DEPARTMENT OF LABOR

Funding Highlights:

- Provides $12 billion in discretionary funding, a slight reduction from the comparable 2012 level. The Budget continues critical investments in job training and resources for job seekers. It also includes savings from administrative efficiencies, consolidation of regional offices, and the elimination of overlapping job training programs.
- Preserves a strong Unemployment Insurance safety net, ensuring that all Americans who have lost their jobs have the help they need to improve their skills and return to the workforce, and creates subsidized employment opportunities for long-term unemployed and low-income adults and youth. To improve program integrity and cost-effectiveness, the Budget also works to reduce improper payments in the Unemployment Insurance program.
- Improves access to services for workers and job-seekers and invests $125 million in a competitive Workforce Innovation Fund in the Departments of Labor and Education to engage States and localities in identifying better ways of delivering services, breaking down program silos, and paying providers for success.
- Introduces bold reforms to strengthen Job Corps by improving its outcomes and cost-effectiveness.
- Provides improved re-employment services to newly separated veterans.
- Increases support for agencies that protect workers' wages, benefits, health, and safety and invests in preventing and detecting the inappropriate misclassification of employees as independent contractors.
- Safeguards workers' pensions by encouraging companies to fully fund their employees' promised pension benefits and assuring the long-term solvency of the Federal pension insurance system.
- Creates new opportunities for Americans to save for retirement by establishing a system of automatic workplace pensions and doubling the small employer pension plan start-up credit.
- Assists workers who need to take time off to care for a child or other family member by helping States launch paid leave programs.

The Department of Labor (DOL) is charged with promoting the welfare of American workers, job seekers, and retirees, which is critical to America's continued economic recovery and long-term competitiveness. To support this mission, the Budget provides almost $12 billion in discretionary funding for DOL, a small reduction from the comparable 2012 level. This funding level makes substantial investments and introduces significant reforms to better help workers gain skills, regain their footing after a job loss, and find new employment opportunities. Investments are also made for the enforcement of critical wage and hour, whistleblower, and worker safety laws. The Budget achieves savings through the consolidation of several DOL regional offices, and the elimination of duplicative programs.

Invests in a Competitive Workforce and Protects American Workers

Preserves a Strong Unemployment Insurance Safety Net and Gives All Dislocated and Low-Income Workers the Help They Need to Find New Jobs. Particularly during this time of high unemployment, the Administration believes it is critical to provide both a helping hand and a viable path back to employment. Over the past several years, unemployment insurance (UI) benefits have helped American families stay afloat, keeping 3.2 million individuals—including nearly 1 million children—from falling into poverty in 2010. The American Jobs Act proposed an extension of federally funded benefits as well as the Reemployment NOW program, which includes a number of reforms to help UI claimants get back to work quickly. The Budget continues this support for extending federally funded benefits through December 2012 and instituting innovative approaches to better connect UI claimants with job opportunities.

Nearly 7 million of the Americans who lost jobs in 2009 were displaced from jobs that are unlikely to come back, and those who do find reemployment, on average, suffer significant earnings losses. As part of the Administration's effort to reform and modernize the Nation's job training system so that individuals can quickly gain the training they need for the jobs created as our economy evolves, the Budget proposes a universal core set of services where the focus is on helping all dislocated workers find new jobs.

Building on successful Recovery Act programs that provided job opportunities for long-term unemployed and low-income adults and youths, the Budget also includes a $12.5 billion Pathways Back to Work Fund to make it easier for workers to remain connected to the workforce and gain new skills for long-term employment. This initiative will include support for summer- and year-round jobs for low-income youth, subsidized employment opportunities for unemployed and low-income adults, and other promising strategies designed to lead to employment.

Promotes New Approaches to Job Training. As the economy changes, training and employment programs that help Americans navigate those changes must continuously adapt to remain effective. To spur job training innovation among States and localities, the Budget provides $125 million in the Departments of Labor and Education for the Workforce Innovation Fund (Fund). Paired with broader waiver authority, the Fund will test new ideas and replicate proven strategies for delivering better employment and education results at a lower cost. Both agencies will jointly administer the Fund, in consultation with other agencies that fund employment services, such as the Department of Health and Human Services. The initiative will fund a competition among States and regions to implement bold systemic reforms that break down barriers between programs and provide rewards based on outcomes, particularly in serving disadvantaged populations. Within the Fund, $10 million is dedicated to building knowledge of what interventions are most effective with disconnected youth. Like DOL's existing Trade Adjustment Assistance Community College and Career Training Grants, the Fund will create incentives for grantees to consider evidence in designing their programs, collect better data to know what is working well and what is not, and find ways to make program dollars stretch further.

The Budget also funds a new initiative designed to improve access to job training and employment services across the Nation and provide $8 billion in the Departments of Labor and Education to support State and community college partnerships with businesses to build the skills of American workers.

Reforms Job Corps. The Administration strongly supports Job Corps and, with the planned addition of centers in New Hampshire and Wyoming, is committed to having a Job Corps center in every State to reach disadvantaged youth across the country. However, the Administration also believes the program could be more effective and efficient. The 2013 Budget launches a bold reform effort for Job Corps to improve program outcomes and strengthen accountability. Specifically, the Administration proposes to close by program year 2013 the small number of Job Corps centers that are chronically low-performing, which will be identified using criteria the Administration will publish in advance. The program will also shift its focus toward the strategies that were proven most cost-effective in evaluations of the Job Corps model. The Administration also plans to undertake other efforts to improve the program, including changes to strengthen the performance measurement system and report center-level performance in a more transparent way.

Improves Career Transitions for Newly-Separated Veterans. The President places a high priority on delivering effective education, employment, and other transition services that enable newly separated veterans to move successfully into civilian careers. The Administration has created resources to help veterans translate their military skills to the civilian workforce, built new online tools to help veterans and their family connect with jobs, and partnered with the private sector to make it easier to connect veterans with employers that want to hire them. The VOW to Hire Heroes Act, signed into law by the President on November 21, 2011, expands tax credits to encourage the hiring of veterans, and expands access to the Transition Assistance Program (TAP) workshops that are offered to separating servicemembers. The Budget builds on these efforts by boosting funding for the Department's TAP program and grants for employment services to veterans by $8 million, or 34 percent, over 2012 levels.

Maintains Strong Support for Worker Protection. The Budget includes nearly $1.8 billion for the Department'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. In doing so, the Budget preserves recent investments in rebuilding the Department's enforcement capacity and makes strategic choices to ensure funding is used for the highest priority activities.

- *Protect the Health and Safety of America's Miners.* The Budget maintains funding within DOL and the Federal Mine Safety and Health Review Commission (FMSHRC) to continue efforts to address FMSHRC's large case backlog. It also preserves funding to allow the Mine Safety and Health Administration (MSHA) to effectively enforce safety and health laws, while achieving efficiencies and reallocating resources from lower priority activities into coal and metal/non-metal enforcement. The Administration continues to support legislation that would provide MSHA with stronger enforcement tools to ensure mine operators meet their responsibility to protect their workers.

- *Enhance Protections for Whistleblowers.* The Budget includes an additional $5 million over the 2012 level to bolster the Occupational Safety and Health Administration's (OSHA's) enforcement of the nearly 20 laws that protect workers and others who are retaliated against for reporting unsafe and unscrupulous practices. These resources will be paired with administrative efforts to improve the transparency and effectiveness of the program.

- *Increase Enforcement of Worker Protection Laws.* The Budget provides an increase of $6 million for the Wage and Hour Division for increased enforcement of the Fair Labor Standards Act and the Family and Medical Leave Act, which ensure that workers receive appropriate wages, overtime pay, and the right to take job-protected leave for family and medical purposes.

- *Detect and Deter the Misclassification of Workers as Independent Contractors.* When employees are misclassified as independent contractors, they are deprived of benefits and protections to which they are legally entitled, such as overtime and unemployment benefits. Misclassification also costs taxpayers money in lost funds for the Treasury and in the Social Security, Medicare, and Unemployment Insurance Trust Funds. The Budget includes $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 the Wage and Hour Division to investigate misclassification.

Makes Tough Cuts and Consolidations

Ends Overlapping Training Programs. In a constrained environment, we must make difficult choices to preserve core functions. The 2013 Budget ends funding for Women in Apprenticeship in Non-Traditional Occupations, whose mission of expanding apprenticeship opportunities for women can be met through DOL's work to expand registered apprenticeships and ensure equal access to apprenticeship programs. The Budget also ends the Veterans Workforce Investment Program, instead supporting service delivery innovations through the Workforce Innovation Fund.

Consolidates Regional Offices to Increase Efficiency. Consistent with Administration-wide efforts to improve efficiency and find savings, the Budget proposes to streamline agency operations by reforming the Department's regional office structure. While regional offices allow the Department to provide services to citizens at the local level, several DOL components have more regional offices than they need to be effective. The Budget proposes adopting a leaner, more efficient approach for five offices within the Department: the Women's Bureau, OSHA, the Office of the Solicitor, the Employee Benefits Security Administration, and the Office of Public Affairs. In 2013, each of these components will consolidate their regional offices to ensure that they are strategically placed to perform DOL's key functions across the country while eliminating unnecessary administrative costs.

Increases Efficiency, and Reduces Future Liabilities

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, 28 States owe more than $37 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—12 percent in fiscal year 2011. The Administration proposes to put the UI system back on the path to solvency and financial integrity by providing immediate relief to employers to encourage job creation now, reestablishing State fiscal responsibility going forward, and working closely with States to eliminate improper payments. Under this Budget proposal, employers in indebted States would receive tax relief for two years. To encourage State solvency, the proposal would also raise the minimum level of wages subject to unemployment taxes in 2015 to a level slightly less in real terms that it was in 1983, after President Reagan signed into law the last wage base increase. The higher wage base will be offset by lower tax rates to avoid a Federal tax increase. Further, the Administration has taken a number of steps to address program integrity in States that have consistently failed to place enough emphasis on combating improper payments in their UI programs. The Administration's aggressive actions have given States a number of tools to prevent improper payments, and reducing State UI error rates remains an Administration priority.

Shores Up the Pension Benefit Guaranty Corporation to Protect Worker Pensions. The Pension Benefit Guaranty Corporation (PBGC) acts as a backstop to protect pension payments for workers whose companies have failed. Currently, the PBGC's pension insurance system is itself underfunded, and the PBGC's liabilities exceed its assets. The PBGC receives no taxpayer funds and its premiums are currently much lower than what a private financial institution would charge for insuring the same risk. The Budget proposes to give the PBGC Board the authority to adjust premiums and directs PBGC to take into account the risks that different sponsors pose to their retirees and to PBGC. This will both encourage companies to fully fund their pension benefits and ensure the continued financial soundness of PBGC. In order to ensure that these reforms are undertaken responsibly during challenging economic times, the Budget would require a year of study and public comment before any implementation and the gradual phasing-in of any premium increases. This proposal is estimated to save $16 billion over the next decade.

Provides Greater Security for American Workers and Retirees

Establishes Automatic Workplace Pensions and Expands the Small Employer Pension Plan Startup Credit. Currently, 78 million working Americans—roughly half the workforce—lack employer-based retirement plans. The 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. To minimize burdens on small businesses, those with ten and fewer employees would be exempt. Employers would also be entitled to an additional credit of $25 per participating employee—up to a total of $250 per year—for six years.

To make it easier for small employers to offer pensions to their workers in connection with the automatic IRA proposal, the Budget will increase the maximum tax credit available for small employers establishing or administering a new retirement plan from $500 to $1,000 per year. This credit would be available for four years.

Encourages State Establishment of Family 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 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 family leave, but more States should have the chance to follow their example. The Budget supports a $5 million State Paid Leave Fund within DOL to provide technical assistance and support to States that are considering paid-leave programs.

Department of Labor
(In millions of dollars)

	Actual 2011	Estimate 2012	Estimate 2013
Spending			
Discretionary Budget Authority:			
Training and Employment Services	3,216	3,189	3,232
Unemployment Insurance Administration	3,250	3,236	3,001
Employment Service/One-Stop Career Centers	787	785	868
Office of Job Corps[1]	1,630	2,393	1,650
Community Service Employment for Older Americans[2]	449	448	—
Bureau of Labor Statistics	610	609	618
Occupational Safety and Health Administration	559	565	565
Mine Safety and Health Administration	362	373	372
Wage and Hour Division	227	227	238
Office of Federal Contract Compliance Programs	105	105	106
Office of Labor-Management Standards	41	41	42
Office of Workers' Compensation Programs	118	118	122
Employee Benefits Security Administration	159	183	183
Veterans Employment and Training	256	264	259
Bureau of International Labor Affairs	92	92	95
Office of the Solicitor	119	129	131
Foreign Labor Certification	66	65	66
Office of Disability Employment Policy	39	39	39
State Paid Leave Fund	—	—	5
Office of the Inspector General	84	84	85
All other	285	293	293
Subtotal, Discretionary budget authority	12,456	13,240	11,970
Proposed Cancellations			–10
Total, Discretionary budget authority	12,456	13,240	11,960
Discretionary Cap Adjustment:[3]			
Program Integrity	—	—	15
Total, Discretionary outlays	14,599	14,043	13,244
Mandatory Outlays:			
Unemployment Insurance Benefits:			
Existing law	116,466	84,433	55,235
Legislative proposal	—	21,295	19,273
Trade Adjustment Assistance	770	1,133	1,637
Pension Benefit Guaranty Corporation:			
Existing law [4]	–1,166	–237	–1,575

Department of Labor—Continued
(In millions of dollars)

	Actual 2011	Estimate 2012	Estimate 2013
Legislative proposal[5]	—	—	—
Black Lung Benefits Program	297	302	309
Federal Employees' Compensation Act:			
Existing law	191	347	393
Legislative proposal	—	—	–13
Energy Employees Occupational Illness Compensation Program Act	1,249	1,302	1,260
American Jobs Act:			
Legislative proposal	—	5,062	12,147
All other	809	–498	–221
Total, Mandatory outlays[4]	118,616	113,139	88,445
Total, Outlays	133,215	127,182	101,689

[1] In a departure from historic practice the 2012 Appropriations Act funded program year 2012 entirely with regular 2012 appropriations rather than funding $691 million of these costs in 2013 via an advance appropriation. Job Corps' program year 2013 level reflects a $53 million (3 percent) reduction from program year 2012.

[2] The 2013 Budget proposes to transfer this program to the Department of Health and Human Services.

[3] The Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended by the Budget Control Act of 2011, limits—or caps—budget authority available for discretionary programs each year through 2021. Section 251(b)(2) of BBEDCA authorizes certain adjustments to the caps after the enactment of appropriations.

[4] Net mandatory outlays are negative when offsetting collections exceed outlays.

[5] The Budget proposal that would increase PBGC premiums would have no outlay effects until 2014.