

**STATEMENT OF  
THOMAS E. PEREZ, SECRETARY  
U.S. DEPARTMENT OF LABOR  
BEFORE THE  
COMMITTEE ON EDUCATION AND THE WORKFORCE  
U.S. HOUSE OF REPRESENTATIVES**

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Chairman Kline, Ranking Member Miller, Members of the Committee, thank you for inviting me to testify this morning. I have had the pleasure of meeting and speaking with many of you individually, but today is my first appearance before this Committee. I have been Labor Secretary for eight months now, and I consider it one of the privileges of my job to keep all of our constituents – stakeholders, Congress, and the American public – informed of the critical work being done at the Department of Labor (DOL).

In his State of the Union address two months ago, President Obama laid out a set of concrete, practical proposals to grow the economy, strengthen the middle class, and empower all those hoping to join its ranks. It set the agenda for our work over the next three years – one of opportunity, action, and optimism.

The core principle is as American as they come: the notion that if you work hard and play by the rules, you should have the opportunity to succeed. In America, your ability to get ahead should be determined by hard work and personal responsibility – not by the circumstances of your birth.

Making good on that promise of opportunity is central to the Labor Department's mission. To help create jobs to build a stronger middle class; to invest in human capital to build a skills infrastructure that supports business growth; to give every American the chance to retire with dignity and a measure of economic security; to promote a fair wage and safe working conditions; to help our nation's veterans find a place in the civilian economy; and to help historically marginalized populations, like immigrant communities, move into the economic mainstream. President Obama's opportunity agenda is the Labor Department's agenda.

And to execute that agenda, the President has submitted to Congress a Fiscal Year (FY) 2015 budget request for the Labor Department for \$11.8 billion in discretionary funding, along with new, dedicated mandatory funds. The budget includes funding and reforms that will better prepare workers for jobs; protect their wages, working conditions, and safety; provide a safety net for those who lose their jobs or are hurt on the job; and promote secure retirements.

I feel extremely fortunate to be a product of a nation that believes in opportunity. My parents were born in the Dominican Republic and fled the country during the height of the brutal Trujillo dictatorship. They moved to America, got married, and my father served with distinction as a legal immigrant in the U.S. Army. My parents loved this country, and taught my four siblings and me to work hard, aim high, and always make sure the ladder of opportunity is available for others. They raised us in Buffalo, New York. In so many ways, Buffalo's story is the American story, and the values it represents inform my work as Labor Secretary. It is a gritty,

hardworking, humble place – one where country and community trump party or religion, where we are defined by our common values and loyalty to one another.

In the Buffalo of my childhood, a thriving middle-class was the engine of economic growth. Buffalo – and America – offered you a very basic bargain of opportunity. Hard work was rewarded with fair wages and decent benefits. Whether you owned a business or swept the shop floor, you could buy a house, save for retirement, and leave your kids a little better off than you were, as long as you worked hard and played by the rules.

But like so many American communities, Buffalo took a hit. Robotics replaced manpower. Globalization sent jobs overseas. Machine shops ground to a halt. The footholds of middle-class families and businesses began to slip, and that basic American bargain slipped with it. As President Obama has said, the defining challenge of our generation is to restore that bargain and to protect and expand opportunity for America's working families. It is an honor to be here today to talk about the Department of Labor's central role in that effort.

I have spent most of my career in public service at just about every level of government. Each of those experiences has given me a profound appreciation for the impact of partnerships and consensus-building. I had the honor of serving on the Montgomery County Council in Maryland. There is no better way to understand where the rubber meets the road than to serve in local government. Quite simply, we were only as effective as the breadth and depth of the coalition we built. The right hand had to talk to the left – business and labor had to come to the table together; the public and private sectors had to understand each other's needs; and we had to make room at the table for non-profits and other key stakeholders that had important values to add.

When I served as Maryland's Secretary of Labor, Licensing, and Regulation, we had enormous success building an industry-driven workforce system. We were successful because we sat down with leaders from various economic sectors, together with the unions and community organizations serving them, to piece together the specific employment needs of each. We were successful because we listened to Chambers of Commerce and business leaders and engaged them as meaningful partners, and then we sat down with community colleges to implement training programs that fed directly into job openings and led directly to business growth.

My time serving at the federal level has only reaffirmed my belief in the power of such partnerships. Two of the first people I engaged when I set foot in the Labor Department were Penny Pritzker, the Secretary of Commerce and a business leader in her own right, and Tom Donahue, the President of the U.S. Chamber of Commerce. To create jobs, put Americans back to work, and give workers and businesses the skills they need to out-compete the world, everyone must have a seat at the table.

I had the honor of working for the late Senator Edward Kennedy in the mid-1990s. Among the many lessons he taught me was that idealism and pragmatism are not mutually exclusive. So while I am guided by conviction, I am always prepared to seek principled compromise for the sake of progress and for the good of the country.

I have instituted that philosophy at the Labor Department because, ultimately, it improves the quality of our work. In September of last year, the Department published two rules updating regulations under Section 503 of the Rehabilitation Act of 1973 and the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (VEVRAA). These laws prohibit employment discrimination against individuals on the basis of disability or veteran status by federal contractors and subcontractors, and they require affirmative action to recruit, employ, train, and promote qualified individuals with disabilities and protected veterans. But the key is this: we took this action only after extensive consultation with stakeholders. We took the time to hear and address both the priorities of worker advocacy groups as well as the legitimate concerns of businesses.

Through collaboration, consensus building, and pragmatic problem solving, the Labor Department put out rules that not only will help thousands of qualified workers with disabilities and veterans find and succeed in good jobs, but will do so while minimizing any burdens necessary to achieve that goal. In a *Wall Street Journal* op-ed, former Pennsylvania Governor and Secretary of Homeland Security Tom Ridge called our rulemaking "a model for how government can work with stakeholders in crafting regulations that are practical and effective."

Our engagement with the business community did not end with the conclusion of the rulemaking process. Over the past six months we have spoken with thousands of contractors at nearly two dozen trainings, roundtables, and listening sessions where we have continued to solicit feedback on how to implement these rules in a way that facilitates the success of both workers and employers. This consultation and outreach is critical to making sure we can attract the best companies to do business with the U.S. Government.

This type of consultation and outreach is critical for rules pertaining to federal contracting, where we strive to make sure we can attract the best companies to do business with the U.S. Government. It is also the approach I strongly believe should guide the Department's rulemaking in general. As the Department moves forward with rules in areas ranging from wage protections to health and safety, we will continue to reach out to industry, employers, workers and their representatives, and other stakeholders to ensure we are taking into account all views and recommendations for how to promulgate policies that achieve the Department's objectives and are also transparent, workable, and enforceable.

I will bring this same level of collaboration and honest dialogue to our work together. So please know that I deeply value your input and I hope to continue to have an open dialogue with the Members of this Committee as we move forward on the critical issues facing our nation.

In his State of the Union address President Obama said, "The best measure of opportunity is access to a good job." So by that measure, we have come a long way since the depths of the Great Recession. America's labor market grew stronger in 2013. The unemployment rate is a full point lower than it was a year ago, and it is below 7 percent for the third straight month following 60 straight months above that mark. Our manufacturing sector is continually adding jobs for the first time since the 1990s. We have cut our deficits by more than half to their lowest share of GDP since before President Obama took office.

In the final quarter of 2013, GDP grew at 2.4 percent – despite the drag placed on the economy by sequestration and a government shutdown – and the fourth quarter of last year marked the 11th consecutive quarter of GDP growth. Private investment again grew faster in 2013 than in the previous year, and American businesses have added 8.7 million new jobs over 48 months of consecutive job growth.

By those measures, we are well on our way to a full recovery. But they do not tell the whole story. They do not mean much to the construction worker who continues to be laid off between sporadic jobs. They do not tell the story of the underemployed, or the factory worker whose application never gets a second look after the human resources department sees she has been unemployed for six months. They do not tell the story of the waitress and mother of three who works full-time but has to depend on public assistance to make ends meet.

That is why one of President Obama's top priorities is an increase in the minimum wage to \$10.10 per hour. It has been frozen at \$7.25 an hour since 2009. Meanwhile, the price of everything a working family needs to get through their day is going up. A gallon of milk, a gallon of gas, a month's rent, and a pair of children's shoes – of course, they all cost more than they did in 2009. In fact, the purchasing power of the minimum wage has been on a steady decline for many decades. It is worth about 20 percent less than it was when President Reagan took office.

That diminishing value is undermining the economic security of millions of families. It has contributed to deepening inequality, a lack of upward mobility, and shrinking opportunity in America. Minimum wage workers are not just teenagers looking to earn a little extra to supplement their allowances. In fact, only 12 percent of those who would benefit from an increase to \$10.10 are teenagers, and the average age of those who would benefit is around 35. To the extent that there is a typical minimum wage earner, she is an adult woman who is a breadwinner and a head of household, responsible for paying bills and raising children.

I have visited with these hard-working Americans and heard heartbreaking stories about what it is like to live at or near the minimum wage. The wrenching decisions that these folks have to make. The daily grind and struggle, the apprehension and anxiety, and the exhaustion and sense of futility. But these are also people with immense pride, dignity, and self-respect. They do not want a handout; they just want a fair day's pay for a fair day's work. I met recently with a man in Connecticut who told me his family has to choose between putting a gallon of gas in the car or buying a gallon of milk for the kids. In New Jersey, I met with a man whose take home pay is so low that he could not afford to buy his son a gift on his 16th birthday. These workers and millions like them deserve action. I have also visited businesses and business owners who have made a conscious decision to pay more than the minimum wage. I have heard their stories and also observed first-hand the many ways in which paying a fair wage helps businesses and their bottom lines. It makes workers happier, more motivated, and therefore more effective on the job. It decreases turnover and all the costs associated with finding and training new workers. Paying a fair wage is therefore not just the right thing to do, it also helps the bottom line. So while the President and I are eager to work with Congress to pass a common-sense minimum wage increase, we are not going to wait for Congress to act. Just over a month ago, the President signed an Executive Order (EO) that will increase the minimum wage to \$10.10 for those

working on new and replacement Federal service, construction, and concession contracts, including all individuals with disabilities working under these contracts. These are the people who wash dishes on military bases, serve food to our troops, or serve as nursing assistants in veterans' hospitals. No one who works a full-time job should have to live in poverty. Not anywhere – but especially not in America. And the President is leading by example, showing businesses that they, like the federal Government and its contractors, can reap significant quality and efficiency benefits from paying higher wages. I have had the opportunity to speak with many of you about the Executive Order and I have directed my staff to ensure that we continue reaching out to you and your staffs regarding the implementation of this Executive Order. I welcome your thoughts on this critical matter.

Until we acted last year, nearly two million direct care workers in our country did not have the protection of our minimum wage laws. Roughly nine out of ten are women. Nearly half are minorities. And yet, for almost 40 years, direct care workers have been denied the basic employment rights too many of us take for granted – rights like minimum wage and overtime – with many direct care workers forced to rely on public assistance despite long hours of challenging, often heroic, work. The Department has corrected that, announcing a final rule that gives these nearly two million workers the same basic protections already provided to most U.S. workers – including those who perform the same jobs in nursing homes.

Since the rule was issued, we have continued to work closely with the Department of Health and Human Services, the States, and other stakeholders to implement the rule. We have conducted five public webinars, as well as two webinars with state Medicaid officials in order to make sure that all affected parties know what the requirements are when the rule becomes effective in January 2015. We will continue our meetings with a wide range of stakeholders, including disability, veteran, worker, and elderly groups, to educate them about the new rule and work with them in developing additional materials for their members.

In addition to raising the minimum wage for American workers and families, President Obama has directed the Department to begin the process of addressing overtime pay protections to help make sure workers are paid a fair wage for a hard day's work and rules are simplified for employers and workers alike. The overtime and minimum wage rules are set in the Fair Labor Standards Act, originally passed by Congress in 1938, and apply broadly to private-sector workers. However, there are some exceptions to these rules, which the Department of Labor has the authority to define through regulation. One of the most commonly used exemptions is for "executive, administrative, and professional" employees, the so-called "white collar" exemption. Workers who are paid hourly wages or who earn below a certain salary are generally protected by overtime regulations, while those above the threshold who perform executive, professional, or administrative duties are not. That threshold has failed to keep up with inflation, only being updated twice in the last 40 years and leaving millions of low-paid, salaried workers without these basic protections.

Today, only 12 percent of salaried workers fall below the threshold that would guarantee them overtime and minimum wage protections (compared with 18 percent in 2004 and 65 percent in 1975). Many of the remaining 88 percent of salaried workers are ineligible for these protections because they fall within the white collar exemptions. Many recognize that these regulations are

outdated; New York and California have set higher salary thresholds and businesses and their workers have been able to operate and thrive under those rules. At the same time, employers and workers alike have difficulty navigating the existing regulations, and many recognize that the rules should be modernized to better fit today's economy. Improving the overtime regulations consistent with the recent Presidential Memorandum could benefit millions of people who are working harder but falling further behind. And as part of my commitment to an open process, Department staff, including myself, will be holding listening sessions with industry associations, talking with CEOs of companies, and hosting conference calls with small- and medium-sized businesses. We want to get this right and make the rules work for our businesses.

These priorities fall squarely into the three principles President Obama has laid out: opportunity, action, and optimism.

Opportunity and lasting, broad-based prosperity in this country have always been driven by a thriving middle class – a middle class secure in good jobs, with take home pay that drives consumer spending and builds ladders of opportunity for those striving to join its ranks. But access to those middle-class jobs depends on workers' skills – or their access to a training program that can allow them to acquire those skills. When we invest in the skills of our workers, it benefits our entire economy. Through their hard work and perseverance, American workers have the opportunity to secure their place in the middle class. American businesses have the well-trained workers that allow them to compete in the global marketplace and grow their companies here at home.

I have made it a point to speak with many CEOs in my first eight months on the job, and I have been struck by the consistency of the responses I have gotten in my conversations. Business leader after business leader, representing companies of all sizes in various sectors, has emphasized the absolute necessity of having a pipeline of skilled workers to fuel their company's growth. I have spoken to labor leaders, too, and they also want their members to get the skills they need to compete for jobs in the 21st Century. Business and labor are in agreement – this is a good and necessary shared goal.

Late last year, I helped host a White House event that celebrated our commitment to those values. I joined representatives from companies like Disney and Ford, iconic brands with a rich history of respect for their workers and human capital development through apprenticeships, skills and training investments, and robust labor-management partnerships. These businesses understand that investing in the skills of our nation's workforce is critical to our bottom line and continuing economic recovery. These businesses understand that equipping workers with the skills they need and employers are hiring for is not just a workforce development issue, it is an economic development issue.

But we also cannot afford to waste time, energy, and resources in training for the sake of training. Those investments must lead to good-paying, middle-class jobs that are available today and will be around tomorrow, and that requires giving employers a voice in the process. Under my direction, the Labor Department has made engaging employers in those training programs a priority. The era of what I call "train and pray" is over. In its place should stand training programs developed in conjunction with the needs of local employers – who assist in designing

curricula, donate equipment, have employees serve as instructors, and provide opportunities for on-the-job training.

It is my goal to make industry- and job-driven training the new normal. Employers will engage because they want to know that training programs will deliver the skills they need in their workforce; job seekers will enroll because they know the curriculum gives them the best chance at a middle-class job. In these types of public-private partnerships, the Labor Department can be an active force multiplier, providing grants to expand programs, buy new equipment, turn pilot programs into sustainable business models, or use our bully pulpit to hold up model programs that work and take them to scale elsewhere.

The Trade Adjustment Assistance Community College and Career Training (TAACCCT) program is one of the Labor Department's most powerful tools for building the kind of sturdy skills infrastructure American businesses rely on to grow and remain competitive and workers rely on to put them on pathways to careers that will sustain a middle-class life. In September of last year, we announced the third round of TAACCCT grant awards, which provided 57 grants supporting 190 projects in at least 183 schools in every state plus the District of Columbia and Puerto Rico. All told, we have invested roughly \$1.5 billion in grants to community colleges nationwide (with another approximately \$450 million to award this year), that build the institutions' capacity to serve the American workforce and allow them to expand innovative training programs.

But here is the most important part: they do so in direct partnership with local employers, the local workforce system and other community groups. Through TAACCCT, institutions of higher education have issued over 27,400 degrees and certificates through the first 2 years of the grant program, helping adults acquire the skills, degrees, and credentials needed for high-wage, high-skill employment. Institutions of higher education have also launched over 1,200 education and training programs since the start of their grants, all released with an intellectual property license that enables the free use and continuous improvement of the materials by others. In many areas these grants have transformed the curriculum offerings of higher education to make them more accessible to working and non-traditional students, including trade-impacted workers. By helping workers get updated credentials or make career transitions to other fields, TAACCCT is one of the tools we can and must deploy to help those people who have been jobless for an extended period of time.

Kenneth Dover is just one individual for whom TAACCCT has made a powerful difference. Kenneth is 26 years old. He served in the U.S. Marine Corps as an ALIMS (Aviation Logistics Information Management Specialist) and is now a student at Cleveland Community College (CCC) in Shelby, North Carolina, where I met him when I visited the school with Dr. Jill Biden last November. Thanks to the latest round of TAACCCT grants, this small school is leading the way in developing training programs for mission critical careers. Having served in the Marines, Kenneth knows mission critical. To help make the transition to a civilian career, Kenneth enrolled in the CCC's Networking Technology program. Even though he is still taking courses, thanks to the TAACCCT-funded program, he is also already working full-time as a Data Center Services Associate with a company that signed on as an employer partner in the college's TAACCCT grant.

The Labor Department supports integrated, collaborative programs like this running all across the country, but the bottom line is we need more. I know, through my conversations with many Members of this Committee, that one area we need to improve upon in the workforce system is accountability and better performance measurement, and that is why we are eager to be a lead partner in the job training review currently being led by Vice President Biden. Where we can replicate programs we know work, we will. Where strategies are ineffective or duplicative, we will divert those resources to more effective models. And as always, our choices on which strategies to fund and expand will be driven by data and evidence – the most successful programs getting people good-paying jobs that are here to stay will be the ones we fund.

The Department of Labor knows how to make decisions based on the evidence. We have made evidence-based decision-making a centerpiece of our work, much of it done through our Chief Evaluation Office. A recent GAO survey of federal managers placed the Labor Department as the most data-driven, evidence-based agency across Federal Government. Evidence-based performance management matters to the lives of the Labor Department's constituents and customers. And the entire nation benefits as we invest in what works and act as responsible stewards of taxpayer dollars.

I suspect that the Vice President's review will underscore what programs like TAACCCT have taught us, namely that industry-driven, strategic investments can dramatically increase the competitiveness of a local workforce. We are doing our best to apply that lesson to the rest of our skills development work in the Department's Employment and Training Administration (ETA).

One of the distinguishing and unsettling features of this recovery has been the persistence of long-term unemployment. If the long-term unemployment rate were at a normal level, consistent with previous recoveries, the overall unemployment rate would be below 6 percent. Last month, as part of a renewed focus on meeting the challenge of long-term unemployment, we announced the availability of \$150 million in H-1B money to support "Ready to Work" partnerships. These partnerships will consist of the workforce system, education and training providers, and employers. These grants have a strong role for employers to play in helping training providers define the skills they are seeking and help craft training programs that will meet their needs. In return, employers are asked to make commitments to consider candidates coming out of these programs. These partnerships will illustrate job-driven training at its best. Ready to Work will provide the long-term unemployed with the range of services, training, and access they need to fill middle and high-skill jobs.

But one of the most important things we can do to immediately help the long-term unemployed and their families is extend federal Emergency Unemployment Compensation. Since this lifeline expired, over two million people have lost out on the assistance they desperately need. Although the economy is slowly healing, too many people are still weathering a powerful, devastating storm they did nothing to create. Through no fault of their own and despite their most diligent efforts, so many workers have been unable to find jobs. Many face catastrophic situations, in danger of losing their homes and unable to support their families. Extended unemployment benefits, even as the economy continues to rebound, is a proud bipartisan tradition. This version



of the program was first passed by a Republican Congress and signed by President Bush in 2008. Failure to extend these benefits at a moment when long-term unemployment is this high is historically unprecedented. I am encouraged that the Senate has come to a bipartisan agreement and hope that this legislation can move quickly to help out of work Americans get the help they need.

While we need to provide the lifeline of extended unemployment benefits, we must also continue our effort to get those who have lost their jobs back to work. To have the strongest possible workforce system, we need help from Congress. Reauthorization of the Workforce Investment Act (WIA) is long overdue, and I hope we can work together to get it done this year. We need a bill that will promote a job-driven approach to workforce development, one that responds to the needs of both employers and job-seekers by preparing them for the jobs that are actually available, while ensuring that job-seekers can readily obtain the training and services they need. We need to align the workforce system with regional economies and establish a more integrated network of American Job Centers. We need to promote innovation and strengthen performance evaluation in the system, so consumers can get information about programs and services that work, and taxpayers know we are spending their dollars wisely. I have spoken with many Members of this Committee already about our shared goal of successful WIA reauthorization and I have learned a great deal from those conversations, especially about where we can find common ground. I look forward to working with members of this Committee and the Senate to achieve this important legislative goal.

ETA is also supporting a high quality workforce investment system through our Workforce Innovation Fund grants. These grants do not just expand opportunity; they will help us deliver services more efficiently and effectively. They make our work better, and the 26 grantees are implementing and evaluating innovative approaches to workforce development that deliver services more efficiently; facilitate cooperation across programs and funding streams; and focus on partnerships with specific employers or industry sectors to develop programs that reflect current and future skill needs. One example of our Workforce Innovation grants is at Pennsylvania's Three Rivers Workforce Investment Board, Inc., which received \$3 million and is utilizing a partnership of apprenticeship, education, and workforce system providers to create a pool of qualified job seekers with advanced manufacturing skills. After partnering with Carnegie Mellon University, they are now able to connect those job seekers to local businesses using state-of-the-art technology and an industry job-matching system.

Apprenticeships are a particularly effective way to put American workers from diverse stages, backgrounds, and walks of life, including our military service members who are transitioning to the civilian workforce, on a pathway to jobs with real career ladders and earning potential. They provide workers important rungs on that ladder of opportunity, and employers get workers trained for the specific jobs they need to fill. Last year, ETA and state apprenticeship staff across the country assisted industry and labor to create over 1,500 new apprenticeship programs. Through registered apprenticeship programs, over 52,000 workers completed an apprenticeship last year. Research suggests that today's apprentice earns an average of over \$50,000 upon completion, and will net \$300,000 more than their counterparts over a lifetime.

Apprenticeships have been used to great effect by global competitors like Germany, but for too long they have been underappreciated and underutilized as a workforce development strategy in the United States. To illustrate this, consider that America would have needed approximately 6 million apprentices to reach the same per capita workforce levels as Germany, which had 1.8 million apprentices.

Tampa Electric provides utility services to almost 700,000 customers in West Central Florida. Since 1978, they have utilized apprenticeships to make sure their workforce is the best in the business – more prepared, productive, and better trained than their competition. It improves their bottom line and gives their company a competitive advantage. Tampa Electric's apprenticeship program trains workers how to maintain and repair electrical power systems and equipment. Apprentices make around \$32/hour while they master the skills of the trade. They earn while they learn, and once the program is complete, they make about \$70,000 a year plus the potential for overtime. Some of their apprentices are veterans, others are simply seizing the opportunity to work hard, improve their skills, and make it into the middle class. Tampa Electric gives them that opportunity, and the return on their investment is a well-trained, more productive, and loyal workforce. We need to encourage the establishment of more programs like this, and also expand the use of apprenticeships beyond traditional trades like construction and plumbing, to emerging industries as well.

You do not have to look far to see the impact of apprenticeships and job training. Next time you are walking through the Capitol Rotunda, just look around and you will see the handiwork of Antonio Alford, who led a 20-person restoration crew in 2012. Ten years earlier, Antonio was a student at the Shriver Job Corps Center in Massachusetts when he enrolled in a painting pre-apprenticeship program on-site. Since then he has traveled around America, working on industrial, commercial, and decorative painting projects, making a living doing what he loves.

In Washington State, the Puget Sound Naval Shipyard and Intermediate Maintenance Facility apprenticeship program in Bremerton established a strong college articulation agreement that provides apprentices with the opportunity to earn an associate's degree. It also works closely with local high schools to provide students with a pathway into a successful apprenticeship. To-date, they have over 9,000 graduates.

We are working to increase the use of apprenticeships not just to expand opportunity for workers, but to expand opportunity for businesses, too. More employers deserve the opportunity to train workers in the specific skill sets required for open jobs, and the President and I have called on business leaders, community colleges, Mayors and Governors, and labor leaders to increase the number of innovative apprenticeships in America. Through the Opportunity, Growth, and Security Initiative, the Budget proposes a \$2 billion, four-year Apprenticeship Training Fund in new resources for state-based and other collaborative strategies to expand registered apprenticeships, including incentives for employers that increase apprenticeship opportunities, and would work with Congress to use these appropriations to meet a goal of doubling the number of registered apprenticeships in the U.S. over the next five years. The Department supports positive youth development through a variety of competitive grants aimed at equipping youth with education and workforce training designed to get them into career pathways that lead them into employment, post-secondary education, or registered

apprenticeship. The Department is highlighting Promise Zones in all of our youth-focused initiatives, including grants that target juvenile offenders and opportunity for youth who live in communities that are most in need. In addition, the Department is working closely with our federal partners to implement the recently enacted Performance Partnerships authority, which will allow the Federal Government to establish agreements with up to 10 States, regions, localities, or tribal communities to give them greater flexibility to blend funding across programs in exchange for the agreement to achieve better outcomes for disadvantaged youth.

A key part of helping our youth is working with parents. In my discussions with people all over the country, I continually emphasize that there is a bright future working with your hands. I have heard in communities that the average age of a person in the skilled trades is 59 years old and that we have a whole generation of workers in skilled trades waiting to retire in the next six to seven years, and we need to ensure that we are building a pipeline for the replenishment of the workforce in these areas. However, I talk to some parents who do not want their kids to get into the trades and only want him or her to go to college. I believe if you are earning credentials, and they are stackable credentials, they are a ticket to the middle class.

I know there has been a lot of interest in the Job Corps program over the past couple of years, and I want to update you about the status of this important program. Since I was confirmed as Labor Secretary in July 2013, I have been committed to ensuring that Job Corps continues to improve its financial management and transparency, while continuing to serve students who deserve this crucial second chance. Job Corps and ETA have undertaken a variety of measures to strengthen contract oversight and financial management of the Job Corps program, including a more thorough analysis and monitoring of programmatic and financial data, as well as: establishing mechanisms for detecting risks; strengthening policies, procedures, and internal controls; improving reconciliation between accounting systems; providing additional training for contracting staff and contract administration; and establishing a financial management workgroup, which includes operators who run these centers.

Due to cost-saving measures implemented in Program Year (PY) 2012 and the slower-than-anticipated enrollment of students after the enrollment suspension was lifted in the spring of 2013, expenditures by contractors throughout the program year were, in many cases, less than what was obligated to the contracts, and some of that funding remained available on those contracts at the end of PY 2012 – allowing us to repurpose approximately \$40 million of this obligated but unspent funding for use in the current program year. Because we share Congress's commitment to ensuring that this program serves as many students as possible, we will allocate a portion of these funds to increase On-Board Strength (OBS) up to the level supportable by the PY 2014 budget and provide updated technology and equipment for our students. We will continue both our work to enroll more students and our collaboration with Job Corps Center operators to increase OBS. We are also continuing our broader efforts to reform and improve the program so we achieve better educational and employment outcomes for the students we serve.

While we continue to work to improve the program, it is important to remember how Job Corps continues to improve the lives of young people like Antonio, while providing employers like California's Bill Howe Plumbing with a pipeline of skilled workers. This family-owned and operated small business often turns to the San Diego Job Corps center when they need to hire

because, as Vice President Tina Howe told us: "Their students are better prepared for their work, and they come to us a step ahead of other candidates because of the training they have received."

A key part of our work to expand opportunity for all Americans is focusing on helping the brave men and women who serve in America's armed forces, all of whom deserve a hero's welcome and a chance to utilize their unique skills to help rebuild our economy when they return home. "Transition GPS" (Goals, Plans, Success), is an important inter-agency effort designed to prepare separating service members and their spouses to successfully transition from the military to civilian employment.

Through Transition GPS, DOL brings to bear its extensive expertise in employment services to provide a comprehensive, three-day Employment Workshop at U.S. military installations around the world. To date, we have provided training and services to over 2.8 million separating or retiring service members and their spouses. Last year alone, DOL provided close to 6,000 Employment Workshops to nearly 190,000 participants, with many continuing on to the Small Business Administration's Boots to Business program, while the Department's mainline employment and training programs and services have served over 1.4 million veteran participants in PY 2012.

Expanding opportunity and helping veterans secure their place in the middle class requires all of us working together, and transforming the Transition GPS program required unprecedented inter-agency collaboration with our federal partners to completely overhaul the Transition Assistance Program as part of the Transition GPS initiative, and our efforts are already bearing fruit. Participant post-assessment survey results indicate that Transition GPS is enhancing transitioning service members' skills and confidence in their transition planning. DOL, DOD, and VA also continue to work together implementing the single portal – [www.ebenefits.va.gov](http://www.ebenefits.va.gov) – which houses our collective employment resources (veterans' job bank, military skills translator, career assessment, and resume builder) on one, easy-to-use website.

Sadly, too many veterans still face the even more difficult challenge of homelessness. Homelessness and joblessness often go hand-in-hand. The Department assists these veterans through the Homeless Veterans' Reintegration Program (HVRP), which is one of the only nationwide federally-funded, competitive grant programs focusing exclusively on employment of homeless veterans. In PY 2012, the Department's Veterans Employment and Training Service (VETS) awarded over \$28 million in HVRP funding to 121 grantees. These grants have helped thousands of people like Fawn Mathis, a former infantryman living in Oregon. After serving his country in Iraq and Afghanistan, Fawn had difficulty re-acclimating to life outside of the military. Homeless and unemployed, Fawn sought help through one of the HVRP grantees, Veterans in Progress. They helped him obtain his Department of Public Safety and Standards Training certification and secure a good job at DePaul Security.

The Department is also committed to ensuring female veterans have the services and support they need to succeed in the workforce. To better address the unique challenges they face, DOL created the Women Veteran Program aimed at raising the profile of women veterans, advising on research to help women veterans, and linking veteran service providers to resources like our American Job Centers.

While we continue to serve our veterans, we are also focused on expanding opportunity for Americans with disabilities. The unemployment rate among individuals with disabilities remains regrettably high and the labor force participation rate regrettably low. To allow people with disabilities to live on the economic margins is not only morally objectionable; it is a waste of precious human capital.

Data is critical to developing effective policies that promote the employment of individuals with disabilities. In March 2013, the U.S. Census Bureau released a Disability Employment Tabulation, and in April 2013, DOL's Bureau of Labor Statistics released the first Current Population Survey Disability Supplement, a collaborative project with ODEP. The Disability Supplement provided detailed information on the demographic and employment characteristics of individuals with disabilities.

ODEP is also focused on improved transition outcomes and employment opportunities for youth with disabilities. ODEP co-leads the Federal Partners in Transition Workgroup – together with the Department of Education, the Department of Health and Human Services, and the Social Security Administration – to create a coordinated, Federal strategy to improve employment outcomes for youth with disabilities. In 2013, ODEP hosted a highly successful, national online dialogue, drawing more than 3,000 participants, about the impact of existing Federal regulations and legislation on the successful transition from school to work of youth with disabilities.

ODEP also continues to work closely with the Office of Personnel Management (OPM), the Equal Employment Opportunity Commission (EEOC), and other Federal agencies to provide technical assistance to implement Executive Order 13548, which calls upon the Federal Government to be a model employer of individuals with disabilities and hire an additional 100,000 workers with disabilities by July 2015. I am proud to note that at no point in the past 32 years have individuals with disabilities been hired at a higher percentage than in FY 2012, and more now serve in the Federal service than at any other time during the same period.

During FY 2013, ODEP and ETA continued funding the Disability Employment Initiative by awarding eight more grants to state workforce agencies to ensure that individuals with disabilities have meaningful access to training, education, and employment services through the public workforce system. Currently, 23 state workforce agencies participate in the initiative.

The Department's Wage and Hour Division (WHD) has been diligent in protecting workers' rights on the job and ensuring that employers who break the law do not have an unfair advantage over the vast majority of employers who play by the rules. Since 2009, WHD has returned over \$1 billion in wages to the more than 1.2 million workers who had earned them, including over 100,000 who had not been paid the minimum wage for all of the hours they had worked. These wages represent real dollars put back in the pockets of American workers, a return of their rightfully-earned wages that they will directly spend on goods and services, stimulating our economy and helping to create new jobs.

WHD has stepped up enforcement efforts on behalf of at-risk populations – such as low-wage workers, children, migrant or seasonal laborers, workers with limited English language skills,

and workers who are unaware of their rights or are reluctant to file a complaint when subject to labor violations. These workers are most often employed in low-wage industries where labor violations are most prevalent. These industries include janitorial, agriculture, healthcare, hotel and motel, garment, and restaurants. In FY 2013, WHD investigations resulted in more than \$83 million in back wages for more than 108,000 workers in these industries. That is more than a 44 percent increase in back wages and more than a 40 percent increase in number of workers since 2008.

WHD's work, however, is about more than the numbers. It is about the people they help every single day. For example, WHD found a veteran living in his car at a job site in Texas. He had been evicted from his apartment for not paying rent on time because he did not receive his pay when his employer missed a payroll. WHD was able to get him his hard earned wages so that he could put a roof over his head. In Arizona, a delivery driver was terminated for taking approved Family and Medical Leave Act (FMLA) leave for which he was eligible. As a result of our intervention, the employee received lost wages and medical expenses, as well as a court order that he be reinstated. In Massachusetts, a restaurant worker was so grateful for our efforts to recover the wages for the long hours he worked that he donated a portion of those back wages to help others in difficult circumstances.

We also continue to work to end the practice of misclassifying employees as independent contractors or other non-employees. Misclassification, in my view, is nothing short of workplace fraud, and it is a practice that has spread from construction to a variety of low-wage industries, even restaurants. While legal business models and legitimate independent contractors play an important part in our economy, it is hard to imagine a restaurant server who is legitimately an independent contractor. In FY 2013, our FLSA investigations resulted in nearly \$8.7 million in back wages for over 7,790 workers who were doing the work of employees but who were not treated or classified as employees. In Kentucky, for example, DOL recovered more than \$1 million for nearly 200 cable installers. When such employees are misclassified, it can result in them being denied the minimum wage, overtime pay, unemployment insurance, and worker compensation benefits. It also robs the public coffers of payroll taxes and forces employers who play by the rules to compete against those who cut costs by cutting corners.

To ensure that we have the tools necessary to continue all of this important work and help workers get the wages and overtime pay that are their due, the President's FY 2015 Budget calls for an increase of \$41 million for the Wage and Hour Division.

Opportunity not only means having a job and being paid fairly for your work; it also means staying safe and returning home each night to your family after a hard day's work. In the greatest nation on earth, no one should have to die for a paycheck. We all agree that good jobs should also be safe jobs. Our worker safety and health agencies – the Occupational Safety and Health Administration (OSHA) and the Mine Safety and Health Administration (MSHA) – are on the front lines protecting workers from workplace hazards. Since these agencies were created, we have made significant progress in protecting workers. It is estimated that in 1970 over 14,000 workers were killed on the job, compared with fewer than 4,400 today in a workforce that has doubled. Although this is the lowest number of workplace fatalities ever recorded, 4,400

workplace deaths and more than four million serious injuries and illnesses are still far too many. These fatalities, injuries, and illnesses are preventable, and there is still much work to be done.

Workplace tragedies not only cause grief and loss to families, but they exact an economic cost as well. One recent study estimated that work-related injuries, illnesses, and fatalities cost the nation \$250 billion in 2007, including some \$67 billion in medical costs. OSHA takes a comprehensive approach to ensure that workers receive the protection that the law requires. But to ensure that employers have the knowledge and resources to protect their employees, OSHA also offers compliance assistance, outreach, and education, focused on the most dangerous workplaces and most vulnerable workers. In FY 2013, OSHA's field offices conducted more than 6,200 outreach activities for workers and employers. OSHA continues to strongly support the free small business consultation program, which provides funding to every state so that small employers can receive a free onsite consultation visit, completely separate from OSHA's enforcement program so employers do not have to worry about being cited for mistakes they have made. This program provided services to over 29,000 small businesses during FY 2013, identifying over 150,000 hazards, and ameliorating those hazards for over four million workers. OSHA also answered almost 207,000 calls to its "1-800" helpline, and OSHA's website received 205 million visits last year.

OSHA also employs targeted inspection activities, enforcement, and appropriate penalties to encourage employers to invest in safety. OSHA conducts almost 40,000 inspections every year to ensure compliance with safe working conditions and rigorous evaluation of these inspections has shown that they are effective: they prevent injuries and do not have an adverse impact on jobs or employer profit.

Still, OSHA is only able to reach a small number of workplaces each year, so workers themselves are OSHA's eyes and ears – identifying problems and filing complaints when other efforts have failed. In addition to protecting workers' health and safety rights under the Occupational Safety and Health Act of 1970, the agency also administers 21 other whistleblower laws that protect employees. In FY 2013, OSHA logged the highest number of whistleblower cases received to date – 2,920 docketed complaints – and we also managed to close the highest number of cases per fiscal year to date – 3,081.

Despite OSHA's efforts, catastrophes still happen. We all remember last year's tragic explosion at a West, Texas, fertilizer business that killed 15 people, including many first responders, and destroyed much of the town. In response, President Obama issued an Executive Order to improve chemical facility safety and security. Along with the Environmental Protection Agency and the Department of Homeland Security, DOL co-chairs this effort to improve information sharing for local responders; increase Federal cooperation; streamline Federal data collection and sharing; modernize rules, regulations, and guidance; and elicit stakeholder input and expertise on chemical facilities, so that another West does not happen.

Not all workplace tragedies, however, generate the media attention of West, Texas, but they are just as tragic to the family and friends of those affected. Last fall, I had the opportunity to meet with Alan White, a 48-year-old man who works in a foundry to provide for his family. Four years ago, after Alan's health began to deteriorate, he went to see a doctor who informed him that

he would die from silicosis because of his exposure to silica in his workplace. "As a new grandfather," Alan said, "I probably will not be able to run with my grandchild through the park as I had hoped." Even now, it is difficult for Alan to walk, or climb a few steps.

Exposure to crystalline silica has long been known to cause silicosis and increase the risk of lung cancer and kidney disease. In fact, some 80 years ago, Labor Secretary Frances Perkins convened a conference about the dangers of silica. Finally last year, I was proud to announce that OSHA issued a proposal to protect millions of workers from exposure to deadly silica dust. The proposal provides unprecedented flexibility to small construction firms and is expected to save nearly 700 lives and prevent 1,600 new cases of silicosis each year when fully effective. It is time for workers, like Alan, not to have to choose between their lives and their livelihood.

MSHA continues to take a number of actions to improve health and safety for the nations' miners, including conducting inspections; strengthening the enforcement of the Section 104(e) Pattern of Violations (POV) provisions aimed at chronic violators; conducting special impact inspections at troubled mines; and enforcing Mine Act provisions that protect miners from safety and health discrimination in the workplace. MSHA has implemented initiatives such as "Rules To Live By", a fatality prevention program, and the "End Black Lung – Act Now!" campaign to reduce the incidence of that disease among the nation's miners. Average respirable dust levels are down over 10 percent since the End Black Lung campaign began in 2009.

MSHA is transforming mine rescue and emergency response; and, as of December 31, 2013, the Agency, on a timely basis, addressed the 100 recommendations of the internal review of its actions at the Upper Big Branch mine in West Virginia. MSHA worked for nearly two years on these corrective actions, which include over 40 policy changes and more than 20 training sessions for its personnel. This process has dramatically changed the agency and greatly contributed to mine safety in this country. In addition, MSHA announced that it will publish a Request for Information that will focus on important mine safety issues in underground mines, such as rock dusting and ventilation.

MSHA also continually provides training for MSHA personnel, miners, and the mining industry as a whole. And coupled with similar industry-sponsored efforts, this work is improving mine safety and changing the mining industry's culture of safety for the better. MSHA's POV actions have resulted in a significant reduction in mines receiving additional screening as chronic violators – down 83 percent from 2010 when the POV screening criteria was revised to focus on mines with the most serious compliance issues. Moreover, mines that were previously identified as potential POV mines (under the old rule), and those mines undergoing impact inspections, have, on average, made improvements in compliance and reduced injury rates. An MSHA review of POV mines shows that as of December 31, 2013, these mines' total violation rates are down 37 percent; significant and substantial (S&S) violation rates are down 59 percent; unwarrantable failure orders are down 78 percent; and lost time injury rates are down 44 percent. A similar review of mines receiving impact inspections between September 2010 and September 2013 that have had at least one follow-up inspection shows that violations per inspector hour are down 19 percent; S&S violations are down 26 percent; unwarrantable failures are down 52 percent; and lost injury rates are down 13 percent.



Over the past two years, MSHA and the Department's Office of the Solicitor have undertaken a historic effort to protect and promote the voice of America's miners. Miners know best when their work environment is safe or when a mine is a threat to the health and safety of their crew. During this time, the Labor Department has pursued historic numbers of cases, including actions for temporary reinstatement, on behalf of miners who have faced retaliation for making hazardous condition complaints and engaging in other protected activity. In 2013, 45 section 105(c) cases were filed, the most ever in a year, as well as 26 actions for temporary reinstatement (a number exceeded only by the 47 actions initiated in 2012).

MSHA and the Solicitor's Office, with the support of additional funding from Congress, have successfully reduced the backlog of contested citations and orders at the Federal Mine Safety and Health Review Commission. The number of contested orders and citations pending at the Commission has been reduced from a high of 89,000 at the end of 2010 to 31,000 as of December 31, 2013. MSHA has improved the consistency of its citations, and this action, along with the implementation of the examination rule in underground coal mines and pre-contest conferencing, have resulted in fewer contested violations and less litigation.

Working with mining industry stakeholders on a number of issues, MSHA has developed guidance and policies on the most frequent and serious hazards for miners, including guarding, fall protection, and hazard communication standards at metal/nonmetal mines. All of these measures have resulted in improvements in compliance, and the total violations cited by MSHA have dropped each year from 2010 through 2013. From 2010 to 2012, violations dropped 18 percent. Preliminary numbers indicate that from 2012 to 2013, violations dropped another 15 percent.

By far, the most important measure of progress is how many miners return home at the end of their shift free of injury or illness. MSHA has deployed state-of-the-art mine rescue communication, atmospheric monitoring, and mapping equipment to speed up mine rescue efforts and has supported the establishment of a national mine rescue structure to support and provide guidance on mine rescue. The year 2011 became the safest year in mining history, with the lowest fatality and injury rates ever recorded, and that record was exceeded in 2012 as both fatality and injury rates were reduced even further. Fiscal Year 2013 set a historic fiscal year record with the lowest fatality and injury rates and the fewest mining deaths ever recorded in a fiscal year at 33. Unfortunately, the fourth quarter of Calendar Year 2013 did not follow that trend, with 15 fatalities in that period alone, making it clear that despite our progress, we must do more to protect our nation's miners.

Protecting and expanding opportunity is not just about safety; it also means securing the hard-earned incomes and benefits of American workers and retirees. The Department's Employee Benefits Security Administration (EBSA) is continuing this important work to protect the security of retirement and health benefits for America's workers, retirees, and their families through a combination of compliance assistance, regulations, and enforcement.

EBSA continues its efforts to improve the overall transparency of 401(k) and other retirement plan fees so that workers' hard-earned savings are not unwittingly eroded by undisclosed fees. In 2012, EBSA finalized a rule enhancing disclosures that plan service providers must give to

employers and other fiduciaries responsible for operating retirement plans about the often-complex fee arrangements used to pay plan service providers. Earlier this month, EBSA issued a proposed rule that would provide a template for service providers to summarize their fees. Fee transparency leads to lower fees, which is good for business and consumers alike. We expect this work will be especially useful to small businesses as they review their 401(k) plans and will help them understand the relative costs of the investment choices they offer their employees. In addition, under a related fee transparency rule for workers that manage their own 401(k)-type plan accounts, every year plans must give each covered worker a simple and comprehensible apples-to-apples comparative chart of the retirement investment options designated in their plan, including information on investment fees and expenses.

As a logical follow-up to the fee disclosure initiatives, EBSA began an initiative aimed at making sure that America's workers in 401(k)-type plans understand whether their current and projected savings will translate into a secure retirement. Because workers may have difficulty envisioning the lifetime monthly income that can be generated from their 401(k) or similar accounts, EBSA believes that the regular account statements that workers are required to receive should not only show them their current account balances but also translate the account balances into anticipated monthly payments for life.

In addition to these critical initiatives, EBSA has had tremendous success in protecting employee benefits through both civil and criminal enforcement actions. EBSA's efforts, which include the Voluntary Compliance Correction Program, the Abandoned Plan Program, and the participant assistance efforts, achieved total monetary results in FY 2013 of nearly \$1.7 billion. EBSA also closed 320 criminal investigations, which, combined with its participation in criminal investigations with other law enforcement agencies, led to the indictment of more than 88 people.

EBSA's investigation of Catarina Young, a partial owner of the now-defunct Elite Benefits Corp. (Elite), led to a jury conviction involving her theft of insurance premiums from participants of employer-sponsored health plans. Elite administered insurance plans on behalf of third parties, including the Multi-Skilled Employees & Employer Welfare Trust Fund (Fund), an organization consisting of several union employers and hundreds of employees. Young, as fiduciary of the Fund, deposited 86 checks and 16 wire transfers totaling \$462,341 belonging to the Fund into her personal bank accounts. The stolen proceeds were supposed to be used to purchase health insurance coverage and prescription coverage from Horizon Blue Cross Blue Shield of New Jersey and Benecard, respectively. By stealing this money, Young's actions resulted in the cancellation of a health insurance plan that insured more than 1,000 working people and their families. Young was sentenced to seven years in state prison for her actions.

In 2013, our Benefits Advisors, who provide assistance, education, and outreach for workers, retirees, and their employers, closed more than 236,000 inquiries, helping informally resolve the complaints of 180,120 individuals and recovering over \$281 million on their behalf through informal dispute resolution. We also conducted 1,870 outreach activities reaching nearly 62,000 individuals.

The Department's worker protection efforts also extend to Federal contractors. In Calendar Year 2013, the Department's Office of Federal Contract Compliance Programs (OFCCP) negotiated more than \$9.7 million in back wages and over 1,200 potential job opportunities for the benefit of more than 11,000 workers affected by discrimination in the workplace. In keeping with President Obama's national call to action to close the pay gap, about one-third of all discrimination cases resolved by OFCCP now address issues of pay discrimination – compared to only a handful just a few years ago. Just last year, OFCCP resolved 21 cases of pay discrimination and recovered more than \$1.2 million in back wages and salary adjustments for nearly 1,000 workers affected by unfair pay practices. Those might just be numbers to some, but they represent real people – like the 65 women at a commercial laundry in California who were assigned lower-paying tasks, or the 78 Hispanic workers at a Massachusetts manufacturing facility who were paid less than other similarly qualified workers while doing the same jobs. OFCCP not only obtained more than half a million dollars for these workers, but also negotiated key reforms to make sure that the discrimination they experienced does not happen again.

Lasting change in this area will only come when workers know their rights and employers understand their responsibilities. Last year, OFCCP staff conducted 563 compliance assistance events designed to provide Federal contractors and their representatives with high-quality and completely free trainings on how to comply with the laws and regulations enforced by the agency. At the same time, OFCCP continued its focus on helping workers become their best advocates by also hosting 608 community engagement and worker education events that were attended by more than 46,000 individuals. Indeed, 86 percent of these events targeted those most at risk of experiencing workplace discrimination, including individuals with disabilities, veterans, and women and minorities working in the construction industry.

OFCCP's efforts toward strengthening enforcement, clarifying regulations, providing technical assistance, and expanding outreach have been coupled with important measures to improve productivity within the agency. Since 2010, we have conducted more than 103 trainings for OFCCP staff to improve the consistency of enforcement across the country. We have reduced the rate of aged cases by more than 30 percent over the past three years and improved the timeliness of individual complaint investigations by 12 percent since last year. And since President Obama took office, we have increased by 50 percent the amount of back pay per worker recovered for those who have been subjected to discrimination.

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President Obama has said that he wants this to be a year of action and optimism with a laser focus on expanding and protecting opportunity for all. We may not always agree on how to get there, but I know we can all agree that what defines our nation is the belief that no matter where you start and no matter where you come from, you should have a chance to succeed in America through hard work, resilience, and determination.

The principle of opportunity for all captures many different issues. But so many of them – skills and training, fair wages, retirement security, as well as workers' safety and others – fall directly under the purview of the U.S. Department of Labor. That is why I am so eager to tackle these

challenges every single day. As it has been for all 101 years of our existence, I believe the work of the Labor Department is the work of America.

Thank you again for this invitation to join you today. I look forward to your questions this morning, and to working with you in the months and years ahead.