



## DEPARTMENT OF LABOR

### Funding Highlights:

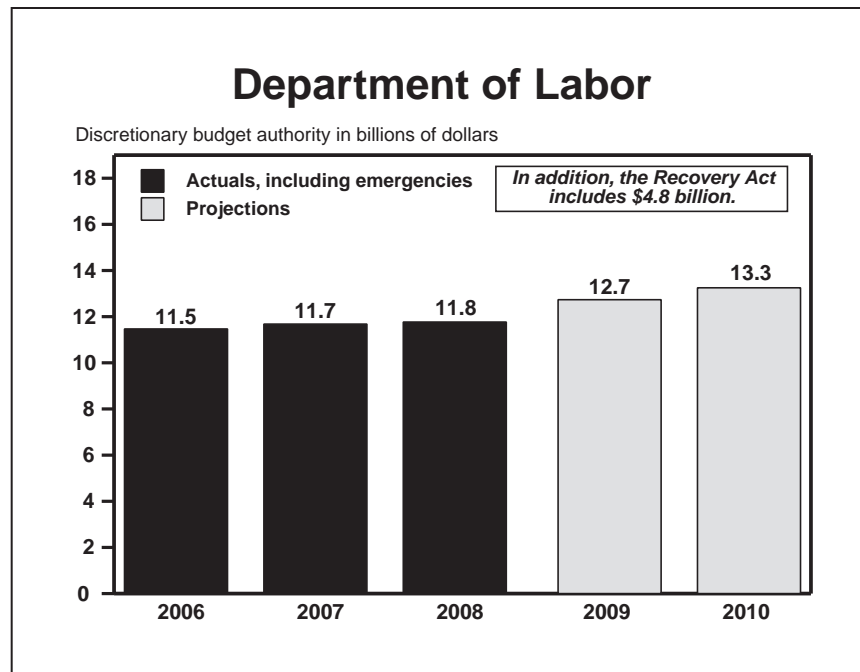
- Builds on Unemployment Insurance modernization in the American Recovery and Reinvestment Act to make the program a more effective social safety net and economic stabilizer.
- Provides strong support for Federal workforce training programs, and increases their focus on green technologies training.
- Strengthens enforcement of labor standards, including workplace safety and benefit security, reversing years of erosion in funding for labor law enforcement agencies.
- Establishes automatic workplace pensions.

**Reforms the Unemployment Insurance System.** The Administration seeks to fundamentally reform the Nation's unemployment insurance (UI) system to better address the challenges and realities of the 21st Century workforce. Building on modernization reforms included in the American Recovery and Reinvestment Act of 2009, the 2010 Budget will focus on making the UI program more accessible to unemployed workers, especially in recessions, and ensuring the financial integrity of the system so that employers' taxes are well used. It will:

- **Improve UI as an automatic stabilizer.** The 2010 Budget will propose changes to make the UI program a more responsive and effective social safety net and economic stabilizer. While the regular State-funded UI program responds readily to rising unemployment, the same cannot be said of the permanent Extended Benefits (EB) program, which provides additional weeks of benefits when unemployment in a State

is high and rising. The Budget will propose legislation to make the EB program more responsive to changing economic conditions. These changes will make benefits available more quickly to long-term unemployed workers and avoid the delays associated with enactment of legislation to create special, temporary extended unemployment programs.

- **Improve UI financial integrity.** Despite the efforts of States to reduce improper benefit payments, over \$3.9 billion in UI benefits were erroneously paid in 2008. The Administration will tackle this problem by increasing funding for program integrity and proposing legislative changes that would reduce UI improper payments by \$3.9 billion and employer tax evasion by almost \$300 million over 10 years. The proposal would, among other things, collect benefit overpayments through garnishment of Federal income tax refunds and boost States'



resources to go after benefit overpayments and UI tax evasion by allowing them to use a portion of recovered funds on fraud and error reduction.

**Trains and Prepares the Nation's Workforce for Jobs in Emerging Industries.** The President's Budget provides strong support for Federal workforce training programs to help Americans prepare for, find, and retain stable, high-paying jobs. Building on the significant support in the Recovery Act for training in "green jobs," the Administration will direct existing programs to find ways to prepare workers for jobs associated with products and services that use renewable energy resources, reduce pollution, and conserve natural resources. The President's Budget will support new transitional jobs and career pathway programs, testing innovative approaches to helping low-income Americans grab hold of and climb the career ladder. It will add to the Recovery Act investments in YouthBuild, expanding opportunities for disadvantaged young people to complete their high school education, learn valuable skills, and build affordable housing in their communities. The Budget provides additional resources to support job training for ex-offenders returning to their communities. The Budget also honors the commitment to return-

ing servicemembers by supporting training and placement services to ease their transition to civilian employment.

**Restores Labor Standards.** For the past eight years, the Department's labor law enforcement agencies have struggled with growing workloads and shrinking staff. The President's Budget seeks to reverse this trend, restoring the Department's ability to meet its responsibilities to working Americans under the more than 180 worker protection laws it enforces. The Budget will: increase funding for the Occupational Safety and Health Administration, enabling it to vigorously enforce workplace safety laws and whistleblower protections, and ensure the safety and health of American workers; increase enforcement resources for the Wage and Hour Division to ensure that workers are paid the wages that are due them; and boost funding for the Office of Federal Contract Compliance Programs, which is charged with pursuing equal employment opportunity and a fair and diverse Federal contract workforce.

**Establishes Automatic Workplace Penalties and Makes the Saver's Credit Refundable.** Currently, 75 million working Americans—roughly half the workforce—lack

employer-based retirement plans. The President's 2010 Budget lays the groundwork for future establishment of a system of automatic workplace pensions, to operate along side Social Security, that is expected to dramatically increase both the number of Americans who save for retirement and the overall amount of personal savings for individuals. Under this proposal, employees will be automatically enrolled in workplace pension plans. Employers who do not currently offer a retirement plan will be required to enroll their employees in a direct-deposit IRA account that is compatible with existing direct-deposit payroll systems. Employees may opt-out if they choose.

Experts estimate that this program will increase the savings participation rate for low and middle-income workers from its current 15 percent level to around 80 percent.

In addition, the Budget proposes to expand retirement savings incentives for working families by modifying the existing Saver's Credit to provide a 50-percent match on the first \$1,000 of retirement savings for families that earn less than \$65,000. The credit would be fully refundable to ensure that savings incentives are fair to all workers.

