



## DEPARTMENT OF LABOR

### Funding Highlights:

- Supports reform of the Workforce Investment Act (WIA), which authorizes \$10 billion for job training and employment services.
- Creates a Workforce Innovation Partnership with the Department of Education and establishes two innovation funds that will support and test promising approaches to job training as well as encourage States and localities to work across programmatic silos to improve services.
- Starts a joint Labor-Treasury initiative to stop the inappropriate misclassification of employees as independent contractors.
- Rebuilds worker protection programs to strengthen enforcement of labor standards.
- Expands families' access to paid leave by creating a new fund to help States launch paid leave programs.
- Boosts funding for unemployment insurance integrity efforts and proposes legislative changes that would reduce improper payments by over \$4 billion and employer tax evasion by \$300 million over 10 years.
- Initiates a multi-agency legislative proposal to establish automatic workplace pensions and expand access to the saver's credit, and proposes regulatory reforms to give all workers access to retirement savings opportunities, provide Americans with incentives to save throughout their working careers, and protect pension plans.

The President's Budget provides \$14 billion for the Department of Labor (DOL) to prepare workers for good jobs that will allow them to support their families; guarantee fair, safe and healthy workplaces and secure retirements for America's workers; and fulfill its other core responsibilities.

**Reforming the Job Training System.** Whether they want to find a job, build basic or occupational skills, earn a postsecondary certificate, credential, or degree, or get guidance on charting a career path, all Americans deserve ac-

cess to high-quality job training throughout their careers. That is why the Budget calls for reform of the Workforce Investment Act (WIA), which supports almost 3,000 One-Stop Career Centers nationwide and a range of other services. With \$6 billion for WIA at DOL—and an additional \$4 billion in the Department of Education—the Budget calls for reforms to improve WIA by:

- **Creating a Workforce Innovation Partnership to Streamline Service Delivery and Invest in What Works.** Over 30 Federal programs provide job training and

related services. Yet today, workers and young people looking for effective training must navigate a maze of programs with little information about how well these programs work. Leveraging funding from the WIA formula programs, the 2011 Budget sets aside \$261 million to establish two innovation funds that will support and test promising approaches to training, breaking down program silos, building evidence about effective practices, and investing in what works. With a \$101 million increase in the Youth funding stream, the Budget re-directs 15 percent of total Youth funding to a Youth Innovation Fund to pilot innovative models for delivering summer and year-round work experiences and comprehensive services to disconnected youth. The Workforce Innovation Fund pulls 5 percent from the Adult and Dislocated Worker streams to support and test “learn and earn” strategies like apprenticeships and on-the-job training; promote regional and sectoral collaborations; and support other innovations. In addition, DOL will work closely with the Department of Education to administer the innovation grants, and use them as a mechanism for encouraging States and localities to work across programs to improve service delivery and participant outcomes.

- **Meeting the Needs of Regional Economies and Employers.** Labor markets are typically regional, yet the workforce system is designed around State and local boundaries. The system also does not do a good enough job matching training with employer demand. Through new innovation funds and WIA reauthorization, the Administration will facilitate regional collaboration and close linkages with employers so that training leads to good jobs.
- **Establishing a Transparent Accountability System that Encourages Success.** The current accountability system dissuades States and localities from serving the populations that most need their assistance, like low-skilled adults, individuals with disabilities, and others needing more specialized and intensive services. The Bud-

get supports efforts to overhaul performance measures and incentives to discourage “cream-skimming,” more accurately capture the value added by different services, and encourage better outcomes for individuals at every level of the workforce system. Performance data should be widely available to policymakers, program managers, and the participants themselves, so they can make informed choices about training.

- **Focusing on High-Growth Sectors and Workers Often Left Behind.** The Budget makes strategic investments in competitive programs to target high-growth sectors and serve populations often left behind, including \$85 million for green job training and \$40 million for transitional jobs programs. The Budget also supports an initiative to reform and improve Job Corps, by setting high standards for Job Corps centers and taking quick and decisive action to address problems.

**Protecting Benefits for Employees by Ensuring Proper Classification.** When employees are misclassified as independent contractors, they are deprived of benefits and protections to which they are legally entitled. For example, independent contractors do not receive overtime and are ineligible to receive unemployment benefits. Misclassification also has a budgetary impact, reducing receipts in Treasury and the Social Security, Medicare and Unemployment Insurance Trust Funds. As part of the 2011 Budget, the Departments of Labor and Treasury are pursuing a joint proposal that eliminates incentives in law for employers to misclassify their employees; enhances the ability of both agencies to penalize employers who misclassify; and restores protections to employees who have been denied them because of their improper classification. This proposal would increase Treasury receipts by more than \$7 billion over 10 years. The 2011 Budget for DOL includes an additional \$25 million to target misclassification with 100 additional enforcement personnel and competitive grants to boost States’ incentives and capacity to address this problem.

**Rebuilding Worker Protection Programs.**

The Budget includes a \$67 million (4 percent) increase for the Department's worker protection agencies to ensure they have the resources to meet their responsibilities to protect the health, safety, wages and working conditions, and retirement security of the nation's workforce. The 2011 Budget builds on the 2010 Budget policy of returning worker protection programs to the 2001 staffing levels, after years of decline. In addition, the Budget provides additional resources for the regulatory and enforcement activities of these agencies.

**Helping States Provide Paid Family Leave to Workers.**

Too many families must make the painful choice between the care of their families and a paycheck they desperately need. The Family and Medical Leave Act allows workers to take job-protected time off unpaid, but millions of families cannot afford to use unpaid leave. A handful of States have enacted policies to offer paid family leave, but more States should have the chance. The Budget establishes a \$50 million State Paid Leave Fund within DOL that will provide competitive grants to help States that choose to launch paid-leave programs cover their start-up costs. The Budget also provides resources to allow DOL to explore ways to improve the collection of data related to intersection of work and family responsibilities.

**Strengthening Access to, and Accuracy of, Unemployment Benefits.**

Working with the Congress, the Administration has already extended and expanded unemployment insurance (UI) benefits to historic levels and offered powerful incentives for States to make permanent changes to modernize their UI programs. In response to these incentives, 26 States have changed their laws so that up to 20 weeks of additional benefits are available to workers who have exhausted their regular and Emergency Unemployment Compensation benefits; and 32 States now offer benefits to recent entrants to the workforce who lose their jobs. States have also granted benefits to part-time workers, those who must leave their jobs because of domestic violence or other compel-

ling family reasons, and those seeking to retool for another career.

At the same time, the Administration believes UI benefits should go to the right workers in the right amounts. When States have to finance high levels of UI improper payments, employers face higher taxes and workers may see cuts in their benefit levels. Despite the efforts of States to reduce improper payments, over \$11.4 billion in UI benefits were erroneously paid in 2009—an overpayment rate of almost 10 percent. The Administration will tackle this problem by boosting funding for UI integrity efforts and proposing legislative changes that together would reduce improper payments by over \$4 billion and employer tax evasion by \$300 million over 10 years.

**Improving Retirement Security.**

After a lifetime of employment, American workers deserve to know that their efforts have resulted in a secure retirement. The Administration is committed to giving Americans more and better choices to save for retirement while also strengthening the existing private pension system. The Budget proposes a multi-agency effort to expand and improve employment-based retirement security by:

- **Establishing Automatic Workplace Pensions.** Currently, 78 million working Americans—roughly half the workforce—lack employer-based retirement plans. The 2011 Budget proposes a system of automatic workplace pensions that will expand access to tens of millions of workers who currently lack pensions. Under the proposal, 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. The smallest firms would be exempt.
- **Doubling the Small Employer Pension Plan Startup Credit.** Under current law, small employers are eligible for a tax credit equal to 50 percent (up to a maximum of \$500 a year for three years) of the start-up expenses of establishing or administering a new retirement plan. To encourage small

employers to offer pensions to their workers in connection with the automatic IRA proposal, the Budget will increase the maximum credit from \$500 a year to \$1,000 per year.

- **Reforming and Expanding the Saver’s Credit.** 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 retirement savings of families that earn less than \$85,000 (up to \$1,000 of savings would be matched). The credit would be fully refundable to create savings incentives fair to all workers. Studies indicate that automatic enrollment combined with a savings match significantly increases the savings participation rate for low and middle income workers. This proposal is expected to increase significantly both the number of Americans who save for retirement and the overall amount of amount of retirement wealth they accumulate.
- **Improving the Defined-Contribution Savings System.** A majority of American workers rely on 401(k)-style plans to finance their retirements. The Budget proposes a

number of initiatives to improve the transparency and adequacy of 401(k) retirement savings. Specifically, DOL will undertake regulatory efforts to reduce barriers to annuitization of 401(k) plan assets; increase the transparency of pension fees; improve transparency of target date and other default retirement investments; and reduce conflicts of interest between pension advisers and fiduciaries.

- **Expanding Opportunities for Automatic Enrollment in 401(K) and Other Retirement Savings Plans.** Automatic enrollment typically boosts participation in 401(k) retirement plans from about 70 percent to more than 90 percent, and it is particularly effective in increasing the participation of low-income and minority workers. But while nearly half of larger companies with 401(k) plans have adopted automatic enrollment, fewer medium-sized or small businesses have done so. The Administration will streamline the process for 401(k) plans to adopt automatic enrollment; make it easier to increase saving over time; and allow automatic enrollment in SIMPLE-IRAs.

**Department of Labor**  
(In millions of dollars)

	Actual 2009	Estimate	
		2010	2011
<b>Spending</b>			
Discretionary Budget Authority:			
Training and Employment Service .....	3,626	3,829	3,925
Unemployment Insurance Administration .....	3,511	3,990	3,581
Employment Service/One-Stop Career Centers .....	793	788	788
Office of Job Corps .....	1,684	1,708	1,707
Community Service Employment for Older Americans .....	572	825	600
Bureau of Labor Statistics .....	597	611	645
Occupational Safety and Health Administration .....	513	559	573
Mine Safety and Health Administration .....	347	357	361
Wage and Hour Division <sup>1</sup> .....	193	224	244
Office of Federal Contract Compliance Programs .....	82	103	113

**Department of Labor—Continued**  
(In millions of dollars)

	Actual 2009	Estimate	
		2010	2011
Office of Labor-Management Standards .....	45	41	45
Office of Workers' Compensation Programs .....	103	108	127
Employee Benefits Security Administration .....	143	155	162
Veterans Employment and Training .....	239	256	262
Departmental Management:	314	356	429
<i>Bureau of International Labor Affairs (non-add)</i> .....	86	93	115
<i>Solicitor of Labor (non-add)</i> .....	101	117	123
Foreign Labor Certification .....	68	68	66
Office of Disability Employment Policy .....	27	39	39
State Paid Leave Fund .....	—	—	50
All other .....	36	241	251
Total, Discretionary budget authority .....	12,893	14,266	13,967
<i>Memorandum: Budget authority from American Recovery and Reinvestment Act ....</i>	4,805	—	—
Total, Discretionary outlays .....	12,125	14,674	13,936
<i>Memorandum: Outlays from American Recovery and Reinvestment Act .....</i>	882	2,941	565
<b>Mandatory Outlays:</b>			
<b>Unemployment Insurance Benefits</b>			
Existing law .....	93,783	126,787	82,385
Legislative proposal .....	—	31,000	17,912
Trade Adjustment Assistance			
Existing law .....	416	810	1,497
Legislative proposal .....	—	—	145
Pension Benefit Guaranty Corporation .....	194	-86	-1,073
Black Lung Benefits Program .....	3,060	524	512
Federal Employees' Compensation Act <sup>2</sup>			
Existing law .....	1,246	184	180
Legislative proposal .....	—	—	-10
Energy Employees Occupational Illness Compensation Program Act .....	1,168	1,080	960
All other .....	-2,146	-2,534	271
Total, Mandatory outlays .....	97,721	157,765	102,779
<i>Memorandum: Outlays from American Recovery and Reinvestment Act .....</i>	27,434	33,896	1,533
<b>Total, Outlays .....</b>	<b>109,846</b>	<b>172,439</b>	<b>116,715</b>

<sup>1</sup> In the 2011 Budget, funding previously requested for the component agencies and offices under the heading "Employment Standards Administration Salaries and Expenses" is requested separately for the Office of Workers' Compensation Programs, Wage and Hour Division, Office of Federal Contract Compliance Programs, and Office of Labor-Management Standards.

<sup>2</sup> 2009 outlays are lower due to delayed reimbursements from the Postal Service.

