

Secretary's Message



Elaine L. Chao
Secretary of Labor

As I look back over the events and challenges faced by our Nation and the Department of Labor during 2003, I am proud of our accomplishments and excited about the foundation we are preparing for the future American worker. Not only does this year's annual report theme — *A Competitive Workforce for a Global Economy* — describe our current efforts to advance the Nation's prosperity in a dynamic world order, but it also serves to focus where we must put our energies in the years ahead. With the publication of the Department's *FY 2003 – 2008 Strategic Plan*, we have formally articulated the importance of *A Competitive Workforce* as a fourth strategic goal. This goal complements our other goals — *A Prepared Workforce, A Secure Workforce, and Quality Workplaces* — by seeking to identify the emerging changes in our economy, the implications for our Department, and the initiatives we must develop to meet the demands for a skilled and productive workforce in the 21st Century.

Supporting the military men and women fighting the war on terrorism

The events of September 11, 2001 and their aftermath continue to have profound effects on the Nation and the Department. The continuing military presence in Afghanistan, the war and reconstruction of Iraq, and other commitments around the globe mean that large numbers of Reserve and National Guard service members along with the regular troops have been called away from their families and normal work lives and thrust into the difficult and dangerous environment of their military duties. The Department stands ready to support them and their families so that their return to civilian jobs is not impeded, to assist the newly separated and current veterans in finding quality employment, and to provide effective employment services to military spouses. We are proud of the many men and women who protect our freedom while serving on the front line in the war on terrorism. We are committed to ensuring their rights and connecting them with employers eager to tap their dedication, talent, and skills.

Employment and Training

A strong national economy depends, in part, on preparing workers to be qualified job candidates possessing skills that are relevant to the needs of today's employers. Just as we want *No Child Left Behind* because of an inadequate education, we at the Department of Labor want to make sure no worker is left behind. My commitment for the Department is to help all of the Nation's workers secure long-term, productive employment. Our challenge is to provide effective programs that cover a wide spectrum of job seekers, including those with the necessary job qualifications as well as those with special needs such as the disadvantaged, people with disabilities, veterans, disadvantaged youth, and those who have lost their jobs.

America's economy will maintain its competitive edge in the global marketplace with a workforce equipped to perform within the dynamics of new technologies, increased market-place competition, and changing labor markets. The Department has a leadership responsibility that emphasizes: supporting a strong academic foundation for workers; better understanding the needs of workers and employees; working with training providers to identify or create training to meet employer needs; testing and implementing innovative options; and expanding the role of faith-based and community organizations to equip Americans in need of finding and sustaining employment.

A competitive edge through compliance assistance and enforcement

Strengthening the Nation's competitive position in the world economy also requires that we give employers the assistance and flexibilities to operate efficiently while maintaining strong worker protections. The *Compliance Assistance Initiative* we instituted last year continues to grow and is a key strategy for the Department.

One simple, yet effective approach we have taken is to translate our publications and our web sites into multiple languages as well as having interpreters to assist non-English speakers who call the Department's telephone center for information. The Nation's workforce is becoming ever more diverse, and we cannot afford to deny access to important workplace information because of language barriers.

Providing information and assistance to employers and workers in conjunction with fair enforcement yields multiple benefits. For example, in work place safety and health, when workers stay healthy and whole, businesses and employees prosper. As a result of improved safety and health programs, employers experience lower workers' compensation insurance costs, reduced medical expenditures, smaller expenditures for return-to-work programs, fewer faulty products, increased productivity, increased quality, higher morale, and reduced turnover. DOL's recent investment in compliance assistance tools, programs and partnerships for well-intentioned employers, coupled with increased enforcement activity that targets repeat offenders, has resulted in the lowest rates of workplace injuries and fatalities ever recorded.

Retirement Security

One of the highest priorities for the Department is providing retirement security for America's workers. Integrity in the management and administration of pension and health plans is fundamental to the success of our voluntary system of employment-based benefits. Employees, beneficiaries, and their families trust that employers and plan officials meet their responsibilities and expect the Government to act when laws are broken. The Department is bringing the full weight of enforcement against companies and plan fiduciaries that harm the retirement security of workers.

President's Management Agenda

Since the announcement of the President's Management Agenda in 2001, we continue to make solid progress in implementing its five Government-wide initiatives: *Strategic Management of Human Capital*, *Competitive Sourcing*, *Improved Financial Performance*, *Expanded Electronic Government*, and *Budget and Performance Integration*. DOL is also one of the departments selected to participate in the Faith-Based and Community Initiative of the President's Management Agenda. While we are among the leaders of Cabinet agencies — with status scores of Yellow for four of the five Government-wide initiatives, and progress scores of Green for the same four initiatives — we recognize the areas needing improvement and have the plans in place to achieve them.

In the area of *Human Capital*, I want to ensure that we have an effective succession plan in place to prepare those rising through the ranks to fill critical positions as senior managers retire. As part of this effort we have initiated a Masters in Business Administration Fellows Program to recruit and develop new employees for future management positions requiring advanced business skills. The Department also continues to refine its *Budget and Performance Integration*.

To increase our ability to provide decision-support for the Department, the Chief Financial Officer is investing in upgrades to its financial data system and developing a managerial cost accounting system. The Chief Financial Officer is investing in a new core financial management system that will re-engineer business processes to get the right information to the right people at the right time. In the Information Technology area, we are working toward consolidating all DOL agency requests in support of *Expanded E-Government*.

Program Data and Financial Performance

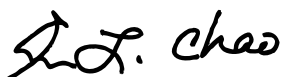
Just as publicly owned companies are accountable for their financial results, performance and financial data presented in this report comports with guidance from the Office of Management and Budget with respect to completeness and reliability. The Department's managers routinely use the performance information and financial data summarized in this report to improve internal management accountability for program accomplishment and improve the quality of DOL services to the public. There are two exceptions: Data for Performance Goals 1.1B and 1.1E (Public Labor Exchange) are considered incomplete because of transition to a new measurement and reporting system that delays receipt of employment and retention outcome information until Program Year 2003 (reporting in the DOL FY 2004 report). Data for Performance Goal 1.2C (Youth Opportunity Grants) are considered incomplete because older youth employment and retention rates are available for participant outcomes associated with only half of the grantees. More complete explanations of these issues and discussions of the Department's plans are contained in the respective performance goal narratives.

The Federal Financial Management Improvement Act of 1996 (FFMIA) requires agencies to implement and maintain financial management systems that are in substantial compliance with OMB Circular A-127, Joint Financial Management Improvement Program (JFMIP) requirements, Federal accounting standards, and the United States Government Standard General Ledger (SGL) at the transaction level. All Department of Labor financial management systems substantially comply with FFMIA.

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) requires the Secretary to report to the President and the Congress on the adequacy of management controls in safeguarding resources. Based on the unqualified opinion, audit results and quarterly and year-end assurances given by the agency officials and other pertinent information, the Department of Labor's accounting systems and internal controls comply with the provisions of the FMFIA.

Conclusion

I hope this *Annual Report for FY 2003* is helpful in providing a clear picture of what the Department strives to achieve and an assessment of how well we have done. The Department of Labor may have diverse missions and many program objectives, but in everything we do a single core value drives our work: to help workers and their families share in a strong America through better wages, secure pensions and health benefits, and expanded economic opportunities while fostering safe and healthful workplaces that are free from discrimination.



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Mission

The Department of Labor 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 free collective bargaining, and tracking changes in employment, prices, and other national economic measurements.

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 healthful workplaces that are free from discrimination.

Organization

The Department of Labor is organized into major component agencies, each headed by an Assistant Secretary or Commissioner who administers the various statutes and programs for which the Department is responsible. These programs are carried out through a network of regional offices and smaller field, district, and area offices, as well as through grantees and contractors. The largest program agencies are Employment and Training Administration (ETA), Employee Benefits Security Administration (EBSA), Employment Standards Administration (ESA), Occupational Safety and Health Administration (OSHA), Mine Safety and Health Administration (MSHA), Bureau of Labor Statistics (BLS) and the Pension Benefit Guaranty Corporation (PBGC), an independent Federal corporation. The entire DOL organization chart and agencies' missions are in Appendix 1.