

**STATEMENT OF
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U.S. DEPARTMENT OF LABOR
BEFORE THE
COMMITTEE ON EDUCATION AND THE WORKFORCE
U.S. HOUSE OF REPRESENTATIVES**

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Good morning. Chairman Kline, Ranking Member Scott, Members of the Committee: thank you for the invitation and opportunity to be here with you today. This is my last year as Secretary of Labor and the last year of an Administration that is proud of the incredible strides we have made in putting people back to work and getting our economy back on track. I have very much enjoyed working with and getting to know Members of this Committee. While we may not always agree on everything, I appreciate the constructive dialogue we've established, and I'm confident we can continue to find common ground on many important issues. It's my hope that, in these final 10 months, we can work together to sustain and strengthen this recovery, building on the progress of the last seven years.

The nation and the economy have come a long way. When President Obama took office, the nation was hemorrhaging jobs – more than two million just in the three months before his inauguration. The auto industry was flat on its back. Some of our major financial institutions were collapsing. Millions of Americans were losing their homes and their retirement savings. It was the worst economic crisis in generations.

Seven years later, the turnaround is remarkable. The wind is at our back again. The unemployment rate, which had reached 10 percent, has been cut by more than half to 4.9 percent, and for the first time since the fall of 2007, has been below 5 percent for two months in a row. The longest streak of private-sector job growth on record now stands at a full six years, 72 consecutive months, during which businesses created 14.3 million jobs. The economy added an average of 240,000 jobs a month in 2014 and 2015, the first time we've had back-to-back years that strong since 1998-1999. The auto industry had its strongest year of sales ever in 2015. Initial unemployment claims at the beginning of 2009 were staggeringly high – more than 600,000 a week; today they've been at or below 300,000 for more than a year. The labor market has rebounded. There are now 5.6 million job openings. In July 2009, there were nearly seven job-seekers for every available position; today that ratio is about 1.4-to-1, near its pre-recession low.

Nevertheless, important challenges remain. The rising tide simply isn't lifting every boat. The economy is unquestionably growing, but it remains out of balance, with middle-class families not getting their fair share of the growth and value they've helped create. Too many people, no matter how hard they work, can't get by, let alone get ahead. We are not yet creating the shared prosperity we need.

Many of our challenges, in fact, pre-date the Great Recession. Many are rooted in the fact that, as President Obama articulated in his State of the Union address, our economy is undergoing extraordinary change. These changes – like globalization and automation – offer promising

opportunities for progress, but they also present real challenges to the economic stability and security of so many working people. Traditional work arrangements have changed in a way that's contributing to a fissuring of the American workplace. Women have entered the workforce in droves, but our laws and policies haven't kept pace with this development. The number of workers represented by unions has continued to decrease, diminishing workers' voice in the workplace and undermining the strength of the middle class. The retirement landscape has shifted dramatically, adding complexity and uncertainty to what used to be a straightforward system. Increasing wages remains the primary piece of unfinished business of the recovery – and of the last several decades – and the biggest open question as we confront a changing economy. Wage growth has continued over the course of 2015 and into 2016, and due partly to low inflation over the last year, workers are now seeing some real wage growth. However, for most workers, real wages have been largely flat since the late 1970s, even as productivity has increased.

The President posed a fundamental question to the nation in his State of the Union address: in light of these challenges, how do we give everyone a fair shot at opportunity in this new economy? I am at heart an optimist – but I am also a realist and a pragmatist. I put all of those “ists” together in answering the President's call. I am proud that during the past seven years at the Department of Labor we have begun to chart a course that is creating a new social compact for the new economy that will provide that fair shot for all Americans – even as so much changes around us. The new social compact is based on a commitment to building an economy that works for everyone, an economy based on shared prosperity.

Promoting Skills and Workforce Training

An essential element of having a fair shot at opportunity in the new economy is having the ability to adapt to a rapid rate of change. In the economy of the future, successful career paths are not going to be linear – they are going to zig and zag as technology continues to evolve. Therefore, to help put forward the building blocks of a social compact for the 21st century, one of the most important things the Labor Department can do is help people get the skills and training they need to compete and succeed.

During the past seven years, we've helped a lot of people navigate these changes: From Program Years (PY) 2008 to 2014, our programs helped place nearly 50 million individuals in new jobs. During the same time period, over 140 million participants received job-related services, including 1.5 million participants who completed training programs. Over 10 million veterans were served. Between July 2014 and June 2015, our Employment and Training Administration (ETA) served over 14.5 million participants, with over 6.5 million previously unemployed people finding jobs.¹ During this one-year period, approximately 150,000 individuals completed training programs. Of the 14.5 million participants, 1 million were veterans.

I've been enormously gratified by the bipartisan consensus in support of this work, both here in this Committee and in Congress more generally.

¹ This is the most recent program year that the Department has complete data to report. All of these figures include some participants multiple times, which reflects customers who received services in multiple reporting periods.

Never was that consensus more apparent than with the passage in July 2014 of the Workforce Innovation and Opportunity Act (WIOA), which modernizes and streamlines the public workforce system to prepare workers for 21st century jobs and ensure American businesses have the skilled workers they need to be competitive in our global economy. WIOA is the blueprint for the construction of what I call a skills superhighway, nearly as important an infrastructure project as President Eisenhower's interstate highway system some 60 years ago. The skills superhighway has dedicated lanes, where workers, whether veterans, people with disabilities, disconnected youth, or formerly incarcerated individuals, can pick up stackable, portable credentials. The destination is the middle class, but there are a lot of different routes on the superhighway to get there.

Our task now is full implementation of WIOA. The Department has worked in strong partnership with the Departments of Education, Health and Human Services (HHS), Agriculture, and Housing and Urban Development to realize the law's vision of streamlined investments in employment and training to better serve both people looking for work and employers seeking skilled talent. The Department, together with the Department of Education, has published joint proposed rules, issued joint key guidance, and provided joint technical assistance to the workforce system – all toward making the new law a reality.

States and territories are working hard to bring the principles of WIOA to life, convening their partners to align strategy, service delivery, and performance reporting across programs. Most states and outlying areas already have WIOA-compliant state and local governing boards in place. While all states and outlying areas must submit a Unified or Combined State plan prior to the start of Program Year 2016, over 27 states and two outlying areas are planning to submit Combined State Plans, which include the six core partner programs, as well as one or more other partners in the American Job Center network. Nearly all states have already posted their draft state plans online for public comment.

The FY 2016 Omnibus reflects important bipartisan support for WIOA, and for investments that will modernize federal, state and local workforce strategies to make training more responsive to business needs. The Omnibus returned the Governor's Reserve authorization to 15 percent, thus supporting states as they work to meet WIOA obligations, while maintaining funding for local services to employers and job seekers. To further support this progress, we are grateful for funding flexibilities of over \$20 million under the Omnibus that will allow the Department and the states to continue toward full execution of WIOA. The 2017 Budget builds on this foundation, taking the WIOA formula grants to their full authorized level and proposing essential investments to help States create the data systems and capacity needed to meet WIOA's performance measurement and evaluation requirements.

The FY 2016 Omnibus also includes an investment of \$90 million to expand Registered Apprenticeship, a tried-and-true workforce strategy combining work and training, which delivers immeasurable benefits for workers and employers alike. The return on investment for apprenticeship is dramatic. Studies show that for every taxpayer dollar invested in apprenticeship, we see a tax revenue return of about \$27 over the career of an apprentice. Meanwhile, the average starting salary for an apprenticeship graduate is over \$50,000 a year.

Apprenticeship graduates also earn over their careers \$300,000 more on average in wages and benefits than their peers who don't participate in an apprenticeship.²

The President recognizes that, over several decades, we have undervalued apprenticeship. In response, he issued a bold challenge in 2014 to double Registered Apprenticeships within five years. Since that call to action, they have grown by nearly 20 percent, to over 450,000 nationwide today. Taking the system from all-time lows in participation to these modern-day heights marks one of the greatest turnarounds the apprenticeship system has ever experienced. The Budget's proposed continuation of the apprenticeship grants seeks to continue that progress.

To maintain that growth and to clear the high bar set by the President, we should not just double but also diversify, by expanding apprenticeship to sectors of the economy that haven't traditionally utilized them and to demographic groups -- including women, people of color, and individuals with disabilities -- that have been historically underrepresented. ETA has teamed up with the Department's Women's Bureau on the development of the "Pre-apprenticeship: Pathways for Women into High-Wage Careers" guide. Thanks in large measure to leadership from labor unions and their employer partners, apprenticeship has been critical to building a workforce and creating opportunity in skilled trades like plumbing, carpentry and electrical work. Now we want to build on that foundation and apply the same model to industries like health care, IT, cybersecurity, and advanced manufacturing. Companies like UPS, CVS Health, and Zurich Insurance are finding success with apprenticeship.

As I've traveled the country, I've seen the powerful difference apprenticeship is making in people's lives. I saw it in Boston where the current Mayor, Marty Walsh, created a pre-apprenticeship program called Building Pathways back when he was the head of the local Building Trades. It takes people from some of the city's poorest neighborhoods and communities, including public housing residents, and prepares them for a union apprenticeship that is a springboard to a middle-class job.

At the Urban Technology Project in Philadelphia, students receive hands-on-training and industry-recognized credentials through a computer support specialist apprenticeship program. I met one student, Jessica, who is now the director of operations at a software development firm. She said she feels just as qualified as her colleagues who earned four-year degrees, and she likened it to a board game, where she got to "skip ahead four spaces to payday."

There is also the story of Shane, a young man in North Carolina. Shane completed an apprenticeship program at Ameritech Die and Mold, utilizing the latest technology for plastic's mold injecting. While many individuals in their early 20s struggle to find good jobs, Shane has earned his associates degree, is debt-free, and earning approximately \$40,000 per year.

We want to create more of these success stories. That's why we made an historic investment last year: \$175 million in grants to 46 public-private partnerships – an investment that is expected to result in 34,000 new apprenticeships and lay a foundation for future growth.

² http://www.mathematica-mpr.com/~media/publications/PDFs/labor/registered_apprenticeship_10states.pdf

Apprenticeship and higher education doesn't need to be an either-or; they can be a "both-and." Our Registered Apprenticeship College Consortium, which has expanded to over 239 colleges and 976 training programs, makes it easier for apprentices to earn college credit. And we're making it easier for employers and others to leverage federal resources and education programs - including the GI Bill, Pell grants, and others -- to support participation in apprenticeship.

Last fall, the Department published an Apprenticeship Equal Employment Opportunity proposed rule that would modernize and streamline 1978 rules to help provide equal opportunity for all Americans to participate in apprenticeship programs regardless of race, sex, color, national origin, disability, age, genetic information, gender identity, or sexual orientation. Expanding opportunity for all Americans is a critical element of the social compact 2.0.

To ensure the strongest possible workforce for the economy of the future, we need to tap the talents of all our people. That includes those who got on the wrong side of the law and have paid their debt to society. America is a nation that believes in second chances, where we don't have a person to spare. Transitioning adult and juvenile offenders face extraordinary challenges in reintegrating into society as well as obtaining and retaining employment. That's why I am proud of the work we have done through the Reentry Employment Opportunities (formerly RExO), to provide education and career services to people involved in the criminal justice system.

I am especially proud of the Department's new Linking to Employment Activities Pre-Release (LEAP) program, which provides funding to bring American Job Centers "behind the fence" -- that is, behind the walls of prisons. It's just smart workforce development to provide employment services to incarcerated men and women while they're still serving their terms, so they can hit the ground running after they are released. We invested \$10 million in LEAP grants in 2015, and recently announced the availability of \$5 million more this year. In suburban Philadelphia recently, I visited the Montgomery County Correctional Facility, which is implementing this model with the help of one of our 2015 LEAP grants. During my visit there, I spoke with one inmate for whom this isn't just a question of opportunity, but of dignity. "It's an honor to be recognized instead of always being called names," he said. "It's an honor to be looked at as someone other than a criminal."

Our reentry work is a win-win-win. It helps people put their lives back together and reintegrate in their communities. It gives employers greater access to skilled workers. And it is a smart public safety strategy too -- because the best anti-recidivism strategy is a good job at a good wage.

Our reentry programs aren't the only ones that address the needs of vulnerable populations. We serve at-risk youth through the Job Corps program, which has provided job skills training for 2.7 million young people in the 51 years since its inception. Today the program serves over 60,000 students each year, preparing them for 21st century careers. As with all our employment and training programs, we can't do it without the help of thousands of employer partners, from Fortune 500 corporations to small businesses in local communities. In PY 2014, 79 percent of Job Corps students who completed the program successfully started careers, including careers in the Armed Forces, or enrolled in higher education or advanced skills training in the first quarter after they completed the program. Also in PY 2014, 95 percent of Job Corps students who began

a Career Technical Training program attained industry-recognized credentials in industries like healthcare, IT and construction.

Strengthening student safety and security is a top priority for the Job Corps program. We have initiated a National Safety Campaign – *Standup for Safety* – which includes increased staff training, more intensive center oversight and a requirement that all centers review and strengthen their security procedures. Job Corps has also worked with our students and contractor community to support a student-led *Youth 2 Youth: Partners for Peace* initiative, designed to address youth-on-youth violence, aggression and bullying.

The Department has also maintained a focus on promoting innovation and continuous improvement within the Job Corps program. We released an application to pilot an innovative approach to the Job Corps model at the Cascades center, and we are planning to initiate additional pilots in the future. The Department will also launch a major external review of the program beginning in 2016, with the goal of generating reform ideas that will position the program for continued success. I look forward to working with this Committee and Congress as we continue our efforts to improve and strengthen the Job Corps program.

Supporting Our Veterans

As we focus on meeting the skills needs of our nation's workers, among our most important clients are those who have served our nation in the military. The Veterans' Employment and Training Service (VETS) is the federal government's lead agency on veteran employment, ensuring that the full resources of the Department are brought to bear on behalf of veterans, Service Members and their families. Honoring the solemn obligation we have to our nations' veterans must be part of any social compact – past, present and future. In the military, our Service Members are a part of the most advanced, most technologically innovative force in history. VETS' work has led to measurable and substantial progress. The agency has improved preparation of transitioning Service Members entering the civilian workforce, refocused the Jobs for Veterans State Grants (JVSG) program to prioritize veterans facing significant barriers to employment, promoted a fair and high-quality federal work environment under the Uniformed Services Employment and Reemployment Rights Act (USERRA), and built partnerships with private sector employers. And to advance, improve, and expand the employment opportunities for disabled veterans, VETS and the Department of Veterans Affairs Vocational Rehabilitation and Employment Service are updating their memorandum of agreement to work together to maximize services provided to disabled veterans and their dependents.

The employment situation for veterans continues to improve. The annual veteran unemployment rate dropped to 4.6 percent in 2015, remaining lower than the 5.2 percent unemployment rate for non-veterans. Further, 2015 saw significant improvement in the employment picture for particular groups of veterans, including both male post-9/11 veterans -- whose unemployment rate dropped from 6.9 percent to 5.7 percent -- and female post-9/11 veterans, whose unemployment rate dropped from 8.5 percent to 6.4 percent. However, because rates for certain veteran populations remain elevated as compared to the overall veteran unemployment rate, we must continue to focus our resources and efforts in this area.

At our nearly 2,500 American Job Centers (AJC) across the country, VETS continues to focus on increasing the rate of intensive services to veterans with significant barriers to employment. We're seeing meaningful results, with state workforce agency Disabled Veteran Outreach Program specialists now providing over 75 percent of JVSG participants with intensive services, a more than 200 percent increase from PY 2009 levels. Summit Consulting, LLC did a statistical analysis³, concluding that veterans benefit substantially – receiving expedited services, becoming employed, staying employed, and having higher earnings – from being first-in-line for assistance at AJCs.

We look forward to working with Congress to continue all of this important work. The President's Fiscal Year (FY) 2017 Budget supports our mission with a number of investments on behalf of veterans -- including JVSG, the Transition Assistance Program, programs for homeless and incarcerated veterans (Homeless Veterans' Reintegration Program and Incarcerated Veterans Transition Program), the National Veterans' Training Institute, enforcement of USERRA, and veterans' preference in federal hiring.

Advancing Economic Fairness for All Workers

As the President has made clear, addressing fairness in our changing economy is an essential element of the new social compact. We've made great strides over the past seven years in ensuring that workers get a fair day's pay for a fair day's work. For example, the Wage and Hour Division, which enforces laws establishing our nation's most fundamental labor standards -- including requirements for a minimum wage, payment of overtime, prohibitions on child labor, and the right to take leave under the Family and Medical Leave Act -- has recovered nearly \$1.6 billion in unpaid wages for more than 1.7 million workers during the Obama Administration.

Ensuring fairness in our evolving economy requires understanding this evolution and adapting how we do our work. That's why late last year, the Department hosted the Future of Work Symposium, a chance to discuss the ways work is changing and how those changes are impacting workers and labor standards.

While innovations in technology and business models may create efficiencies, we need to make sure that workers don't have to trade security and basic rights in the process of keeping up with these changes. What we need is inclusive innovation that continues to create jobs and strengthen our economy without undermining or undercutting workers. While the on-demand economy is a relatively new phenomenon, we have in fact been grappling with several of the issues it's raised for some time. For decades, industries like hospitality and janitorial services have become increasingly "fissured," with the traditional relationship between employer and employee breaking apart and leaving workers more vulnerable. With this symposium, the Department took a leadership role in encouraging and guiding the national conversation about what these changes mean for American workers and how the Department of Labor should adjust its work accordingly.

³ <http://www.dol.gov/asp/evaluation/completed-studies/VeteranNon-VeteranJobSeekers.pdf>

One way we've adapted our work throughout this Administrations is to be even smarter and more strategic in our enforcement approach. That's why all of our agencies tasked with protecting fairness in the workplace have targeted labor law violations in industries where we know they are most prevalent, and where they affect the most vulnerable workers who are unlikely to exercise their rights under the law. Our primary goal, however, is not to find violations after the fact, but to avoid violations and improve compliance in the first place. We are working towards this goal through a combination of strategic enforcement, outreach and education, and collaboration with stakeholders.

Our Wage and Hour Division (WHD) is a leader in adapting to fit the realities of the modern workplace and anticipating what will come next for American workers and employers. Since 2009, WHD has conducted more than 15,000 outreach events and presentations, providing valuable information and compliance assistance to thousands of employers, workers, and stakeholders nationwide. Nearly half of investigators speak a language other than English, including Arabic, Cantonese, Chinese, Creole, Farsi, Hindi, Japanese, Korean, Russian, Spanish, Tagalog, Thai, Taiwanese, Turkish, and Vietnamese. To strengthen our outreach efforts, in 2010 WHD created a new position, Community Outreach and Resource Planning Specialists (CORPS). These CORPS work in WHD offices nationwide, improving our ability to get information to those who need it; and providing training and resources to employers, their associations, worker advocates, and other stakeholders.

The changes in our economy have increased the salience of misclassification of employees as independent contractors, a serious issue that WHD continues to investigate closely. Misclassification has three victims: workers, law-abiding businesses, and taxpayers. WHD will continue refining and strengthening its strategies in priority industries, with an emphasis on detecting the various forms of misclassification. Our misclassification initiative includes vigorous enforcement and litigation; outreach to business and workers, including the release of an Administrator's Interpretation on misclassification in July 2015 to provide clear guidance to the regulated community regarding their obligations under the law; and partnerships with other federal agencies and state governments. We've signed Memoranda of Understanding with 28 states that will allow us to share information and coordinate enforcement. Since 2015 we have renewed three existing MOUs and signed nine new ones in states around the country, including Alabama, Alaska, Arkansas, Florida, Idaho, and Kentucky. WHD has also deepened its relationships across the board by improving information sharing practices and discussions on addressing misclassification.

This work has yielded very tangible results. In 2014, WHD investigated construction companies in Utah and Arizona whose business model had deliberately misclassified construction workers. One day they were employees, the next they were doing the same work but were required to become "member/owners" of limited liability companies. Through our efforts in collaboration with other federal and state agencies, more than 1,000 construction workers were paid over half a million dollars in back wages and damages and, more importantly, had their workplace protections restored by being reclassified appropriately as "employees." In the aftermath of this settlement, the CEO of one of the companies transformed his thinking and his business. At our Future of Work Symposium, this CEO participated on one of our panels, sitting alongside the very same Department officials who pursued the case against him. He explained that, along with

properly classifying his workers as employees, he changed practices for job site monitoring and invested in his workforce. As a result, his worker turnover rates have plummeted while productivity has increased. The high road turned out to be the smart road for this CEO, increasing company profitability and market share.

To make sure the basic fairness bargain of the American economy is maintained, consistent with President Obama's direction to modernize existing overtime regulations while making them easier to understand and apply in the workplace, we are also using our regulatory authority to update the rules governing which "white collar" workers qualify for overtime pay. The white collar exception to overtime eligibility originally was meant for highly-compensated employees, but the regulations now apply to workers earning as little as \$23,660 a year – below the poverty line for a family of four. This is a question of basic fairness. When I was growing up, if you were a manager at a store, you had every expectation of being in the middle class. But over a period of decades, we've allowed overtime rights to become diminished, creating real economic anxiety and hardship for American families. Our goal is to modernize the regulations to ensure that the Fair Labor Standards Act's (FLSA's) intended overtime protections are fully implemented, and to simplify the identification of overtime-eligible employees, thus making the white collar exemptions easier for employers and workers to understand.

In July 2015, the Department announced a proposed rule that would extend overtime protections to millions of additional white collar workers. The proposed regulation is a critical first step toward ensuring that hard-working Americans are provided the protections that they are entitled to in our modern economy. In drafting the proposed rule, Department staff conducted unprecedented levels of outreach, holding extensive listening sessions with employers and workers in a wide array of industries. Issuing a final rule is a top priority.

Overtime and minimum wage protections are also critical for the nation's home care workers, who provide essential services to seniors and individuals with disabilities. In 2013, the Wage and Hour Division issued a final rule requiring that nearly two million workers – home health aides, personal care aides, and certified nursing assistants – have the same basic overtime and minimum wage protections already enjoyed by most workers. Consistent with our compliance efforts, the Department has undertaken an unprecedented implementation program to help employers of home care workers prepare for FLSA compliance, including an extensive and individualized technical assistance program, a 15-month period before the effective date of the Final Rule and a time-limited non-enforcement policy. The Department's home care rule was challenged, but in August 2015 the U.S. Court of Appeals for the DC Circuit overturned a lower court decision and upheld the Department's rule. As a result home care workers across the country are receiving minimum wage and overtime, including roughly 400,000 in California, where on February 1 the state began implementing important policies to provide workers these basic protections. Many other states are making significant progress on compliance and WHD continues to provide technical assistance to states and other entities.

To continue moving the agency in a strategic direction and adapting to the realities of today's workforce, the FY 2017 WHD budget request builds on past successes and aims for greater data-driven, strategic decision-making. This includes nearly \$30 million for 300 additional enforcement staff to address systemic compliance problems more strategically. As a data-driven

and evidence-based agency always seeking to improve program performance and better target our work, WHD also seeks \$3 million (and 12 economists and data scientists) to further develop the use of data, analysis and evaluations in strengthening the effectiveness of our enforcement, regulatory, and wage determination programs.

WHD is also focused on implementing other key priorities to create a more inclusive economy based on shared prosperity – ensuring opportunities for employment, higher wages, fairer pay, safer workplaces, and workplace flexibility for parents.

President Obama has repeatedly called on Congress to give millions of hard-working people a raise by increasing the national minimum wage. To date, Congress has failed to act; but the President has used his authority to raise the pay of as many workers as possible. In February 2014, the President signed Executive Order (EO) 13658 to raise the hourly minimum wage to \$10.10 for workers employed on or in connection with covered federal contracts. On October 1, 2014, WHD issued a final rule to establish standards and procedures for implementing and enforcing the EO, which took effect for new contracts as of January 1, 2015. Pursuant to the EO, WHD later published an inflation-adjusted wage effective this year that raised the minimum wage from \$10.10 to \$10.15. Boosting these workers' wages not only puts more money in the pockets of almost 200,000 people; it also lowers worker turnover, boosts morale and productivity, and improves the quality and efficiency of services provided to the government.

The Department is also helping workers by ensuring that federal contractors are adhering to the law and playing by the rules. For example, we are in the process of finalizing guidance to assist in implementing a July 2014 EO that helps agencies better take into account prospective federal contractors' records of compliance with key labor and employment laws when awarding covered contracts. Additionally, many federal contract workers will be given the necessary information each pay period to verify the accuracy of their paycheck. And by putting an end to certain mandatory arbitration agreements, it gives federal contract workers who may have been sexually assaulted or suffered civil rights violations their day in court.

The social compact must also include the ability for our citizens to hold a job and care for themselves and for their families. But our laws today do not adequately recognize how challenging it is to work full-time while taking care of children, aging parents, family members with disabilities, or others. Studies show that paid leave increases employee morale and retention. It also increases the likelihood of a parent returning to work after the birth of a child, without an adverse effect on productivity or business operations. Yet, the U.S. remains the only advanced economy on earth without some form of national paid leave.

On Labor Day of 2015, the President signed an EO that will allow workers performing on or in connection with covered federal contracts to earn up to seven paid sick days per year. Once final regulations are issued, this EO will allow workers to use paid sick leave to care for themselves or a family member. It will also allow workers to use paid sick leave for absences resulting from domestic violence, sexual assault, or stalking. The EO will provide additional paid sick leave to an estimated 828,000 people, including nearly 437,000 who currently receive no paid sick leave. This is not just the right thing to do; it is the smart thing to do. Many businesses have demonstrated that offering paid sick time doesn't just help their workers; it also improves the

bottom line. The NPRM to implement the EO was published in the *Federal Register* on February 25, and we fully expect to issue a final rule by the September 30, 2016 deadline set forth in the EO.

The Women's Bureau also plays a significant role in addressing this challenge, pioneering new tools like its Paid Leave Analysis Grant Program, which awarded over \$1.5 million to states, territories and municipalities in 2015 to examine the feasibility of paid leave strategies and programs. The Bureau will continue to support state and local momentum fostered by the first two years of grant funding, dedicating \$1 million in 2016 and requesting an additional \$1 million in FY 2017 to further expand this program.

The Bureau strives to support women's economic security; but the typical woman working full-time, full-year, still makes only approximately 79 cents for every dollar the typical man earns. This pay gap is unacceptable and this Administration, with the Department of Labor playing a key role, has been resolute in implementing policies to bring greater fairness to the pay of working women. Since 2010, members of the White House National Equal Pay Task Force, the Department, and the Equal Employment Opportunity Commission (EEOC) have been working collaboratively on pay discrimination issues. One of the issues we've explored is how better data can help close the pay gaps that persist between gender, racial, and ethnic groups. On January 29, 2016, the EEOC, in coordination with our Office of Federal Contract Compliance Programs (OFCCP), proposed collecting aggregate pay data through an existing employer report. Access to these aggregate data will provide EEOC and OFCCP with much needed insight into pay disparities across industries and occupations and strengthen our efforts to combat discrimination. Employers can also use the data to proactively review their pay data and practices.

To improve workers' ability to advocate for their rights and report possible pay discrimination, in April 2014, President Obama signed EO 13665, directing the Department to issue regulations prohibiting federal contractors from discriminating against employees or job applicants for inquiring about, disclosing, or discussing compensation. In September 2015, OFCCP issued a final rule to protect workers who seek more information about their own pay and that of their co-workers.

In January 2015, OFCCP proposed replacing its outdated 1970s Sex Discrimination Guidelines with new regulations that reflect modern workforce and workplace realities. This proposal addresses many of the barriers to equal opportunity and fair pay that workers face -- pay discrimination, sexual harassment, lack of accommodations for pregnancy, childbirth and related conditions, and gender identity discrimination. We anticipate issuing a final rule shortly.

In addition to working for greater pay equity for women, OFCCP's enforcement work also includes removing barriers to equal employment opportunity for veterans and individuals with disabilities, a robust program prioritizing systemic pay discrimination, and the implementation of new mandates addressing LGBT discrimination. During this Administration, OFCCP has strengthened its civil rights enforcement program; modernized its guidance; strengthened efforts to facilitate voluntary compliance; and built partnerships to enhance those efforts.

From January 2009 through December 2015, OFCCP compliance officers reviewed over 27,000 federal contractor establishments employing more than 11 million workers. During the same time period OFCCP cited contractors for discrimination violations in 553 cases. Through conciliation efforts, OFCCP recovered \$71.1 million in back pay for 133,000 workers who were unfairly subjected to discrimination, and negotiated more than 11,900 potential job offers.

OFCCP has also placed a premium on addressing systemic pay discrimination. Since FY 2010, when President Obama launched the Equal Pay Task Force, through the beginning of FY 2016, OFCCP has recovered over \$5.5 million for nearly 3,000 workers who were paid unfairly. Last year, OFCCP resolved systemic pay discrimination violations in STEM occupations with a settlement providing \$234,895 to 72 female and Black workers at Savannah River Nuclear Solutions.

Fairness dictates that we do more to ensure that the workforce reflects the full diversity of our citizenry, including those with disabilities. Along with OFCCP, our Office of Disability Employment Policy (ODEP) also continues to work to fully include the nearly 30 million Americans ages 16 and older with disabilities in our workplaces. The high unemployment and low labor force participation rates of people with disabilities create an urgent need for a coordinated and focused strategy to help these workers find quality careers with sturdy ladders to the middle class. ODEP advises Department agencies on how labor policies affect people with disabilities, coordinates disability employment policy across federal programs, and provides technical assistance to employers.

Over the course of four years, through our Employment First Initiative, ODEP has provided technical assistance to 43 states, so they can align their policies and funding to help workers with significant disabilities find jobs with competitive wages in integrated settings. ODEP's Employment First national web portal provides both national- and state-level data to assist and monitor systems change across the nation in this area.

Working with our partners at the Department of Education, HHS and the Social Security Administration, ODEP developed and published a government-wide strategic plan to improve federal service delivery to youth with disabilities, so they can transition into high paying jobs with career pathways. Many of the strategies in this plan come directly from ODEP's Guideposts for Success, a widely adopted framework used by youth, their families, state policymakers, local administrators, and youth service providers.

ODEP and ETA, along with the Department of Education, continue to work together to implement WIOA and improve the workforce system's services to workers with disabilities who are unemployed, underemployed or receiving Social Security benefits. Already, we have funded 43 projects in 27 states through the Disability Employment Initiative (DEI), strengthening coordination and collaboration in state and local employment and training programs to improve the education, training, and employment outcomes of youth and adults with disabilities (including individuals with significant disabilities). ODEP also successfully established the WIOA Advisory Committee on Increasing Competitive Integrated Employment for Individuals with Disabilities, which has held seven public meetings and issued an interim report with

recommendations for improving job opportunities for people with significant disabilities. A final report will be issued in September 2016.

Improving and Protecting Worker Safety and Health

The Department remains committed to the goal that every worker returns home at the end of the day – safe and sound to his or her family. The work of the Occupational Safety and Health Administration (OSHA) and Mine Safety and Health Administration (MSHA) reflect the Administration’s commitment to ensuring the protections we enforce are relevant to today’s workplace and workforce.

Over the last seven years, OSHA has made steady and important progress to improve the health and safety of millions of workers. With enhanced enforcement initiatives, updated standards, and improved training, compliance assistance and cooperative programs, OSHA has reached millions more workers and employers than ever before.

While most employers strive to make their workplaces safe, there are still too many who ignore workplace safeguards, or whose health and safety program is based on the hope that their luck will hold out and no one will get hurt. For these employers, a strong enforcement program is the best way to ensure compliance with the law. In this Administration, OSHA has conducted roughly 230,000 workplace inspections and implemented a new special enforcement program to focus on recalcitrant violators who repeatedly endanger workers. OSHA has used its enforcement tools and also worked with industry associations and worker advocacy groups to ensure that temporary employees receive the same safety protections as permanent employees.

OSHA has a balanced approach to health and safety. In addition to enforcing standards, OSHA has greatly expanded its capacity to provide guidance to workers and employers seeking assistance in complying with OSHA regulations and standards. Over a quarter of a million calls came in to the OSHA 800 number, with almost 17,000 questions submitted by email, in FY 2015. Over 826,000 workers completed the OSHA Outreach Training Program, while over 52,000 students received instruction at OSHA’s Training Institute Education Centers. Over 5,000 outreach activities were held across the country by OSHA’s Regional and Area Offices, reaching 2.4 million employers and workers. OSHA’s website, which receives over 200 million visits annually, now has pages devoted to young workers and Hispanic workers.

OSHA’s free and confidential On-Site Consultation program conducted over 27,800 visits to small and medium employers in FY 2015. More than 1.4 million workers were reached and more than 140,000 hazards reduced as a result of these visits. Other cooperative programs -- OSHA’s Voluntary Protection Program and Safety and Health Achievement Recognition Program, in addition to the Strategic Partnership program and the Alliance Program -- all contributed to OSHA’s efforts to work with workers, employers, unions, trade organizations and other stakeholders to reduce fatalities, injuries and illnesses.

In one of our most important efforts, OSHA is in the final stages of issuing a new standard to protect workers against silica exposure. The long-overdue update to this 45-year-old standard

will prevent hundreds of worker deaths from silicosis, lung cancer and other diseases every year. The standard is expected to be issued shortly.

OSHA's new severe incident reporting regulation, which took effect in January 2015, updated employer reporting requirements to enable OSHA to engage with employers who have had a serious incident, either through an inspection or a Rapid Response Investigation (RRI). The regulation is making OSHA aware of issues they otherwise would not have known about. In the first full year of the new requirement, employers submitted 10,388 reports of severe injuries, including 7,636 hospitalizations and 2,644 amputations. The RRI encourages employers to conduct an analysis of the hazards in their workplace and develop a process to address them.

OSHA has notably strengthened the protection of whistleblowers during this Administration, creating a new Directorate for the program, greatly increasing whistleblower staff, and significantly expanding training and guidance for whistleblower investigators. Although the program, which enforces 22 laws, continues to struggle with resources, OSHA is now completing ten times as many whistleblower investigations as it completed in 2007. And since FY 2009, OSHA has awarded over \$153 million dollars to whistleblower complainants.

This Administration has also finalized rules for safety and health standards dealing with hazard communication, cranes and derricks, recordkeeping and confined spaces in construction and shipyards. OSHA has also harmonized chemical labeling practices, and we expect to continue to do even more – modernizing our recordkeeping and reporting system; updating requirements to protect workers from slips, trips and falls; making progress on improving protections for workers exposed to beryllium; and, helping workers exposed to infectious diseases, combustible dust, and other hazards.

MSHA has a proud history of protecting the nation's miners. I have said many times: a miner should not have to die for a paycheck. We owe the nation's miners that much. For nearly 40 years, MSHA has enforced the federal mine safety and health laws and conducted other activities to improve working conditions for miners. And since 2009, the result has been real progress, including historically low mining deaths and injuries. We've also seen a substantial reduction in the number of "bad actors" that consistently violate the law, improved compliance with the Mine Act, and reductions in the unhealthy mine dusts that lead to pneumoconiosis, also known as black lung disease. MSHA has also taken a number of meaningful actions to protect miners who speak out about hazardous conditions, including filing a record number of discrimination cases on their behalf.

MSHA has made substantial progress since the tragic disaster at the Upper Big Branch mine in April 2010, by completing 100 percent of its mandatory inspections; reducing the universe of chronic violators; improving compliance at mines with safety and health problems; taking a strategic approach to regulation that emphasizes rules with the biggest impact on mine safety and health; and increasing outreach to and cooperation with the mining community.

MSHA has also taken historic steps toward eliminating the black lung disease that has claimed the lives of more than 76,000 coal miners since 1968. MSHA launched the End Black Lung-Act Now Campaign in 2009, an ambitious effort combining enhanced enforcement, rulemaking,

education and outreach. Thanks to MSHA's work, the yearly average of respirable dust samples for the dustiest occupations has dropped to historic lows each year, as has the average concentration of silica, which causes silicosis. The cornerstone of MSHA's campaign to eradicate black lung disease is the historic step we took to finalize the first update in decades to the standard that protects miners from exposure to respirable coal mine dust. This complex rule – Lowering Miners' Exposure to Respirable Coal Mine Dust, Including Continuous Personal Dust Monitors – was finalized in the spring of 2014. I will never forget my meetings with families whose lives have been devastated by this disease. When I traveled to Morgantown, West Virginia for the announcement of the final rule, I heard from Carol Miller, whose husband had recently died from black lung after working in the mines since he was 18. Carol described the heartache of watching him suffer and decline. All the things he loved to do, even something as simple as walking to the end of the driveway to get the mail, were taken away from him.

The respirable dust rule is just one of nine rules finalized by MSHA since 2009 to improve miners' safety and health. For example, just this past year, MSHA issued a final rule requiring operators to install life-saving proximity detection systems on continuous mining machines in underground coal mines, to avoid crushing accidents that cause death and injuries to coal miners.

Throughout the Obama Administration, MSHA has made it a priority to protect miners who speak up about unsafe workplace conditions. During its Upper Big Branch investigation, MSHA discovered that many miners employed there, including some of the victims, were afraid to speak out about hazardous conditions for fear of losing their jobs. So since 2010, MSHA and the Solicitor of Labor have filed historic numbers of discrimination complaints, including actions for temporary reinstatement, on behalf of miners who have faced retaliation for making hazardous condition complaints and engaging in other protected activity.

By far the most important measure of MSHA's success is, quite simply, how many miners return home at the end of their shift free of injury or illness. Sometimes a single day can remind us of the hard work necessary to ensure that miners can go home at the end of each shift safe and healthy. The metal and nonmetal industry experienced a day last August in which three miners lost their lives in separate incidents in Nevada, North Carolina and Virginia. In response, MSHA stepped up enforcement efforts and intensified outreach and education nationwide, including inspections with a focus on violations commonly associated with mining deaths, and MSHA tapped inspectors and training and educational personnel to share information on fatalities and the best practices for preventing them. Thanks to those efforts and the response of industry, fatalities reached an all-time low of 28 in 2015 (11 in coal and 17 in metal and nonmetal). MSHA is committed to working even harder to improve safety and health, to diligence and vigilance about enforcing the law against those operators that fail to protect their miners.

The mission of the Department's Office of Workers' Compensation Programs (OWCP) is to protect the interests of workers who are injured or become ill on the job, by making timely and accurate decisions on claims, providing prompt payment of benefits, and helping injured workers return to gainful work as early as possible.

Over the course of this Administration, OWCP has been successful in increasing the two-year return-to-work rate for seriously injured non-postal federal employees from 85.8 percent in 2009 to 88.02% percent in 2015. In addition, OWCP has worked with our partner agencies, as well as OSHA, to reduce the Lost Production Days (lost days per 100 employees) from 35.8 in 2009 to 30.4 in 2015.

OWCP has improved the quality of its claims processing and decision making in the Black Lung Program, which has seen a sustained increase in claim filings over the past several years. OWCP has taken an aggressive approach to handling not only this higher volume of claims, but also a decrease in qualified physicians available to conduct the complete pulmonary evaluations provided by the Department to every miner who files for benefits. Physician access is challenging given the geographic isolation of the claimant population. OWCP's FY 2017 budget request for a Coal Miner Health Initiative will help recruit and train highly-skilled physicians and modernize medical treatment authorization and bill payment processes. The request will also allow us to build and promote web-based communication portals to provide all parties and their authorized representatives with on-demand information about the status of their claims.

OWCP has also taken many steps to improve the quality of medical evidence used in claim determinations. OWCP issued regulations in 2014 setting quality standards for the administration and interpretation of digital chest x-rays. This rule significantly expanded the number of facilities that can perform chest x-rays, a key diagnostic test used in determining entitlement.

Providing for a Secure Retirement

The Department's Employee Benefits Security Administration (EBSA) is committed to educating and assisting the 143 million workers, retirees and their families covered by approximately 681,000 private retirement plans, 2.3 million health plans and similar numbers of other welfare benefit plans holding approximately \$8.5 trillion in assets. Throughout this Administration, EBSA has advanced its mission of protecting the security of retirement and health benefits through a combination of compliance assistance, regulations and enforcement. Advancing this mission – as much as any in the Department – has meant reconciling how we do our job with the rapid changes in the economy. Saving for a dignified retirement in the 21st century bears little resemblance to the path to a secure retirement in the generations before. I am proud of the work that this Administration has done to realign the social compact to account for these changes and reimagine how to help workers plan for their golden years.

One of the highest priority projects on EBSA's retirement agenda has been completing a rule, first proposed in 2010, aimed at ensuring that financial advisers act in the best interest of their clients. This conflict of interest rule clarifies the scope of the definition of a fiduciary, so that it clearly includes brokers and others giving investment advice to employees in 401(k) plans, IRA owners, other retirement savers and certain plan sponsors. The final rule and exemptions will reflect feedback from a broad range of stakeholders—including industry, consumer advocates, Congress, retirement groups, academia, other regulatory agencies and the American people. The Department expects to issue a final rule and related exemptions soon.

In October 2015, EBSA released guidance clarifying that an ERISA pension plan can invest in projects or companies that serve the common good, while keeping at the forefront the fiduciary obligation to invest prudently and for the exclusive benefit of retirees and workers. The guidance also acknowledges that environmental, social, and governance factors may have a direct relationship to the economic and financial value of an investment. And when they do, they are proper components of the fiduciary's analysis of the economic and financial merits of competing investment choices.

EBSA's initiatives also help promote additional savings options. One-third of American workers do not have access to a retirement savings plan through their employers. To increase access, President Obama directed the Department to support the growing number of states trying to promote broader access to workplace retirement saving opportunities. In November 2015, EBSA published a proposed regulation that would facilitate state-administered payroll deduction programs. Employers required by such programs to automatically enroll employees in individual retirement accounts would not be treated as sponsoring ERISA plans. EBSA also released accompanying guidance to help states interested in helping their employers establish ERISA-covered plans for their employees.

Additionally, in order to promote innovation and access, the President's 2017 budget includes a proposed new grant program that will allow states and nonprofits to test more portable approaches to providing retirement and other employment-based benefits. The goal is to encourage development of new models that allow workers to carry benefits from job to job and that can accommodate contributions from multiple employers – something that is especially important in a changing economy.

The 2017 Budget also includes a legislative proposal to allow multiple unrelated employers to come together and form pooled 401(k)s, leading to lower costs and less burden for each employer individually. Through these “open multiple employer plans” (open MEPs), more small businesses should be able to offer cost-effective plans to their employees, while certain nonprofits and other intermediaries could create pooled plans for contractors and other self-employed workers. As an added benefit, employees moving between employers participating in the same open MEP can continue contributing to the same plan – and receiving employer contributions – even if they switch jobs. And independent contractors participating in a pooled plan using that structure can contribute no matter which client is paying them.

Thanks to the Affordable Care Act (ACA), 20 million Americans have gained health coverage and the nation's uninsured rate is now below 10 percent for the first time ever. The ACA assigned the Department significant new responsibilities, as we continue to develop and implement insurance market reform regulations in conjunction with the Department of Treasury and HHS. Over the next year, the Department intends to continue implementing the ACA and related health coverage reforms, like the Mental Health Parity and Addiction Equity Act.

EBSA has had tremendous success protecting employee benefits through both civil and criminal enforcement actions. EBSA's efforts in both areas achieved total monetary results in FY 2015 of over \$696 million and \$8.1 billion since the beginning of FY 2009, which includes technical prohibited transactions and plan assets protected. When only including results from

investigations that directly impacted plans, participants, and beneficiaries, EBSA has returned more than \$1.7 billion to participants, beneficiaries, and plans. EBSA's criminal enforcement program has referred 1,660 criminal cases for prosecution, leading to the indictments of 712 individuals.

EBSA's Benefits Advisors also provide assistance, education, and outreach for workers, retirees, and their employers. Since the beginning of FY 2009 through the end of FY 2015, Benefits Advisors have used informal complaint resolution to help more than 906,000 participants recover more than \$2 billion out of the \$8.1 billion that EBSA achieved in monetary results. Benefits Advisors have also conducted more than 12,500 education, outreach, and compliance assistance events for over 900,000 people.

Worker Voice

The Department cannot be the only guarantor of fairness in the workplace. Workers themselves, in partnership with the vast majority of employers who want to do the right thing, have an important role to play in ensuring that the promise of the social compact is real. One of the best ways to strengthen the middle class is to ensure that workers have a voice on the job.

Traditionally, labor unions and collective bargaining have been the primary vehicle of worker voice. But worker voice can be expressed many ways and take many forms. Last October, the Department played a key role in convening the White House Summit on Worker Voice. At this first-of-its-kind event, stakeholders of all kinds – workers, employers, labor leaders, academics, economists, non-profits and more – came together for a robust conversation about how we adapt worker voice for the 21st century. We will continue to facilitate this conversation for the good of the workers themselves, but also for their employers and the economy as a whole.

Over the course of this administration, the Office of Labor-Management Standards (OLMS) has safeguarded worker voice by making great strides in: efficiently and effectively increasing transparency in labor union, employer, and consultant operations; advancing and ensuring integrity in labor union finances; and increasing democracy in union elections. Despite fewer resources, OLMS has continued to achieve a high rate of indictments and convictions. Between January 2009 and December 2015, OLMS investigations resulted in 789 indictments and 766 convictions. These cases resulted in restitution amounts of approximately \$32.8 million paid or ordered to be paid. OLMS is getting better and better at discerning which unions are the most vulnerable to embezzlement and auditing those unions first.

Beginning in 2009, OLMS identified a number of opportunities for improvements in program operations and common-sense reforms. Before 2009, union officers and delegates could file their reports electronically but they were required to incur significant expenses for digital signatures. To address this cost and burden, OLMS changed to a cost-free PIN and password security system and adopted HTML-based forms, which can be used by all browser software. These changes led to a steady increase in the percentage of users filing electronically: from 20 percent in 2009 to 48 percent in FY 2015. OLMS is working toward making e-filing possible for all forms. The agency continues to provide outreach and technical assistance to help unions with on-line filing, thus increasing transparency for the public, easing the filing burden for union officials and reducing government costs.

OLMS has also prioritized technical outreach. For example, in 2009, it launched the Voluntary Compliance Partnership (VCP) program, which provides technical and compliance assistance to international/national unions who then work with affiliates at the regional and local level, thus leveraging OLMS resources in the most cost-effective manner. The VCP program now includes 43 unions, exponentially increasing OLMS' compliance assistance reach to over 16,000 local unions.

OLMS has also proposed a rule seeking to reform the reports filed by labor relations consultants and employers when, in a typical scenario, they make arrangements to counter a labor union organizing drive. The proposed rule would require that employers and consultants report whenever the consultants engage in indirect, as well as direct, persuader activities. This way, workers know that the underlying source of the employer's anti-union campaign is a paid outsider. A final rule is currently under interagency review.

Our effort to ensure workers have a voice in the workplace extends beyond our borders. The Bureau of International Labor Affairs (ILAB) leads the Department's efforts to promote workers' rights abroad and level the playing field for American workers at home. Because of ILAB's leadership, more workers are afforded rights and protections consistent with international labor standards. Fewer children are trapped in exploitative child labor. Fewer workers are trafficked into forced labor. And more families have decent livelihoods within their reach. ILAB has made this progress through negotiation, monitoring, and enforcement of trade-related labor obligations, as well as technical assistance, policy engagement, and research.

ILAB has been integral to the Obama Administration's historic free trade negotiations and enforcement actions, including: the groundbreaking April 2011 Colombian Action Plan Related to Labor Rights; the first-ever labor case under a U.S. free trade agreement (FTA), against Guatemala under the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR); the December 2015 Monitoring and Action Plan (MAP) with Honduras to improve Honduran workers' rights under CAFTA-DR; the strongest FTA labor provisions in history in the Trans Pacific Partnership (TPP); and TPP consistency plans with Vietnam, Malaysia, and Brunei Darussalam that detail reforms those countries must make for their labor law and practices to conform with TPP requirements.

In 2014, ILAB launched a Labor Attaché Program to post ILAB personnel in nations – preference program beneficiaries and trade agreement parties -- with important labor challenges. The attachés – currently in Bangladesh and Colombia and soon-to-be-added in Vietnam and Honduras – are enhancing ILAB's capacity to monitor and enforce trade-related labor requirements.

ILAB has complemented these efforts with targeted, comprehensive technical assistance to help U.S. trading partners comply with FTA obligations, especially through strengthened labor law enforcement. During this administration, ILAB has invested more than \$100 million in technical assistance activities, including trade-related labor capacity building projects in U.S. FTA partners, including Colombia, Jordan, Mexico, Morocco, and Peru. That includes a \$7 million project in Honduras to help implement the MAP.

During the Obama Administration, ILAB has remained the world's largest funder of projects to combat the worst forms of child labor, adopting a holistic approach to ensure sustainable efforts that address child labor's underlying causes. These projects provide children engaged in exploitative labor, or at risk of entering child labor, with education and vocational training. They also provide livelihood services to vulnerable families, as well as training for labor inspectors and law enforcement officials on countries' child labor laws.

ILAB has invested significantly during this Administration to make its research and reporting a more valuable policy tool, a foundation for engaging governments on labor concerns and a basis for evidence-based decision-making. ILAB's annual flagship report, the *Findings on the Worst Forms of Child Labor*, evaluates approximately 140 governments' efforts to combat child labor. This Administration expanded the report to include country-specific assessments of progress and concrete recommendations for improvements. In 2015, ILAB launched the U.S. government's first mobile app and open data on human rights -- *Sweat & Toil: Child Labor, Forced Labor, and Human Trafficking around the World* -- making ILAB research more widely and easily accessible.

The President's 2017 Budget request will strengthen ILAB's efforts to monitor and enforce the labor provisions of new and existing free trade agreements, while increasing the amount of funding for capacity-building technical assistance to help U.S. trade partners meet their labor obligations under FTAs. This will more than double the number of staff working on the monitoring and enforcement of labor provisions of FTAs. It also restores the \$5 million cut from FY2015 levels for technical assistance and increases the minimum amount of technical assistance grants required for workers' rights by \$3 million.

Measuring Our Work

To assure Congress and the American people that the Department is a strong steward of taxpayer dollars, it is critical that we measure the effectiveness and impact of our programs. The Chief Evaluation Office (CEO), the first ever in a cabinet agency, coordinates the Department's evaluation agenda: designing, initiating, and carrying out the most rigorous and credible evaluations possible to accumulate evidence on the performance, outcomes and impacts of our programs. Consistent with professional evaluation practices and the federal government's guidelines around scientific integrity and a commitment to evidence-based policy, the CEO is an independent evaluation office, with rigorous, independent, third-party evaluations and the open and transparent release of reports.

The CEO has expanded in size and scope since it was established in 2010, thanks largely to Congress' establishment of budget set-aside authority for CEO evaluations. Several of our agencies also have evaluation or research and analysis activity, now carried out in collaboration with the CEO, and nearly every competitive grant program has an evaluation component so we can learn "what works". The CEO also houses the evidence-based evaluation clearinghouse (CLEAR: The Clearinghouse for Labor Evaluation and Research), which coordinates with clearinghouses operated by other federal departments.

The Department's reputation as a leader on evidence and evaluation continues to grow. The *Results for America 2015 Evidence Index* rated us the top agency on using evidence and evaluations, and the White House Initiative on Evidence recognizes the Department's commitment to evaluation and data as a model for other agencies. Some examples of a few policy-relevant studies include: the Evaluation of Employment Services for Veterans, a Survey of the Accessibility of American Job Centers to Persons with Disabilities, and an Evaluation of OSHA's Voluntary Compliance Assistance to Firms.

Evidence also includes statistical analysis. The Bureau of Labor Statistics (BLS) is the principal federal statistical agency responsible for measuring labor market activity, working conditions and price changes in the economy. Its mission is to collect, analyze, and disseminate essential economic information to support public and private decision-making. Since 2009, BLS has more than doubled the number of indexes, estimates and other published information it produced each year. For example, the Current Population Survey (CPS) added tables on veterans, persons with disabilities and the foreign-born to the monthly *Employment Situation* news release. The CPS expanded its annual report on labor force characteristics by race and ethnicity to include data on American Indians and Alaska Natives, Native Hawaiians and Other Pacific Islanders, as well as persons of two or more races. Detail on labor force characteristics of Hispanic and Asian groups was also added to the report.

The Consumer Price Index added 11 new indexes in an effort to break out more consumer goods and services. The Office of Price Statistics introduced experimental disease-based price indexes to provide alternative inflation estimates for medical output and consumption. These indexes give data users additional ongoing information about the evolution of the nation's healthcare system. Also, the Employee Benefits Survey published data on employer-sponsored benefits extended to unmarried domestic partners.

Across programs, BLS continues work on the expanded use of "big-data" sources and techniques. Examples of projects underway include: expanding the use of machine-coding for text fields like occupation titles; web-scraping for product price and quality data; and matching data collection efforts with administrative data. BLS also has enhanced the accessibility of its data by adding new interactive charts and other visualization options for many of its publications, releases and data series.

The 2017 President's Budget will allow BLS to continue the production of data series while supporting several new products. That includes an annual supplement to the CPS to collect information relevant to labor force trends, like the growth of the on-demand economy and the growing relevance of work-life balance issues. The Budget also includes funding for the first year of activities for a Survey of Employer-Provided Training, which will fill a key gap in knowledge about the workforce system. The Budget includes funding for the modification of the Consumer Expenditure Survey, to support the Census Bureau in its development of a statistical poverty measure to complement the standard measure Census has used since the 1960s.

A Strong and Engaged Workforce and Modernized Information Technology

The Department cannot accomplish its goals without maximum engagement of its greatest resource: our workforce. The career staff of DOL is the spine of this agency, and it will be responsible for implementing this Administration's initiatives long after I am gone. When I started at the Department in July 2013, we were tied for second-to-last among large federal agencies in the Partnership for Public Service's Employee Viewpoint Survey. I am proud that we have been the "most improved" large agency in the federal government two years in a row, moving from 17th place out of 19 large agencies to 8th. This progress is a testament to our commitment to listen to our workforce at all levels of the organization, finding ways that we can better support them to get their jobs done – whether it involves flexible schedules, more training, new leadership programs, or innovative ways to accomplish the work. A skilled, committed, and engaged workforce with high job satisfaction will be best able to implement the Department's mission over the long term.

Updates to the Department's information technology goes hand-in-hand with our ability to realize greater resource efficiency, provide the public with digital services akin to those of the private-sector, and protect citizens' data. Over the past few years, DOL has successfully implemented several Department-wide efficiency, productivity and security improvements with limited IT Modernization funding, including moving our entire workforce to commercial cloud email services, and initiating the "IdeaMill" employee suggestion box, which helped DOL improve its standing as a desirable place to work.

However, DOL faces severe risks by the continued degradation and failure of the existing outdated legacy network infrastructure. The fragile and outdated network infrastructure poses a reliability and security risk for all DOL agency operations and undermines the Department's ability to do its work. To this end, the FY 2017 Budget request includes \$63 million to modernize and transform our aging IT infrastructure. These investments are vital to the Department's effort to develop up-to-date communications capabilities, so we can provide better, faster, smarter service to the American public, while ensuring the security of its systems.

Conclusion

I am proud of what we have built at the Department of Labor over the course of this Administration. I believe our record of accomplishment is impressive, but our agenda for the remaining year is also ambitious. There are 310 days until the weekend, and I intend to sprint to the very end. The important unfinished business demands that we do nothing less. I am eager to continue this work – to build on this strong recovery, to ensure that we create shared prosperity and an economy that works for everyone. And I look forward to doing that work with all of you. Thank you very much.

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