

# Strategic Goal 2:

## Promote the Economic Security of Workers and Families

The Department enhances workers' economic security by:

- Protecting workers' wages and working conditions;
- Providing unemployment compensation and other benefits when workers are unable to work; and
- Expanding, enhancing, and protecting workers' retirement plans, health care plans, and other benefits.

These strategies are designed to overcome the numerous challenges posed by changing demographics and an increasingly global economy.

Protecting vulnerable populations and protecting and expanding pension and health care coverage are key issues for DOL efforts under this strategic goal. In certain industries, violations of labor standards governing wages and working conditions are more often egregious and complaints less common. Employers in many labor-intensive industries, such as agriculture, garment, health care, guard and janitorial services, restaurants, hotels/motels and day-haul, have at times skimmed on wages and benefits, while their workers — including many legal and undocumented immigrants — are less likely than other workers to complain.

Retirement and health care security is also becoming elusive. Once it was common for employees to be covered by defined benefit pension plans, which provided a specified lifetime income upon retirement. Today, many workers participate instead in defined contribution plans — pre-tax individual savings accounts such as 401(k) plans. Thus, where once many workers could look forward to a secure lifetime pension after retirement, workers now must assume more responsibility for retirement savings and planning, including making investment decisions and managing investment risks. Access to benefit plans is also an issue. Small businesses have become an ever more vital component of job creation, yet they lag significantly behind larger businesses in offering retirement and health plans. Employers and employees are confronted with rising health care costs, since today most plans include some self-insurance.

The Department's strategic goal of A Secure Workforce consists of three outcome goals. The first focuses on safeguarding employees' wages, working conditions, and union democracy and financial integrity. The second deals with relief in the form of unemployment, disability, and pension and health care insurance benefits, and the third captures DOL's responsibility to assist workers dislocated by mass layoffs in securing employment, retaining that employment, and replacing lost wages:

### Outcome Goal 2.1

Increase Compliance with Worker Protection Laws

### Outcome Goal 2.2

Protect Worker Benefits

### Outcome Goal 2.3

Increase Employment and Earnings for Retrained Workers

Agencies with programs supporting this strategic goal are the Employment Standards Administration (ESA), Employment and Training Administration (ETA), Employee Benefits Security Administration (EBSA), and the Pension Benefits Guaranty Corporation (PBGC).

In FY 2003, the Department made the U.S. workforce more secure by a number of measures. Five of eight performance goals were achieved or substantially achieved (one and four, respectively). Highlights of specific improvements are discussed one program at a time in the paragraphs below.

# A Secure Workforce

ESA, with responsibility for both performance goals under Outcome Goal 2.1, substantially achieved one and did not achieve the other.

- The Wage and Hour Division reduced the average number of days to conclude a complaint by 16 percent, increased the number of reinvestigations without a violation by 3 percentage points, reduced reinvestigations with identical violations by 2 percentage points and reached 9 of 10 targets for improved compliance in targeted industries.
- The Office of Labor-Management Standards fell short of its target for timely filing of union financial reports but the portion of its resources applied to criminal investigations that result in convictions rose to 63 percent (vs. a target of 53 percent).

Outcome Goal 2.2 consists of four performance goals for four different agencies – ETA, EBSA, ESA and PBGC. One goal was achieved and the other three were substantially achieved.

- ETA's Unemployment Insurance program increased the timeliness of first payments and of determinations that established employers as newly liable for filing UI reports and paying UI taxes.
- EBSA reached all of its targets by achieving a 69 percent corrected violations rate in closed civil cases, referring 40 percent of criminal cases for prosecution and raising its Customer Satisfaction Index score to 59.
- ESA's Office of Workers Compensation Programs reached 8 of its 10 targets. Lost production days (due to illness or injury) in federal agencies rose slightly. However, medical costs were held in check and all claims processing targets were exceeded.
- PBGC significantly reduced the average timeframe to send benefit determinations to participants in defined benefit pension plans they had taken over (from 3.3 years to 2.2 years).

ETA operates the programs in Outcome Goal 2.3. Neither of the two performance goals were achieved this year.

- The Workforce Investment Act Dislocated Worker program exceeded its employment and retention targets with actual rates of 82 percent and 90 percent, respectively. Earnings replacement, though high at 90 percent, was below an ambitious target of 98 percent.
- Trade Adjustment Assistance performance was disappointing, with employment, retention and earnings (62 percent, 84 percent and 75 percent) all well below targets and performance in the prior two years.

Strategies for continued contributions by the Department to Americans' economic security are:

- Help employers and labor unions understand their responsibilities under worker protection laws
- Target enforcement efforts
- Provide unemployment insurance administration oversight and assistance to States
- Improve unemployment insurance information access and analysis
- Create more knowledgeable consumers of employee benefits through outreach and education
- Streamline processing of benefit claims
- Assist federal employees' return to work through better coordination of medical treatment
- Provide women the tools they need to increase their financial security and retirement savings.

All major DOL programs associated with this strategic goal, along with their purposes, results, costs, strategies, management issues and plans for FY 2004 are discussed in the following pages. Detailed historical information on each indicator is available in Appendix 4.