

**STATEMENT OF
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SECRETARY OF LABOR
BEFORE THE
EDUCATION & LABOR COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES**

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Chairman Scott, Ranking Member Foxx, and members of the Committee thank you for the invitation to testify today. I am pleased to appear before this Committee and to outline the Biden Administration's vision and priorities for the Department of Labor in Fiscal Year (FY) 2023. I am honored and humbled to lead the Department in its critical work.

My vision as the Secretary of Labor is to empower workers morning, noon, and night. This includes centering our work on the most vulnerable workers, those facing barriers to employment, misclassified workers, and workers in temporary jobs or other jobs that heighten their economic insecurity and vulnerability. The Department honors the nurses, doctors, first responders, farm workers, construction workers, communication workers, warehouse workers, grocery store workers, servers, teachers, childcare providers, and government workers who have carried us this far through the COVID-19 pandemic. The Department also acknowledges that many of the workers and families on the frontlines of the COVID-19 pandemic are among the lowest paid, and most marginalized. As Labor Secretary, I am focused on advancing equity, creating *good* jobs, and empowering workers to organize and successfully bargain with their employers. The Department stands shoulder to shoulder with all workers to build a better and brighter future.

DOL Accomplishments

When I testified before this Committee last year, I was new to the Department of Labor. A little more than year later -- I am proud of everything the Department has accomplished. We have issued standards and guidance and pursued strong enforcement strategies to keep workers in healthcare and other key industries safe and fight the spread of COVID-19. We extended and expanded unemployment relief for workers during the pandemic.

During this past year, the Department has worked tirelessly to address acute and long-term supply chain issues, and issues affecting retirement, wages, tipped workers, workers' rights, and collective bargaining. In collaboration with the Department of Transportation, the Department recently announced a Trucking Action Plan to expand Registered Apprenticeship and to improve job quality in the industry overall through the "Driving Good Jobs" Initiative. The American Rescue Plan (ARP) authorized special financial assistance (SFA) through the Pension Benefit Guaranty Corporation (PBGC) to help save severely underfunded multiemployer plans and enabled over three million participants and beneficiaries to continue to receive their

pension benefits now and in the future. PBGC estimates that ARP will provide an estimated \$94 billion in assistance to eligible plans that apply for SFA.

The Department continued to strengthen enforcement by using every tool available in order to keep workers in America safe and healthy on the job and ensure that they receive the wages that they have earned. The Department's Wage and Hour Division (WHD) has recovered over \$230 million in back wages for more than 190,000 workers, averaging \$1,200 in back wages per employee. The Department also issued final rules to restore protections for tipped workers, including protections that Appropriations Chair DeLauro and Chair Murray were integral to enacting in 2018.

The Employee Benefits Security Administration (EBSA) worked with the Departments of Health and Human Services and Treasury to implement the provisions of the No Surprises Act, preventing patients in need of care from being saddled with large, unexpected out-of-network medical bills. In 2021, EBSA recovered over \$2.5 billion in retirement savings and healthcare benefits owed to workers. This is real money – money people earned and were owed – and the Department's staff returned it into people's pockets and retirement accounts.

Additionally, despite unions' long history of fighting for higher wages and lifting up workers' voices, only 10.3% of the U.S. workforce is unionized, even as a full 52 percent of non-union workers say they want to join a union. The Biden-Harris Administration took action and established the White House Task Force on Worker Organizing and Empowerment. This first-of-its-kind government-wide effort is promoting policies, programs, and practices to help more workers organize and successfully bargain with their employers, and to lift up as models cooperative labor-management relations where unions and employers jointly solve problems advancing both workers and employers' interests, though we continue to urge Congress to pass the Protecting the Right to Organize (PRO) Act. The Department also continues to support efforts to raise the minimum wage for workers in America. One significant step and progress is implementing President Biden's Executive Order raising the minimum wage to \$15 an hour for 300,000 workers on federal contracts.

We will continue to take steps to unleash the full power of the Department to continue addressing wage theft, keeping workers safe and healthy, and expanding access to good jobs for all.

Commitment to Equity

Shortly after being sworn in, President Biden issued several groundbreaking executive orders to dismantle entrenched disparities in our laws and public policies: E.O. 13985 calls for the Federal Government to advance racial equity and support underserved communities through immediate and sustained action and E.O. 14035 charges federal agencies with cultivating a workforce that draws from the full diversity of the Nation. The Department has been hard at work delivering on both of these mandates. The Department continues to strive to be a model workplace and make the Federal government a model employer. Indeed, our Chief Evaluation Office is leading efforts to evaluate how we can improve diversity, equity, inclusion, and accessibility across the Federal workforce. In addition, we are focused on understanding how

well our programs, protections, and contracting opportunities reach different communities and what barriers to access they face, as well as what data we have or need to understand how the Department is serving different communities. We have taken a number of important steps across our rulemaking, grantmaking, and enforcement programs to better reach the most underserved and disadvantaged populations.

Both with the funding already appropriated to us, and as outlined in our FY 2023 budget request, these questions guide our efforts. For example, we recently announced the availability of \$260 million in American Rescue Plan funding available to states to promote equitable access to unemployment compensation programs. The FY 2023 Budget also includes \$15.4 million in the Office of Disability Employment Policy to plan and implement Equitable Transition Model projects to develop the strategies we need to ensure youth with disabilities can get good jobs. These resources will help the Department tackle the inequities facing youth with disabilities, including youth who are experiencing homelessness, leaving foster care, or involved in the justice system.

We have accomplished a lot over the past year, but we have a lot more we need to do. We see that even as the economy recovers from the pandemic, most of the job gains have gone to men. In the May jobs report, there are still 812,000 (1.1%) fewer employed adult women than there were pre-pandemic, whereas the number of employed adult men, at 81.4 million, has returned to the pre-pandemic level. Black women's unemployment rate (5.9%) is the highest among women by race and ethnicity. The intersection of racism and sexism means that Black women are experiencing a different, and more difficult, recovery not just because of the types of jobs they are likely to hold, but also because they are often treated differently within those jobs.

We must embed equity into how we recruit, hire, and retain all workers, including leave and scheduling policies that support families. An economy that works only for some in our country means that economy is fundamentally broken. I welcome all of you to join me in these efforts.

Investment in Workers is Long Overdue

Over the past year, Congress has made historic investments in workers – in the Unemployment Insurance (UI) system, in resources to better protect workers, and in the bipartisan infrastructure investments. The UI system, in particular the emergency unemployment compensation programs extended by the American Rescue Plan, provided life-saving benefits to American families throughout the COVID-19 pandemic. During the pandemic, UI benefits helped over 53 million workers who lost their jobs through no fault of their own and put some \$870 billion back into the economy. These benefits helped Americans across the country stay in their homes and support their families and protected the economy from even more devastating consequences. Studies have shown that every \$1 paid in UI benefits translates into \$2 to boost the economy.

However, the pandemic also highlighted that more can be done to ensure that workers have timely and equitable access to UI benefits and that fraudsters, particularly sophisticated international criminal rings, do not flood the UI system with false claims to wrongly acquire

taxpayer funds while creating further delays and barriers for genuine claimants in need. With the \$2 billion provided in the American Rescue Plan, the Department is making progress to modernize the UI system to be more timely, equitable, and safe. The Department has already provided significant funding to states to strengthen their UI identity verification systems, enhance their fraud detection and prevention strategies, and increase cybersecurity. We have made additional funds available to help workers learn about, apply for, and better navigate the UI system and to provide states with a comprehensive, multi-disciplinary assessment of their UI systems and the resources to implement improvements identified in the assessment.

The American Rescue Plan also provided \$200 million for the Department's worker protection activities. The Department continues to provide outreach to essential COVID-19 frontline workers most vulnerable to violations of worker protection laws as well as compliance assistance to employers delivering essential services.

Through your coordination and cooperation, Congress delivered a \$1 trillion Bipartisan Infrastructure Law (BIL) to build a better America. This represents an investment in well-paid, union and middle-class jobs for every single community in America. Our goal is to ensure these federal resources are leveraged to create economic opportunities for workers in the communities in which they live. In support of this goal, in March of this year, the Department published a proposed rule to update and modernize the regulations implementing the Davis-Bacon and Related Acts, proposing changes that will be good for workers and good for building high-quality infrastructure and for a strong construction industry.

The Administration is committed to working with Congress to enact the President's plan to lower health care, child care, energy, and other costs for families; reduce the deficit; and expand our economy's productive capacity. If enacted, the Department will use these resources to get our programs where they need to be to operate effectively and efficiently while transforming them to address what we value including worker empowerment, equity, program access, and the other areas of emphasis set out by this Administration. I am committed to doing what I can to help Congress get this important legislation passed.

We appreciate Congress enacting additional funding in FY 2022 for investments in job training, apprenticeship programs, and protecting workers through the Department's worker protection agencies. Through the Good Jobs Initiative, we are coordinating the Department's ongoing efforts to advance job quality for *all* workers, including people of color, LGBTQ+ individuals, women, immigrants, veterans, people with disabilities, justice-involved individuals, and individuals in rural communities. Additionally, we are partnering across federal agencies to enhance implementation of job quality and equity standards into federal investments. This funding, together with the already-appropriated resources through the American Rescue Plan, lays the groundwork for ensuring that all workers can participate and thrive in a growing economy.

FY 2023 Budget Request

The FY 2023 President's Budget builds on these investments and renews DOL's pledge to help all workers and job seekers in America -- particularly those from disadvantaged

communities -- access training and find pathways to high-quality jobs that can support a middle-class life.

The Budget requests \$303 million to expand Registered Apprenticeship (RA) opportunities while increasing access for historically underrepresented groups, including people of color and women, and diversifying the industry sectors involved. RA is a proven earn-and-learn model that raises participants' wages and is a reliable pathway to the middle class. This investment would provide critical funding to support capacity-building, including expanding and diversifying RA programs as well as expanding pre-apprenticeship programs to increase access to RA. Community colleges play a critical role in providing accessible, low-cost, and high-quality training. The Budget invests \$100 million to build their capacity to work with the public workforce development system and employers to design and deliver high-quality training for in-demand jobs. The Budget also includes \$100 million for a new Sectoral Employment through Career Training for Occupational Readiness (SECTOR) program, which will support evidence-based training programs focused on growing industries, enabling underserved and underrepresented workers to access good jobs and creating the skilled workforce the economy needs to thrive.

The Budget advances the goal of developing pathways for diverse workers, including those from disadvantaged groups, to access training and career opportunities through increased investments in programs that serve justice-involved individuals, at-risk youth, and American Indian, Alaska Native, and Native Hawaiian individuals. No economic recovery can be complete if some communities are left behind, and this Budget reflects the Department's commitment to helping all workers get back on their feet.

The pandemic has been particularly damaging for women workers, specifically women of color and low-wage workers, many of whom have faced the loss of childcare while trying to protect the safety of themselves and their families and still put food on the table. The FY 2023 Budget requests more than \$25 million for the Women's Bureau, including additional funding to strengthen the Women in Apprenticeship and Nontraditional Occupations program and expand the Fostering Access, Rights, and Equity program. This grant program is designed to support targeted education and outreach efforts by "trusted messengers" and community intermediaries to ensure that marginalized workers – disproportionately women of color – avail themselves of critical and timely income supports and employment rights and benefits.

Our nation's veterans, transitioning service members, and their spouses deserve every opportunity to successfully transition from active duty to civilian life, receive access to benefits and protections, and find good jobs with family-sustaining wages. The Budget provides funding for the Veterans' Employment and Training Service's core programs, which help improve skills and provide employment opportunities for veterans across the country. The Budget increases funding for VETS' Homeless Veterans' Reintegration Program to more than \$62 million, enabling the program to serve over 1,000 additional veterans experiencing homelessness.

Throughout the pandemic, workers have shown up for America, helping to keep the economy growing, hospitals operating, food in stores, and construction projects booming. In

appreciation of the incredible dedication of workers in America, DOL must ensure workers are treated with dignity and respect in the workplace. The FY 2023 Budget invests \$2.2 billion in the Department's worker protection agencies.

Staff losses at the Occupational Safety and Health Administration (OSHA) and the Mine Safety and Health Administration (MSHA) have left workers less safe on the job, particularly amid the increased threats to workplace health and safety created by the pandemic. The FY 2023 Budget provides resources to help OSHA rebuild its rulemaking and enforcement capacity, expand its whistleblower protection program, and increase its outreach and compliance assistance. This investment will support OSHA's efforts to double the number of inspectors by the end of President Biden's first term. The request also includes resources to restore MSHA's capabilities in enforcement to help ensure miners' health and safety amid a projected increase in workload stemming from the BIL.

Losses to front-line enforcement, regulatory, and compliance assistance staff at the Employee Benefits Security Administration have similarly compromised the Agency's ability to ensure the solvency of self-funded health plans, the security of retirement benefits, the integrity of plan assets, the payment of promised benefits, the cybersecurity of plan accounts, and the integrity of health and disability plans. The requested FY 2023 Budget would restore lost staff and enable the agency to protect workers' interest in their health, retirement, and disability benefits. The return on the taxpayer's investment is significant, as reflected in the \$2.5 billion it recovered last year. The additional funds requested would contribute greatly to the benefit of the more than 158 million workers, retirees, and their families who depend on ERISA-covered plans for their medical benefits and for the security of their retirement in old age.

Currently, WHD enforcement staffing is near historic lows, impacting the ability of the agency to enforce fundamental labor protections including minimum wage, overtime, and family and medical leave for 148 million workers across the country. In particular, retaliation against workers for coming forward with a complaint about their pay or the misclassification of employees as independent contractors robs workers of their rightful wages, benefits, and protections. The FY 2023 Budget increases funding to the WHD by more than \$56 million over the FY 2022 enacted level. This funding increase will enable WHD to hire, train, and equip enforcement staff to better protect essential workers by safeguarding their pay and recovering back wages, with particular emphasis on the workers most vulnerable to wage violations and exploitive labor conditions.

The Budget requests to increase funding for the Office of Federal Contract Compliance Programs (OFCCP) by nearly \$39 million above the FY 2022 enacted level, enabling it to fully enforce employment antidiscrimination requirements to ensure federal contracting consistent with America's promise to all workers in America. Included in this increase is \$3.2 million to enable OFCCP to meet the increased need for its services as a result of the BIL. This funding will allow OFCCP to build its capacity to remove systemic barriers that workers in underrepresented communities face to accessing good jobs in construction and other growth industries that the BIL will bolster.

Critical to all these investments in protecting workers' pay, benefits, safety and health, and rights is rebuilding the Department's capacity to actually enforce the law. This can only be accomplished if the Office of the Solicitor is fully funded. SOL, the legal enforcement and support arm of the Department, has been kept approximately level-funded since FY 2013 despite increasing operational costs and rising demand for legal support in litigation, investigative assistance, advice, and regulatory work. As a result, SOL has lost over 100 staff since 2013, resulting in a severe diminution in enforcement actions. The Budget recognizes that without adequate resources for SOL, DOL will not be able to achieve its mission in any area. To avoid this, the Budget increases funding to SOL by \$52 million above the FY 2022 enacted level to support a total of 740 FTE.

The Budget also includes resources for the Department's Bureau of International Labor Affairs (ILAB) which safeguards dignity at work, both at home and abroad. ILAB ensures that our trading partners uphold their labor commitments so that America's workers can compete on a level playing field. Just this year, ILAB has been integral in supporting the first independent union elections at the General Motors plant in Silao, Mexico and the Tridonex auto parts facility in Matamoros, Mexico. We are proud to support these efforts to ensure that all workers can exercise their right to freedom of association and collective bargaining. Supporting workplace democracy across the world improves working conditions abroad, combats forced labor and child labor, improves livelihoods for vulnerable workers, and creates a fairer global economy for America's workers.

President Biden has made the creation of good jobs with the free and fair choice to join a union a cornerstone of this Administration. Fulfilling this promise requires a comprehensive rethinking of everything in the Department's capacity to improve job quality throughout the country. The Budget requests nearly \$4 million to support the Good Jobs Initiative, enabling the Department to provide additional training and technical assistance to agencies as they work to embed and promote good jobs principles in procurement, loans, and grants; engage employers on strategies and initiatives to improve job quality; and provide a centralized location of information and services on workers' rights under key workplace laws and on unions and collective bargaining for use by workers, unions, employers, researchers, other government agencies, and policymakers.

While UI provided a lifeline for millions of families throughout the pandemic, the pandemic has also shined a light on the inadequacies in the UI system after decades of underinvestment. Overburdened and outdated state UI systems kept millions of workers from getting benefits quickly and left many unable to access the program. These painful delays and barriers fell disproportionately hard on workers of color and low-income workers. To address these shortcomings, the Budget makes investments to ensure states can better handle higher volumes of claims and be better prepared for future crises. The Budget fully funds and updates the formula for determining the amount states receive to administer UI, which will allow states to serve claimants more quickly and effectively. In addition, the Budget includes a \$150 million investment to promote integrity in the UI system. This investment will provide funding to states

for identity verification services while also supporting IT infrastructure updates to prevent fraud and improve the claimant experience.

While these critical investments will make meaningful improvements to the UI system and help ensure families across the country can access this vital assistance when workers need it most, we must also keep in mind that no amount of financial investment will be able to, on its own, fix all of the issues in the UI system. That is why the Budget puts forward principles for UI reform. As the pandemic has made clear, regular UI benefits in most states are far too low, leaving families without the resources they need to make ends meet in times of economic crisis. Additionally, millions of workers who lost income due to the pandemic and recession were ineligible for UI benefits. And despite its important relief and stimulative effects, UI's reach across jobless workers remains uneven, with Black and Hispanic workers facing lower success rates for receiving benefits than white workers. The Administration and I are eager to work with Congress on broad changes to modernize the program as well as advance racial, geographic, and gender equity in the UI system.

Conclusion

As Labor Secretary, I've made it my priority to travel across the Nation. It's a personal mission of mine to amplify the voices of working people and share their stories on what they need, successes they have had, and how the Biden-Harris administration can support them. I was able to see how lead pipes impact communities like Harambee in Wisconsin, where the health of the children and everyone else depends on the success of a stalled lead pipe replacement project. I visited a public library in Dallas, Texas, that provides broadband internet for residents to help more people get access to online resources. And across the country I have seen first-hand how union-led job sites can boost local economies by hiring locally.

Despite all that we have been through, workers across the Nation are still showing up each and every day to help meet this moment. All of us have an opportunity to create an economy where everyone is respected, protected, and can thrive. The Department and the Biden-Harris Administration recommits its efforts to build an economy and a labor market that is more just and equitable and create opportunity for all.

Thank you for the opportunity to testify. I look forward to discussing our budget request with the committee, and I am happy to respond to any questions you may have.