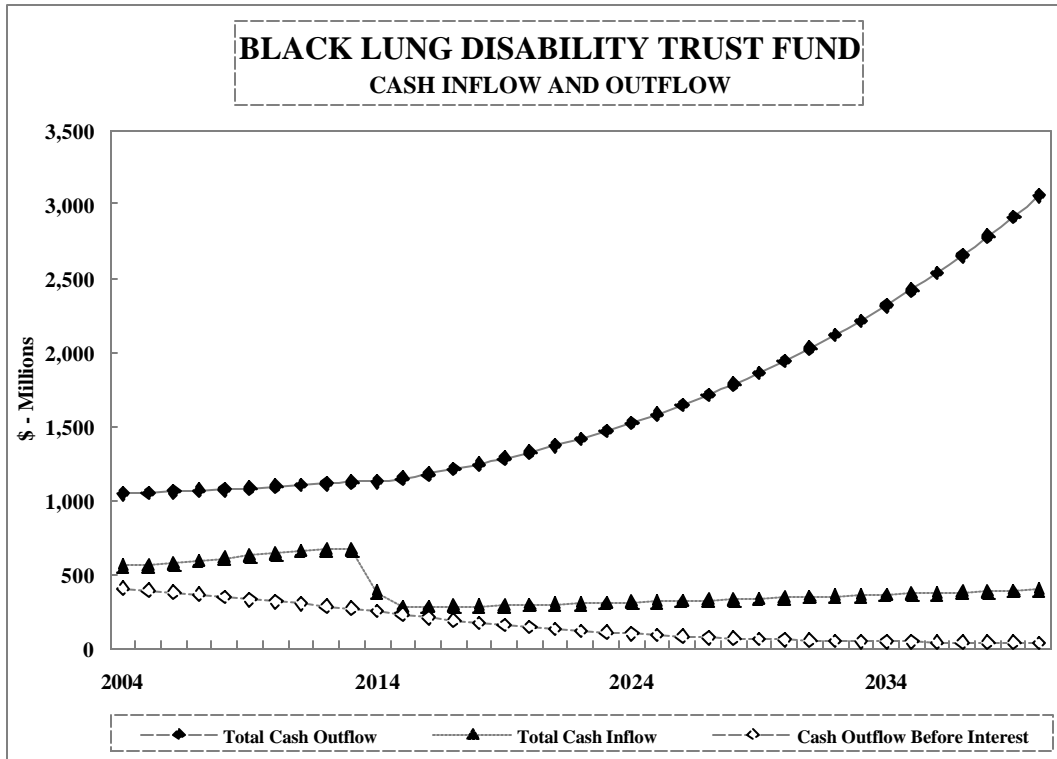
As discussed in Note 1.L.3, DOL recognized a liability for disability benefits to the extent of unpaid benefits applicable to the current period. Accrued disability benefits payable at September 30, 2003 were \$25.7 million. Although no liability was recognized for future payments to be made to present and future program participants beyond the due and payable amounts accrued at year end, future estimated cash inflows and outflows of the BLDTF are tracked by the Department for budgetary purposes. The significant assumptions used in the projections are coal production estimates, the tax rate structure, number of beneficiaries, life expectancy, medical costs and the interest rate on new repayable advances from Treasury. These projections are sensitive to changes in the tax rate and changes in interest rates on repayable advances from Treasury.

These projections, made over the thirty-seven year period ending September 30, 2040, indicate that cash inflows from excise taxes will exceed cash outflows for benefit payments and administrative expenses for each period projected. Cumulative net cash inflows are projected to reach \$9.1 billion by the year 2040. However, when interest payments required to finance the BLDTF's repayable advances are applied against this surplus cash inflow, the BLDTF's cash flow turns negative during each of the thirty-seven periods included in the projections. Net cash outflows after interest payments are projected to reach \$60.6 billion by the end of the year 2040, increasing the BLDTF's deficit to \$53.8 billion at September 30, 2040. (See Chart I on following page.)

The net present value of future benefit payments for the thirty-seven year period ending 2040 is \$3.0 billion. The net present value of future excise taxes for the thirty-seven year period is \$7.3 billion which results in a \$4.3 billion excess of excise taxes over benefit payments. However, the net present value of total cash outflows, including interest payments and administrative costs, is \$21.8 billion resulting in an excess of cash outflows over excise taxes of \$14.5 billion. The interest rate used for net present value is 5.375 percent.

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

Chart I



The projected decrease in cash inflows in the year 2014 and thereafter is the result of a scheduled reduction in the tax rate on the sale of coal. This rate reduction is projected to result in a fifty-eight percent decrease in the amount of excise taxes collected between the years 2013 and 2015. The cumulative effect of this change is estimated to be in excess of \$12.5 billion by the year 2040.

Yearly cash inflows and outflows are presented in the table on the following page.

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

U.S. DEPARTMENT OF LABOR
 SUPPLEMENTARY SOCIAL INSURANCE INFORMATION
 CASH INFLOW AND OUTFLOW OF THE BLACK LUNG DISABILITY TRUST FUND
 FOR THE THIRTY-SEVEN YEAR PERIOD ENDING SEPTEMBER 30, 2040

	2004	2005	2006	2007	2008	2009 - 2040	Total
(Dollars in thousands)							
Cash inflow							
Excise taxes	\$ 557,000	\$ 560,000	\$ 573,000	\$ 589,000	\$ 607,000	\$ 12,228,169	\$ 15,114,169
Interest	-	-	-	-	-	-	-
Total cash inflow	<u>557,000</u>	<u>560,000</u>	<u>573,000</u>	<u>589,000</u>	<u>607,000</u>	<u>12,228,169</u>	<u>15,114,169</u>
Cash outflow							
Disabled coal miners benefits	350,016	334,105	318,024	301,946	284,742	3,288,213	4,877,046
Administrative costs	56,099	57,396	58,731	60,103	61,526	885,113	1,178,968
Cash outflows before interest payments	406,115	391,501	376,755	362,049	346,268	4,173,326	6,056,014
Cash inflow over cash outflow before interest payments	<u>150,885</u>	<u>168,499</u>	<u>196,245</u>	<u>226,951</u>	<u>260,732</u>	<u>8,054,843</u>	<u>9,058,155</u>
Interest on advances	639,055	658,533	680,291	703,427	727,346	51,172,734	54,581,386
Total cash outflow	<u>1,045,170</u>	<u>1,050,034</u>	<u>1,057,046</u>	<u>1,065,476</u>	<u>1,073,614</u>	<u>55,346,060</u>	<u>60,637,400</u>
Total cash outflow over total cash inflow	(488,170)	(490,034)	(484,046)	(476,476)	(466,614)	(43,117,891)	(45,523,231)
Balance, start of year	(8,227,010)	(8,715,180)	(9,205,214)	(9,689,260)	(10,165,736)	(10,632,350)	(8,227,010)
Balance, end of year	\$ (8,715,180)	\$ (9,205,214)	\$ (9,689,260)	\$ (10,165,736)	\$ (10,632,350)	\$ (53,750,241)	\$ (53,750,241)

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF BUDGETARY RESOURCES

The principal Statement of Budgetary Resources combines the availability, status and outlay of DOL's budgetary resources during FY 2003 and 2002. Presented on the following pages is the disaggregation of this combined information for each of the Department's major budget accounts.

REQUIRED SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF BUDGETARY RESOURCES For the Year Ended September 30, 2003

<u>(Dollars in thousands)</u>	<u>Employment and Training Administration</u>	<u>Employment Standards Administration</u>	<u>Occupational Safety and Health Administration</u>
BUDGETARY RESOURCES			
Budget authority			
Appropriations received	\$ 65,489,498	\$ 1,657,892	\$ 453,256
Net transfers	(605,878)	525,000	-
Unobligated balance			
Beginning of period	1,575,277	1,301,463	16,163
Net transfers	(781)	(363)	(402)
Spending authority from offsetting collections			
Earned			
Collected	61,721	2,381,620	6,380
Receivable from Federal sources	497	(45,082)	807
Change in unfilled customer orders			
Advance received	-	17,466	-
Without advances from Federal sources	-	-	-
Transfers from trust funds	3,690,196	34,003	-
Total spending authority from offsetting collections	3,752,414	2,388,007	7,187
Recoveries of prior year obligations	231,926	5,722	12,210
Permanently not available	(224,999)	(3,533)	(6,139)
Total budgetary resources	<u>\$ 70,217,457</u>	<u>\$ 5,874,188</u>	<u>\$ 482,275</u>
STATUS OF BUDGETARY RESOURCES			
Obligations incurred			
Direct	\$ 68,582,902	\$ 2,021,901	\$ 459,864
Reimbursable	19,344	2,391,572	4,484
Total obligations incurred	68,602,246	4,413,473	464,348
Unobligated balances available			
Apportioned	1,268,996	1,100,707	919
Exempt from apportionment	(208)	-	-
Other available	-	207,223	-
Unobligated balances not available	346,423	152,785	17,008
Total status of budgetary resources	<u>\$ 70,217,457</u>	<u>\$ 5,874,188</u>	<u>\$ 482,275</u>
RELATIONSHIP OF OBLIGATIONS TO OUTLAYS			
Obligated balance, net, beginning	\$ 9,777,073	\$ 171,155	\$ 99,381
Obligated balance transferred, net	1,304,116	-	-
Obligated balance, net, ending			
Accounts receivable	(1,304,637)	(18,390)	(887)
Undelivered orders	6,530,531	31,031	49,972
Accounts payable	3,174,644	249,123	34,094
Outlays			
Disbursements	70,005,263	4,363,272	470,372
Collections	(4,011,032)	(2,434,137)	(9,219)
Total outlays	65,994,231	1,929,135	461,153
Offsetting receipts	(1,270,628)	(6,611)	-
Net outlays	<u>\$ 64,723,603</u>	<u>\$ 1,922,524</u>	<u>\$ 461,153</u>

REQUIRED SUPPLEMENTARY INFORMATION

<u>Bureau of Labor Statistics</u>	<u>Mine Safety and Health Administration</u>	<u>Employee Benefits Security Administration</u>	<u>Veterans' Employment and Training</u>	<u>Other Departmental Programs</u>	<u>Total</u>
\$ 423,893	\$ 274,741	\$ 117,045	\$ 26,900	\$ 494,253	\$ 68,937,478
-	-	-	-	-	(80,878)
18,021	5,267	2,814	1,968	50,629	2,971,602
(1,166)	(457)	(145)	(161)	2,743	(732)
6,390	946	9,978	185	165,819	2,633,039
780	859	236	70	(3,995)	(45,828)
-	-	-	-	184	17,650
-	-	-	-	(2,396)	(2,396)
71,561	-	-	187,312	29,154	4,012,226
78,731	1,805	10,214	187,567	188,766	6,614,691
7,506	2,542	972	870	47,218	308,966
(6,437)	(2,895)	(1,113)	(1,392)	(4,348)	(250,856)
<u>\$ 520,548</u>	<u>\$ 281,003</u>	<u>\$ 129,787</u>	<u>\$ 215,752</u>	<u>\$ 779,261</u>	<u>\$ 78,500,271</u>
\$ 502,893	\$ 265,842	\$ 118,397	\$ 213,957	\$ 565,725	\$ 72,731,481
6,039	739	9,444	-	163,380	2,595,002
508,932	266,581	127,841	213,957	729,105	75,326,483
1,337	10,958	265	1,031	38,809	2,423,022
-	-	-	-	-	(208)
-	-	-	-	177	207,400
10,279	3,464	1,681	764	11,170	543,574
<u>\$ 520,548</u>	<u>\$ 281,003</u>	<u>\$ 129,787</u>	<u>\$ 215,752</u>	<u>\$ 779,261</u>	<u>\$ 78,500,271</u>
\$ 60,229	\$ 23,138	\$ 41,949	\$ 19,557	\$ 346,188	\$ 10,538,670
-	-	-	-	-	1,304,116
(794)	(874)	(236)	(70)	(10,701)	(1,336,589)
28,551	11,946	31,201	21,133	408,154	7,112,519
30,149	9,380	8,130	34,152	49,232	3,588,904
502,992	266,400	129,486	206,347	590,189	76,534,321
(77,974)	(1,480)	(9,978)	(216,485)	(199,960)	(6,960,265)
425,018	264,920	119,508	(10,138)	390,229	69,574,056
-	-	-	-	-	(1,277,239)
<u>\$ 425,018</u>	<u>\$ 264,920</u>	<u>\$ 119,508</u>	<u>\$ (10,138)</u>	<u>\$ 390,229</u>	<u>\$ 68,296,817</u>

REQUIRED SUPPLEMENTARY INFORMATION

COMBINING STATEMENT OF BUDGETARY RESOURCES For the Year Ended September 30, 2002

<u>(Dollars in thousands)</u>	<u>Employment and Training Administration</u>	<u>Employment Standards Administration</u>	<u>Occupational Safety and Health Administration</u>
BUDGETARY RESOURCES			
Budget authority			
Appropriations received	\$ 63,348,716	\$ 1,381,282	\$ 444,651
Net transfers	(621,501)	465,000	-
Unobligated balance			
Beginning of period	1,405,625	1,573,776	15,105
Net transfers	(123)	(145)	(922)
Spending authority from offsetting collections			
Earned			
Collected	39,920	2,136,154	2,678
Receivable from Federal sources	(436)	54,506	(866)
Change in unfilled customer orders			
Advance received	7,500	20,316	-
Without advances from Federal sources	-	-	-
Transfers from trust funds	3,729,564	33,291	-
Total spending authority from offsetting collections	3,776,548	2,244,267	1,812
Recoveries of prior year obligations	352,198	6,098	17,863
Permanently not available	(230,031)	(8,386)	(4,710)
Total budgetary resources	\$ 68,031,432	\$ 5,661,892	\$ 473,799
STATUS OF BUDGETARY RESOURCES			
Obligations incurred			
Direct	\$ 66,435,635	\$ 2,020,332	\$ 455,623
Reimbursable	20,520	2,340,096	2,012
Total obligations incurred	66,456,155	4,360,428	457,635
Unobligated balances available			
Apportioned	983,633	974,048	13
Other available	(27,769)	214,941	-
Unobligated balances not available	619,413	112,475	16,151
Total status of budgetary resources	\$ 68,031,432	\$ 5,661,892	\$ 473,799
RELATIONSHIP OF OBLIGATIONS TO OUTLAYS			
Obligated balance, net, beginning	\$ 9,608,164	\$ 169,819	\$ 97,656
Obligated balance, net, ending			
Accounts receivable	(1,256,389)	(63,472)	(80)
Undelivered orders	7,569,570	17,139	60,886
Accounts payable	3,463,892	217,488	38,575
Outlays			
Disbursements	65,884,941	4,299,140	440,518
Collections	(3,726,441)	(2,190,412)	(4,282)
Total outlays	62,158,500	2,108,728	436,236
Offsetting receipts	(722,412)	(6,674)	-
Net outlays	\$ 61,436,088	\$ 2,102,054	\$ 436,236

REQUIRED SUPPLEMENTARY INFORMATION

<u>Bureau of Labor Statistics</u>	<u>Mine Safety and Health Administration</u>	<u>Employee Benefits Security Administration</u>	<u>Veterans' Employment and Training</u>	<u>Other Departmental Programs</u>	<u>Total</u>
\$ 407,422	\$ 254,768	\$ 111,466	\$ 25,800	\$ 474,913	\$ 66,449,018
-	-	-	-	-	(156,501)
18,141	5,372	2,099	1,854	42,690	3,064,662
(1,519)	(203)	(34)	(79)	2,928	(97)
14,649	3,341	7,815	161	165,963	2,370,681
(296)	(7)	-	-	4,006	56,907
-	-	-	-	155	27,971
-	-	-	-	1,320	1,320
69,132	-	-	186,716	28,179	4,046,882
83,485	3,334	7,815	186,877	199,623	6,503,761
6,497	4,051	996	1,810	39,048	428,561
(4,607)	(3,094)	(1,040)	-	(2,460)	(254,328)
<u>\$ 509,419</u>	<u>\$ 264,228</u>	<u>\$ 121,302</u>	<u>\$ 216,262</u>	<u>\$ 756,742</u>	<u>\$ 76,035,076</u>
\$ 478,566	\$ 258,166	\$ 110,779	\$ 214,294	\$ 526,274	\$ 70,499,669
12,832	795	7,710	-	179,840	2,563,805
491,398	258,961	118,489	214,294	706,114	73,063,474
8,364	229	1,078	639	40,151	2,008,155
-	-	-	-	257	187,429
9,657	5,038	1,735	1,329	10,220	776,018
<u>\$ 509,419</u>	<u>\$ 264,228</u>	<u>\$ 121,302</u>	<u>\$ 216,262</u>	<u>\$ 756,742</u>	<u>\$ 76,035,076</u>
\$ 86,983	\$ 20,565	\$ 40,445	\$ 46,117	\$ 231,521	\$ 10,301,270
(14)	(15)	-	(27,848)	(14,697)	(1,362,515)
30,199	13,102	32,080	33,628	236,971	7,993,575
30,044	10,051	9,869	13,777	123,914	3,907,610
511,950	252,380	115,990	211,197	548,771	72,264,887
(83,781)	(3,377)	(7,815)	(159,029)	(194,676)	(6,369,813)
428,169	249,003	108,175	52,168	354,095	65,895,074
-	-	-	-	-	(729,086)
<u>\$ 428,169</u>	<u>\$ 249,003</u>	<u>\$ 108,175</u>	<u>\$ 52,168</u>	<u>\$ 354,095</u>	<u>\$ 65,165,988</u>

REQUIRED SUPPLEMENTARY INFORMATION

DEFERRED MAINTENANCE

The U.S. Department of Labor, Employment and Training Administration (ETA) maintains ninety-six (96) Job Corps centers located throughout the United States. While the ETA does fund safety, health, and environmental projects in the year those deficiencies are identified, funding constraints limit the extent of maintenance that the ETA can undertake each fiscal year. Consequently, maintenance projects are not always performed as scheduled and, therefore, must be deferred to a future period.

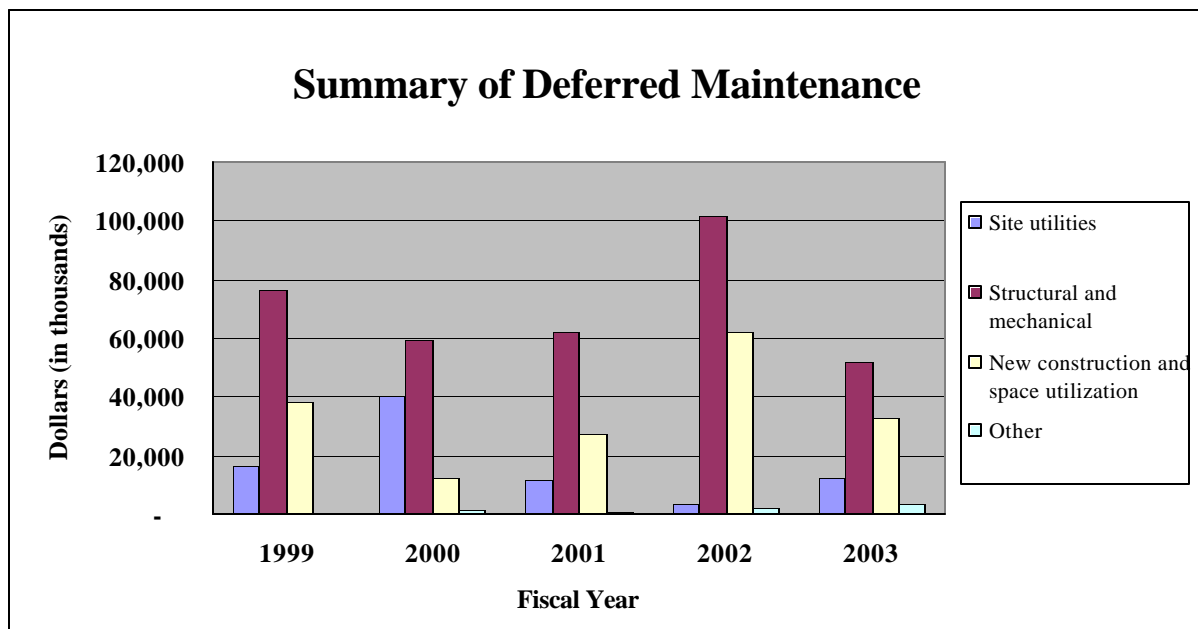
Information on deferred maintenance is based on condition assessment surveys that are conducted every three years at each Job Corps center to determine the current condition of facilities and the estimated cost to correct deficiencies. The surveys are based on methods and standards that are applied on a consistent basis, including:

- C condition descriptions of facilities,
- C recommended maintenance schedules,
- C estimated costs for maintenance actions, and
- C standardized condition codes.

These surveys evaluate the facilities at each Job Corps center to identify:

- C rehabilitation projects that are required to provide for health and safety, or upgrade to an acceptable state of repair,
- C present utilization,
- C health and safety programs,
- C barrier-free access,
- C maintenance, operations, and security programs,
- C energy usage,
- C natural hazards, and
- C conformance to U.S. Environmental Protection Agency and applicable air and water quality standards.

The estimated cost of deferred maintenance for fiscal years 1999 to 2003 is presented below.



REQUIRED SUPPLEMENTARY INFORMATION

SEGMENT INFORMATION

Franchise and intra-governmental support revolving funds not separately reported on the principal financial statements are required to report certain supplementary information. The Department of Labor's Working Capital Fund qualifies under this definition. Required supplementary information for the Working Capital Fund is presented below.

Working Capital Fund

The Working Capital Fund was established to provide obligational authority, without fiscal year limitation, for expenses necessary to provide certain centralized services and activities to agencies within DOL. These agencies are identified in the condensed financial information.

The WCF is an intra-governmental revolving fund authorized specifically by law to finance a cycle of operations in which expenditures generate receipts which are available to the Fund for continuing use without annual re-authorization by Congress.

The Fund provides services on a centralized basis for the following Departmental activities:

- C **Financial and Administrative Services** - This activity provides a program of centralized administrative management services at both national and regional levels.
- C **Field Services** - This activity provides a full range of administrative, technical, and managerial support services to all agencies of the Department in their regional and field offices.
- C **Human Resources Services** - This activity provides guidance and technical assistance to DOL personnel offices in all areas of human resources management and provides a full range of operating personnel services to all Assistant Secretary for Administration and Management client organizations.
- C **Capitalized Equipment** - The collection of funds for the periodic recordation of depreciation, amortization and system support are held and made available to fund future acquisitions of major systems and system components that provide a service or benefit to agencies within DOL and ensure the Department has funds available to either extend the useful life or improve major asset acquisitions.
- C **Investment in Reinvention Fund** - The IRF was established within the WCF in FY 1996 to invest in Departmental projects designed to achieve improvements in agency processes and result in significant savings to the taxpayer.

The activities are provided under the overall direction of the Assistant Secretary for Administration and Management. The WCF advisory committee assists in reviewing overall procedures, systems, and regulations as well as programs, functions, and activities performed and financed through the WCF. The WCF advisory committee is chaired by the Chief Financial Officer and consists of the Agency Financial Manager for each DOL agency, or a formally designated alternate.

REQUIRED SUPPLEMENTARY INFORMATION

Condensed financial information for the WCF as of and for the years ended September 30, 2003 and 2002 is as follows:

<u>(Dollars in thousands)</u>	<u>2003</u>	<u>2002</u>
BALANCE SHEET		
Assets		
Funds with U.S. Treasury	\$ 24,592	\$ 12,796
Accounts receivable, net of allowance	5,894	10,766
Property, plant and equipment	<u>24,936</u>	<u>25,715</u>
Total assets	<u>\$ 55,422</u>	<u>\$ 49,277</u>
Liabilities and Net Position		
Accounts payable	\$ 12,835	\$ 10,377
Accrued leave	3,969	4,028
Future workers' compensation benefits	3,991	2,412
Other liabilities	<u>3,611</u>	<u>3,107</u>
Total liabilities	<u>24,406</u>	<u>19,924</u>
Cumulative results of operations	<u>31,016</u>	<u>29,353</u>
Total liabilities and net position	<u>\$ 55,422</u>	<u>\$ 49,277</u>

STATEMENT OF NET COST

Cost		
Intra-governmental	\$ 49,280	\$ 50,238
With the public	<u>88,941</u>	<u>94,305</u>
	<u>138,221</u>	<u>144,543</u>
Earned		
Departmental Management	(33,600)	(32,123)
Employment Standards Administration	(31,293)	(29,046)
Employment and Training Administration	(20,593)	(21,092)
Occupational Safety and Health Administration	(18,865)	(18,287)
Bureau of Labor Statistics	(12,899)	(11,488)
Mine Safety and Health Administration	(9,049)	(8,144)
Other revenues	<u>(5,805)</u>	<u>(16,013)</u>
Total revenues	<u>(132,104)</u>	<u>(136,193)</u>
Net costs of operations	<u>\$ 6,117</u>	<u>\$ 8,350</u>

STATEMENT OF CHANGES IN NET POSITION

Net costs of operations	\$ (6,117)	\$ (8,350)
Imputed financing	4,780	4,251
Transfers-in	3,000	3,000
Net position, beginning of period	<u>29,353</u>	<u>30,452</u>
Net position, ending of period	<u>\$ 31,016</u>	<u>\$ 29,353</u>

REQUIRED SUPPLEMENTARY INFORMATION

INTRA-GOVERNMENTAL ASSETS

Intra-governmental assets at September 30, 2003 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Funds with U.S. Treasury</u>	<u>Investments</u>	<u>Interest Receivable</u>	<u>Accounts Receivable</u>
Trading partner				
Department of Agriculture	\$ -	\$ -	\$ -	\$ 176,857
Department of Commerce	-	-	-	43,580
Department of Interior	-	-	-	135,247
Department of Justice	-	-	-	146,144
Department of the Navy	-	-	-	614,679
United States Postal Service	-	-	-	339,551
Department of State	-	-	-	18,382
Department of the Treasury	9,615,513	48,408,153	726,160	143,750
Department of the Army	-	-	-	404,490
Office of Personnel Management	-	-	-	8,907
Social Security Administration	-	-	-	53,228
U.S. Nuclear Regulatory Commission	-	-	-	1,674
Department of Veterans Affairs	-	-	-	355,945
General Services Administration	-	-	-	36,219
National Science Foundation	-	-	-	274
Department of the Air Force	-	-	-	333,411
Federal Emergency Management Agency	-	-	-	2,012
Tennessee Valley Authority	-	-	-	89,663
Environmental Protection Agency	-	-	-	8,141
Department of Transportation	-	-	-	218,170
Department of Homeland Security	-	-	-	187,102
Agency for International Development	-	-	-	10,583
Small Business Administration	-	-	-	6,896
Department of Health and Human Services	-	-	-	53,201
National Aeronautics and Space Administration	-	-	-	15,404
Department of Housing and Urban Development	-	-	-	17,454
Department of Energy	-	-	-	17,850
Department of Education	-	-	-	5,407
Department of Defense	-	-	-	190,979
Other	-	-	-	154,799
	<u>\$ 9,615,513</u>	<u>\$ 48,408,153</u>	<u>\$ 726,160</u>	<u>\$ 3,789,999</u>

REQUIRED SUPPLEMENTARY INFORMATION

INTRA-GOVERNMENTAL LIABILITIES

Intra-governmental liabilities at September 30, 2003 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Accounts Payable</u>	<u>Advances from U.S. Treasury</u>	<u>Other</u>
Trading partner			
Department of Agriculture	\$ 209	\$ -	\$ 1
Department of Commerce	177	-	5
Department of Interior	13	-	-
Department of Justice	1,041	-	35
Department of the Navy	-	-	8
United States Postal Service	110	-	-
Department of State	123	-	-
Department of the Treasury	323	8,243,557	-
Office of Personnel Management	868	-	4,808
Social Security Administration	261	-	29
Department of Veterans Affairs	88	-	-
General Services Administration	17,475	-	1,681
Department of Transportation	6	-	-
Small Business Administration	16	-	-
Department of Health and Human Services	15,538	-	428
Department of Energy	-	-	300
Department of Education	-	-	5
Department of Defense	2	-	-
Other	1,698	-	162,884
	<u>\$ 37,948</u>	<u>\$ 8,243,557</u>	<u>\$ 170,184</u>

REQUIRED SUPPLEMENTARY INFORMATION

INTRA-GOVERNMENTAL EARNED REVENUES AND RELATED COSTS

Intra-governmental earned revenue and the related costs to generate that revenue for the year ended September 30, 2003 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Earned Revenue</u>
Trading partner	
Department of Agriculture	\$ 110,596
Department of Commerce	19,014
Department of Interior	82,767
Department of Justice	89,611
Department of the Navy	365,162
United States Postal Service	999,523
Department of State	8,860
Department of the Treasury	124,045
Department of the Army	324,175
Office of Personnel Management	1,537
Social Security Administration	34,787
U.S. Nuclear Regulatory Commission	590
Department of Veterans Affairs	165,983
General Services Administration	16,614
National Science Foundation	321
Department of the Air Force	203,129
Federal Emergency Management Agency	22,890
Tennessee Valley Authority	67,353
Environmental Protection Agency	4,265
Department of Transportation	106,096
Department of Homeland Security	48,000
Agency for International Development	9,765
Small Business Administration	5,125
Department of Health and Human Services	28,259
National Aeronautics and Space Administration	7,017
Department of Housing and Urban Development	8,575
Department of Energy	12,591
Department of Education	18,990
Department of Defense	98,140
Other	81,609
	<u>\$ 3,065,389</u>
	Gross Cost to Generate Revenue
Budget Functional Classification	
Education, Training and Employment	\$ 44,129
Income Security	3,018,503
Health	2,757
	<u>\$ 3,065,389</u>

REQUIRED SUPPLEMENTARY INFORMATION

INTRA-GOVERNMENTAL NON-EXCHANGE REVENUE

Intra-governmental non-exchange revenue for the year ended September 30, 2003 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Interest</u>	<u>Taxes</u>
Trading partner		
Department of the Treasury	\$ 3,422,214	\$ -
Treasury General Fund	<u>-</u>	<u>7,020,275</u>
	<u>\$ 3,422,214</u>	<u>\$ 7,020,275</u>