
Secretary's Message

November 17, 2008

I am pleased to submit the tenth annual Department of Labor (the Department or DOL) Performance and Accountability Report to Congress and the American people. Work in the United States is evolving rapidly with demographic trends, technological advances, and international competition. To help workers succeed in the midst of change and economic uncertainty, the Department must anticipate new trends and adopt effective strategies. With that in mind, we set out to modernize the Department – to transform DOL into a more effective and efficient government agency that delivers benefits for its customers and stakeholders alike.

During my tenure as Secretary of Labor, the Department responded in many new and innovative ways to the challenges of the 21st Century. Four examples of progress stand out. First, the Department successfully updated the 50-year-old white-collar overtime regulations under the Fair Labor Standards Act to provide millions of low-wage vulnerable workers with strengthened overtime protections. Second, DOL achieved the first major update of union financial disclosure regulations in more than 40 years, giving union members enhanced information on how their hard-earned dues are spent. Third, the Pension Protection Act of 2006 complements the Department's record enforcement of the Employee Retirement Income Security Act (ERISA) and achieves the President's goals of stronger funding and greater transparency of our pension system, including important reforms to expand retirement security and protect workers in defined contribution plans. And fourth, the Department has been privileged to assist our returning veterans, who have fought so bravely to defend our freedom at home and throughout the world. Among our actions, the Department published the first-ever regulations implementing the Uniformed Services Employment and Reemployment Rights Act, launched ReaLifelines to provide one-on-one services to seriously wounded service members, initiated the HireVetsFirst campaign, and, this past August, inaugurated America's Heroes at Work, which focuses on the challenges of returning service members with Traumatic Brain Injury and Post-Traumatic Stress Disorder.



The Program Performance Overview in the Management's Discussion and Analysis section of this report includes many more examples that highlight the impact DOL programs have had on individuals over the last seven years. This report documents the latest evidence of the Department's transformation with program and financial performance results. While the Department did not meet all of its 2008 goals, we are continuing to focus on improving program performance. Organized by types of workers we serve, the following is a summary of our performance from the fiscal year (FY) that ended September 30:

For Veterans

- √ Entered employment and employment retention rates increased by one and two percentage points, respectively, for all veterans participating in DOL's programs.

For Keeping Workers Safe

- √ Between 2006 and 2007 – the most recent year for which data are available – the workplace injury and illness incidence rate declined to its lowest level ever among private employers since the change in OSHA recordkeeping in 2002, declining by 21 percent over the past six years. The rate declined in 5 of the 19 private industry sectors and was statistically unchanged in the remaining 14 industry sectors.



- √ For 2007 – the most recent year for which data are available – worker fatalities declined to 3.7 fatalities per 100,000 workers, the lowest fatality rate in recorded OSHA history.
- √ Reduced the number of lost production days per 100 employees for Postal workers by almost a week and for non-Postal Federal employees by over a week.
- √ Reduced the amount of time to decide claims for Black Lung benefits by an average of 19 days.

For the Unemployed and Other Jobseekers

- √ Retention in employment improved for Workforce Investment Act (WIA) Adult, Employment Service, and Trade Adjustment Assistance (TAA) program participants but fell slightly for the WIA Dislocated Worker program. Entered employment rates fell for those served by the WIA Adult and Dislocated Worker, and TAA programs.
- √ Average earnings rose for participants in the WIA Adult and Dislocated Worker, Employment Service, and TAA programs – in some cases six months' earnings increased by nearly \$1000.
- √ The reemployment rate for unemployment insurance claimants decreased slightly by 0.2 percentage points, from 65.1 percent in FY 2007 to 64.9 percent in FY 2008 – primarily due to changes in the national unemployment rate. However, the agency continues to work with States to improve reemployment services provided through the One-Stop Career Centers.
- √ Nearly 16 million workers were provided with employment assistance and/or workforce and labor market information.

For Apprentice Workers

- √ Approximately 84 percent of workers in apprenticeship programs remained employed for at least nine months after registering as an apprentice.
- √ While apprenticeship program participants' average hourly wage gain (from \$15.27 to \$15.87) was below the target, the gain translates to an annual increase of \$1,269 per apprentice. The decline in construction associated with a deteriorating housing market had a significant impact on the number of registered apprentices, exerting downward pressure on the average earnings measure.

For Youth

- √ Approximately 67 percent of WIA Youth program participants entered employment, post-secondary education, or advanced training after exiting the program, and over 50 percent earned credentials within a year after exit. These programs focus on low-income, out-of-school youth who may require specialized assistance to complete educational programs or secure jobs.
- √ The Job Corps program's placement and credential results dropped for the third consecutive year. Unlike the previous two years, basic reading and math skill outcomes dropped below the target. Therefore, Job Corps is implementing its *New Vision* – an approach that focuses on applied academics. Timing is critical since recent data indicate the national youth unemployment rates are rising.

For Employees of Federal Contractors

- √ Federal contractors maintained a compliance rate above 86 percent for the fifth consecutive year, which means most audited contractors have affirmative action plans and comply with equal employment opportunity laws.
- √ The discrimination rate among audited Federal contractors rose to 1.6 percent from 1.0 percent in FY 2007.

For Miners

- √ The mine injury and illness rate dropped for the fifth consecutive year, from an incidence of 4.26 per 200,000 hours worked in FY 2003 to an estimated 3.19 in FY 2008.
- √ The mine fatal injury rate dropped from .020 to an estimated .016 (per 200,000 hours worked).



- √ The percent of noise exposures above the citation levels in coal mines rose from 3.66 percent to an estimated 4.55 percent from FY 2007 to FY 2008. DOL increased the number of enforcement personnel and stepped up mine inspections, which has and will continue to have a positive impact on mine safety and health.

For Workers with Employer Benefit Programs and Pensions

- √ Seventy percent of the closed ERISA civil cases resulted in corrected fiduciary violations. Monetary results for enforcement, participant assistance, and compliance assistance activity exceeded \$1.2 billion and criminal investigations led to 101 indictments.
- √ Customer satisfaction improved for all Pension Benefit Guaranty Corporation customer categories.

For Union Workers

- √ As it has in the past four years, the percent of unions in compliance with democratic union officer election procedures remained above 90 percent (91.3 percent).
- √ DOL did not meet its targeted goal of 97 percent of union financial reports meeting standards of acceptability. The Department continues to expand electronic submission of union reporting to provide more timely public disclosure of reports and to improve the number of reports meeting reporting standards. DOL has also identified barriers to submitting union reports electronically, including specific recommendations from a cost-benefit analysis of its electronic reporting and disclosure system.
- √ Office of Labor-Management Standards investigations resulted in 130 indictments, 102 convictions, and \$3.2 million in secured or court-ordered restitution in FY 2008. Most of the cases involved the embezzlement of union funds.

Program Data and Financial Systems

Department managers routinely use the performance and financial information summarized in this report to improve the quality and cost-effectiveness of services they provide to the public. For management and accountability purposes, it is crucial to have confidence in the quality of this information. Program performance data in this report are complete and reliable, with no material inadequacies as defined in Office of Management and Budget Circular No. A-11.

DOL conducts annual performance data quality assessments to ensure transparent reporting and to manage for results. These assessments promote continuous improvement in performance goal data by applying criteria such as accuracy, validity, and timeliness. Based on such criteria, the Department's data quality is rated *Very Good* or *Excellent* on a five-point scale for nearly two thirds of its performance goals. Program performance data quality, assessment of internal controls pursuant to the Federal Managers' Financial Integrity Act (FMFIA), and compliance of financial management systems with the Federal Financial Management Improvement Act of 1996 (FFMIA) are discussed in greater detail in the Management's Discussion and Analysis section of this report.

President's Management Agenda

When President George W. Bush introduced his Management Agenda (PMA) in 2001, the Department seized this opportunity and quickly demonstrated solid progress in implementing its initiatives. Sound management has always been a focus at DOL. In the third quarter of FY 2005, DOL became the *first* agency to achieve green status scores for all five government-wide initiatives. At DOL, PMA successes have resulted in a gradual cultural shift that fosters a closer dialogue among program, performance, budget, and finance staff. Now, performance is considered in funding and management decisions and programs are expected to target for continual improvement and achieve results. And as highlighted on the September 30, 2008, PMA scorecard, DOL has continued its momentum – achieving green progress and status scores on all eight government-wide and agency-specific PMA initiatives for which DOL is responsible.



Conclusion

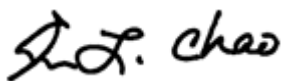
DOL's programs and policies are heavily affected by economic trends and conditions. In 2008, our country has faced significant challenges in the housing market, financial market volatility, and rising energy prices. Technology has accelerated the pace of change and our country is transitioning to a knowledge-based economy. Good jobs are still being created. In fact, the majority of employment growth over the past six years has been in occupations with above-average compensation. This trend is likely to continue in the future, and most new jobs projected for the future are expected to be filled by workers with some kind of post-secondary education or training. Over the next decade, new jobs will be created in high-growth industries including health care, nanotechnology, geospatial technology, and the life sciences. Education to gain the knowledge and skills that are in demand is key to future success in America's labor market. Workers who acquire and maintain competitive knowledge and skills are finding jobs with good compensation.

The American labor market is dynamic and resilient. Although 2008 saw the end of a record 52 consecutive months of job gains (September 2003 through December 2007), this change reflects multiple short-term challenges facing our economy. The prospects for long-term growth remain good. Even as our economy grows in the future, there will be important challenges that affect our long-term outlook and that must be addressed by the next Administration. State and local flexibility is imperative so that training investments are strategically aligned with the realities of the local and regional economies; but, the Department continues to encourage States to place a greater focus on providing education and skills training for high-growth occupations and to ensure the quality of that training. Also, DOL recently announced new projects to help workers who have lost their jobs start small businesses and to raise workers' education and skill levels.

Two key dynamics will affect the shape of the U.S. labor force in the first half of the 21st Century: an aging population and increasing diversity. At the same time, slower labor force growth increases the importance of productivity growth to enable the economy to expand output, to support increasing numbers of older, retired workers, and to facilitate increased living standards. Innovation, capital investment, and investment in education and training create a foundation for future economic growth.

The goal of the Department of Labor is to ensure that the workforce has access to the information, training, and resources that will help them acquire the skills they need to access the growing opportunities in today's economy. Since the beginning of my tenure in January 2001, and through Department-wide effort, persistence and teamwork, we have helped prepare the Department to do just that. The public workforce system has been evolving to meet the challenges and the needs of the workforce. The Department has also focused on expanding access to education and training, upgrading skills to open opportunities in high-growth industries, and aligning regional resources – talent, employers and education – to promote job creation and prosperity for America's workers.

Finally, a culture has been instituted that focuses on high performance, program evaluation, and a continuous search for opportunities to improve programs and deliver key results. This culture furthers the Department's mission to *"foster and promote the welfare of job seekers, wage earners, and retirees of the U.S. by improving their working conditions, advancing their opportunities for profitable employment, protecting their retirement and health care benefits, helping employers find workers, strengthening collective bargaining, and tracking changes in employment, prices and other national economic measures."* We are proud of this record and are confident that succeeding Administrations can build on it to benefit workers in the years ahead.



Elaine L. Chao
Secretary of Labor

