



## DEPARTMENT OF LABOR

### **Funding Highlights:**

- Provides \$11.8 billion in discretionary funding for the Department of Labor by making targeted investments to improve job training and employment programs; strengthen enforcement of laws that protect workers' wages and working conditions; ensure a strong safety net for workers who lose their jobs or are hurt on the job; and promote a secure retirement for workers at the end of their careers. Activities supported at the Department include:
  - Raising the minimum wage so that hard-working Americans can earn wages that allow them to support their families and make ends meet;
  - Ensuring that Americans have the help and support they need to develop their skills and secure good jobs;
  - Building on proven strategies by providing increased funding for in-person reemployment services to reach unemployed workers who are most at risk of exhausting their benefits and all recently separated veterans;
  - Increasing support for agencies that protect workers' wages and overtime pay, benefits, health and safety, and investing in preventing and detecting the misclassification of employees as independent contractors; and
  - Assisting Americans who need to take time off from work to care for a child or other family member by helping States launch paid leave programs.

### **Opportunity, Growth, and Security Initiative:**

- Through the Opportunity, Growth, and Security Initiative, supports:
  - Investment in a Community College Job-Driven Training Fund, which includes grants that would support doubling the number of apprenticeships in America over the next five years;
  - Increased innovation and performance incentives in the workforce system and additional resources targeted to populations that face significant barriers to employment; and
  - Additional funding to help more States launch paid leave programs.

**Reforms:**

- Promotes innovative, job-driven approaches to training and employment services and higher performance through the Workforce Innovation Fund and improved Incentive Grants, so American workers can gain the skills to find good jobs and employers can find the workers they need.
- Creates a single program to help all displaced workers as part of a larger effort to modernize the Federal job training system.
- Safeguards workers' pensions by encouraging companies to fully fund their employees' promised benefits and assuring the long-term solvency of the Pension Benefit Guaranty Corporation.
- Strengthens the Unemployment Insurance safety net by supporting work-based reforms, encouraging States to fully fund their Unemployment Insurance systems, and reducing improper payments.

The Department of Labor (DOL) is charged with promoting the welfare of American workers, job seekers, and retirees, a mission critical to America's continued economic recovery and long-term competitiveness. To support this mission, the Budget provides more than \$11.8 billion in discretionary funding for DOL. This funding level, coupled with new dedicated mandatory funds, allows for substantial investments in American workers as well as significant reforms to help workers acquire skills, regain their footing after a job loss, and find new employment opportunities. The Budget also makes investments to bolster the enforcement of critical wage and hour, whistleblower, and worker safety laws.

***Invests in a Competitive Workforce***

**Promotes Innovative, Job-Driven Approaches to Training and Employment Services.** As the economy changes, training and employment programs must continually innovate and improve to make the most of constrained resources and help American workers gain the skills to find good jobs and move up the career ladder. The Administration believes that government should be doing everything it can to make it easier for people who need help finding a job, or

build their skills for a better one, and for employers who need help finding qualified workers.

- *Invests in Training and Employment Services.* The Budget invests more than \$3 billion in formula grants to States and localities to provide training and employment services to more than 20 million Americans at 2,500 American Job Centers across the country. The Opportunity, Growth, and Security Initiative would add another \$750 million to restore prior cuts to these grants; increase the investment in innovation, evidence-based practices, and performance in the workforce system; and provide additional funding for programs that serve populations with significant barriers to employment, including Native Americans, ex-offenders, and people with disabilities. This would complement the Budget's new investments through the Social Security Administration in the development of innovative strategies to help people with disabilities remain in the workforce, in partnership with other Federal agencies.
- *Creates New Pathways to Jobs and Careers.* The Budget proposes to include in the Opportunity, Growth, and Security Initiative

\$1.5 billion in 2015 to support a four-year, \$6 billion Community College Job-Driven Training Fund, which will offer competitive grants to partnerships of community colleges, public and nonprofit training entities, industry groups, and employers to launch new training programs and apprenticeships that will prepare participants for in-demand jobs and careers. The fund will also help to create common credentials and skill assessments to allow employers to more easily identify and hire qualified candidates. Of each year's funding, \$500 million will be set aside for grants to States and regional consortia to create new apprenticeships and increase participation in existing apprenticeship programs. This four-year investment will support doubling the number of apprenticeships in America over the next five years. The Budget also invests \$2.5 billion in mandatory funding for Summer Jobs Plus, which will fund summer and year-round job opportunities for 600,000 youth as well as innovation grants aimed at improving skills and career options for disadvantaged youth.

- *Drives Better Performance and Innovation.* The Budget invests an amount equal to five percent of the Workforce Investment Act (WIA) formula grants in driving innovation and performance at the State and local level through: \$60 million in the Workforce Innovation Fund to support innovative State and regional approaches to service delivery; and \$80 million for improved Incentive Grants to reward States that succeed through their WIA programs in serving workers with the greatest barriers to employment. Combined, these funds will fuel innovative approaches to workforce system service delivery and incentivize better program coordination to serve those who need the most help to find high-quality jobs.
- *Streamlines the Delivery of Training.* Today more than 40 Federal programs across the Government deliver job training and related employment services. The Administration is exploring opportunities to streamline access,

more fully engage employers to ensure that training is well matched to jobs, and improve efficiency and employment outcomes. For example, the Budget proposes a New Career Pathways program that will reach as many as one million workers a year with a set of core services, combining the best elements of two existing programs—Trade Adjustment Assistance for Workers and WIA Dislocated Workers. The Administration is proposing strong accountability for outcomes and ensuring that the needs of all job-seekers and workers, including those with barriers to employment, continue to be met.

#### **Reconnects Unemployed Workers to Jobs.**

As the Nation works to strengthen and rebuild the economy from the worst economic downturn since the Great Depression, it is critical to provide a helping hand and a path back to work for those whose lives have been disrupted by unemployment. The Budget makes an investment of \$158 million in reemployment and eligibility assessments and reemployment services, an evidence-based approach to speed the return to work of Unemployment Insurance (UI) beneficiaries. This investment will reach those who are most likely to exhaust their UI benefits, as well as all recently separated veterans transitioning to civilian jobs. The Budget also provides \$2 billion in mandatory funding to encourage States to adopt Bridge to Work programs, which would allow individuals to continue receiving their weekly UI check while participating in a short-term work placement and support other strategies for getting UI claimants back to work more quickly. In addition, the Budget provides \$4 billion in mandatory funding to support partnerships between businesses and education and training providers to train approximately one million long-term unemployed workers for new jobs. Beyond these investments, the Administration supports extension of emergency unemployment benefits for the long-term unemployed. If not extended, 3.6 million additional people are estimated to lose access to extended UI benefits by the end of the year, despite remaining unemployed and looking for work.

### ***Provides Security for American Workers and Retirees***

**Maintains Strong Support for Worker Protections.** The Budget includes nearly \$1.8 billion for DOL's worker protection agencies, putting them on sound footing to meet their responsibilities to protect the health, safety, wages, working conditions, and retirement security of American workers.

- *Supports Raising the Minimum Wage.* In a nation as wealthy as the United States, far too many full-time workers are living below the poverty line. Over the past 30 years, modest minimum wage increases have not kept pace with the higher costs of basic necessities for working families. The Administration supports raising the minimum wage so that hard-working Americans can earn wages that allow them to support their families and make ends meet. Many companies, from small businesses to large corporations, also see higher wages as the right way to boost productivity, reduce turnover, and increase profits. Raising the minimum wage is good for workers, their families, and for the economy. The Administration is ready to work with the Congress to pass legislation to increase the minimum wage as soon as possible. The President took an important step in this effort by signing an Executive Order to increase the minimum wage to \$10.10 for those working on new and replacement Federal service, construction, and concession contracts.
- *Ensures that Workers Get the Pay and Overtime They Have Earned.* The Budget provides an increase of more than \$41 million for DOL's Wage and Hour Division (WHD) to increase enforcement of the laws that ensure that workers receive appropriate wages and overtime pay, as well as the right to take job-protected leave for family and medical purposes. WHD will be able to hire 300 new investigators across the United States to help in this effort, and use risk-based approaches

to target the industries and employers most likely to break the law.

- *Enhances Worker Safety and Protections for Whistleblowers.* The Budget provides \$565 million for the Occupational Safety and Health Administration (OSHA), allowing OSHA to inspect hazardous workplaces and work with employers to help them understand and comply with safety and health regulations. The Budget includes an additional \$4 million to bolster OSHA's enforcement of the 21 whistleblower laws that protect workers and others who are retaliated against for reporting unsafe and unscrupulous practices.
- *Detects and Deters the Misclassification of Workers as Independent Contractors.* When employees are misclassified as independent contractors, they are deprived of the benefits and protections to which they are legally entitled, such as minimum wage, overtime, unemployment insurance, and anti-discrimination protections. Misclassification also unfairly disadvantages businesses who comply with the law and costs taxpayers money in lost funds for the United States Treasury, and in Social Security, Medicare, the Unemployment Trust Fund, and State programs. The Budget includes nearly \$14 million to combat misclassification, including \$10 million for grants to States to identify misclassification and recover unpaid taxes and \$4 million for personnel at WHD to investigate misclassification.

### **Encourages State Paid Leave Initiatives.**

Too many American workers must make the painful choice between the care of their families and a paycheck they desperately need. While the Family and Medical Leave Act allows many workers to take job-protected unpaid time off, millions of families cannot afford to use unpaid leave. A handful of States have enacted policies to offer paid leave, but more States should have the chance to follow their example. The Budget supports a \$5 million State Paid Leave Fund to provide technical assistance and support to States

that are considering paid leave programs. The Opportunity, Growth, and Security Initiative provides an additional \$100 million in support of this effort.

**Strengthens the Pension Benefit Guaranty Corporation to Protect Worker Pensions.** The Pension Benefit Guaranty Corporation (PBGC) acts as a backstop to insure pension payments for workers whose companies have failed. PBGC's single employer program covers plans that are normally sponsored by an individual company; the multiemployer program covers plans set up by collectively bargained agreements involving more than one unrelated employer. Both programs are underfunded, and PBGC's combined liabilities exceeded its assets by more than \$36 billion at the end of 2013.

The Congress has raised premiums twice since 2012, but rates remain much lower than what a private financial institution would charge for insuring the same risk. Although PBGC will be able to pay benefits for years to come, it is still projected to be unable to meet its long-term obligations under current law. Any further premium increases need to be carefully crafted to avoid worsening PBGC's financial condition and harming workers' retirement security by driving healthy plans that pose little risk of presenting a claim to PBGC out of the system.

To address these concerns, the Budget proposes to give the PBGC Board the authority to adjust premiums in both the single employer and multiemployer programs and directs PBGC to take into account the risks that different sponsors pose. In the multiemployer program, these premium increases are crucial to improving solvency but will

not be sufficient to address the complex challenges facing these plans. The Administration looks forward to working with the Congress to develop a more comprehensive solution. This proposal is estimated to save \$20 billion over the next decade.

**Strengthens the UI Safety Net and Improves Program Integrity.** The combination of chronically underfunded reserves and the economic downturn has placed a considerable financial strain on States' UI operations. Currently, 16 States owe more than \$21 billion to the Federal UI trust fund. As a result, employers in those States are now facing automatic Federal tax increases, and many States have little prospect of paying these loans back in the foreseeable future. At the same time, State UI programs have large improper payment rates. It is important to put the UI system back on the path to solvency and financial integrity while maintaining benefits for job seekers. The Administration proposes to provide immediate relief to employers to encourage job creation now, reestablish State fiscal responsibility going forward, and work closely with States to eliminate improper payments.

**Modernizes Federal Workers' Compensation.** The Budget acts on longstanding recommendations from the Government Accountability Office, the Congressional Budget Office, and DOL's Inspector General—as well as numerous Securing Americans Value and Efficiency (SAVE) Award nominations—to reform the Federal Employees' Compensation Act (FECA), which has not been substantially updated since 1974. The Budget proposes a series of FECA reforms that will generate Government-wide savings of more than \$340 million over 10 years.