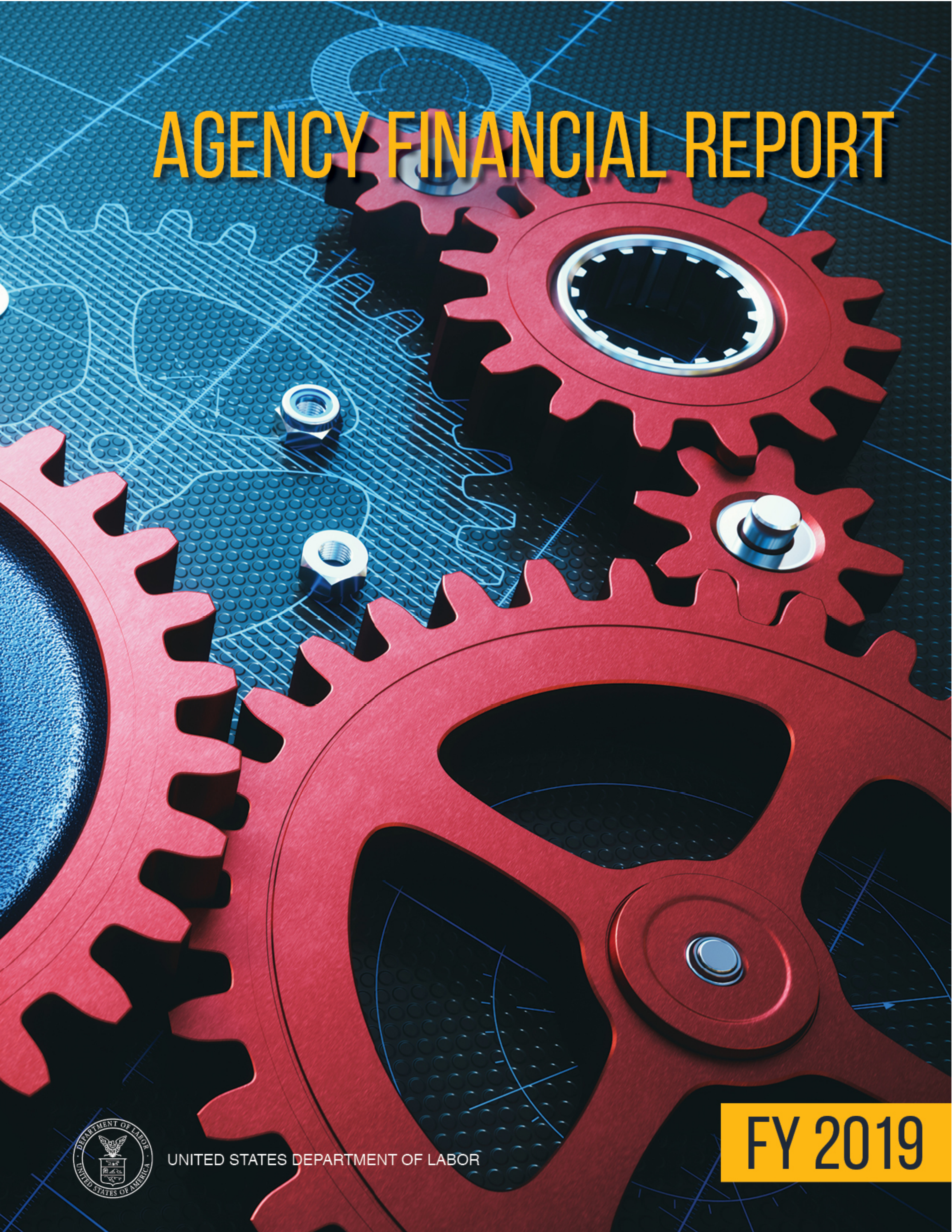
AGENCY FINANCIAL REPORT



UNITED STATES DEPARTMENT OF LABOR

FY 2019

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This report can be found on the Internet at www.dol.gov/general/aboutdol/.

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Message from the Secretary of Labor

Public service is a public trust. As Secretary, I have the privilege and responsibility to see that the Department furthers its mission and implements the President's agenda, and—as the Constitution puts it—to "take care that the laws be faithfully executed." This financial report focuses on one other important responsibility: ensuring the Department is a good steward of the taxpayers' money.

Accordingly, I am pleased to present the U.S. Department of Labor's FY 2019 Agency Financial Report (AFR). This annual publication to Congress and the American people demonstrates our operational record and financial stewardship of public funds. The report explains how we spend our funding, highlighting both our key accomplishments and our plans for the future. I am proud to report that an independent audit of our financial statements has once again resulted in an unmodified "clean" opinion.

Furthermore, the report contains an unqualified statement of reasonable assurance in the Department's internal controls, as required by the Federal Managers Financial Integrity Act (FMFIA) of 1982 and Office of Management and Budget Circular A-123. I note also that the *Management's Discussion and Analysis* section of this report provides the Department's assessment of internal controls and compliance of its financial management systems. The financial data and summary performance results provided in this report is reliable and complete, in accordance with federal requirements.

This financial report provides transparency into how the Department is using public funds. In addition, we analyze our programs to determine whether we are providing taxpayers with the best possible return on their investment. We have an ambitious evaluation agenda, with the aim of assessing the impact of our programs on the lives of workers and their families. By measuring these results, we can strengthen initiatives that work and change the ones that don't. The *Program Performance Overview* part of the *Management Discussion and Analysis* section gives additional information on our evaluation work, while the Department's Annual Performance Report and Budget on DOL.gov gives in-depth performance information.

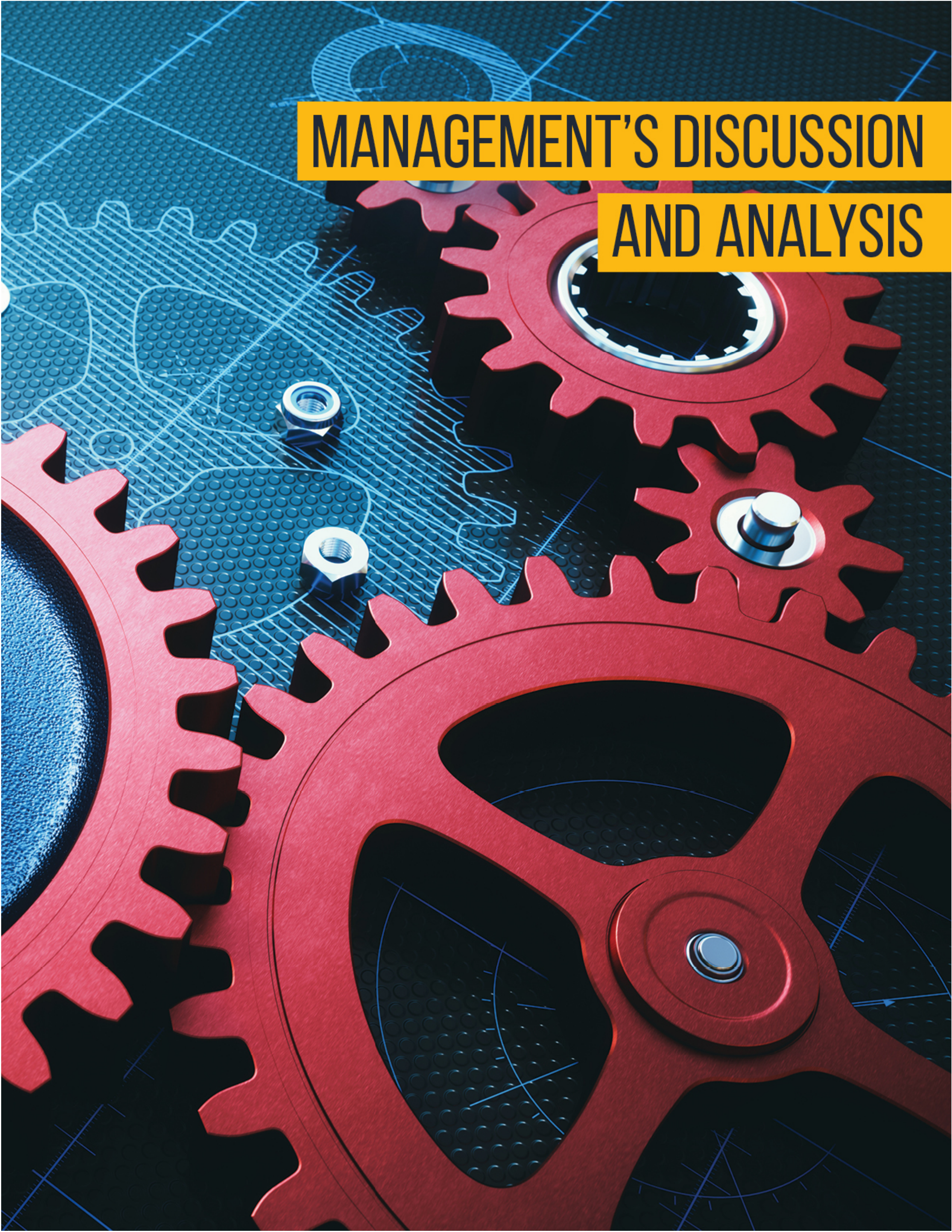
Eugene Scalia
U.S. Secretary of Labor

The Department of Labor's Mission:
"To foster, promote, and develop the welfare of the wage earners, job seekers, and retirees of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights."

This Administration, and this Department, have been working hard to create more opportunity for the American workforce. From enforcing worker protection laws, to educating workers to gain new skills, to supporting workers who've fallen on hard times, the men and women of the U.S. Department of Labor take its mission seriously. I look forward to continuing to support this mission in the months ahead, and to safeguarding this public trust.

EUGENE SCALIA
U.S. Secretary of Labor
November 18, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS



Our Mission:

To foster, promote, and develop the welfare of the wage earners, job seekers, and retirees of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights.

U.S. Department of Labor's (DOL or the Department) annual Agency Financial Report (AFR) provides financial data and summary performance results that enable the President, Congress, and American people to assess the Department's accomplishments for each fiscal year (October 1 through September 30). This report provides an overview of programs, accomplishments, challenges, and management's accountability for the resources entrusted to the Department. The AFR is prepared in accordance with the requirements of Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements*.

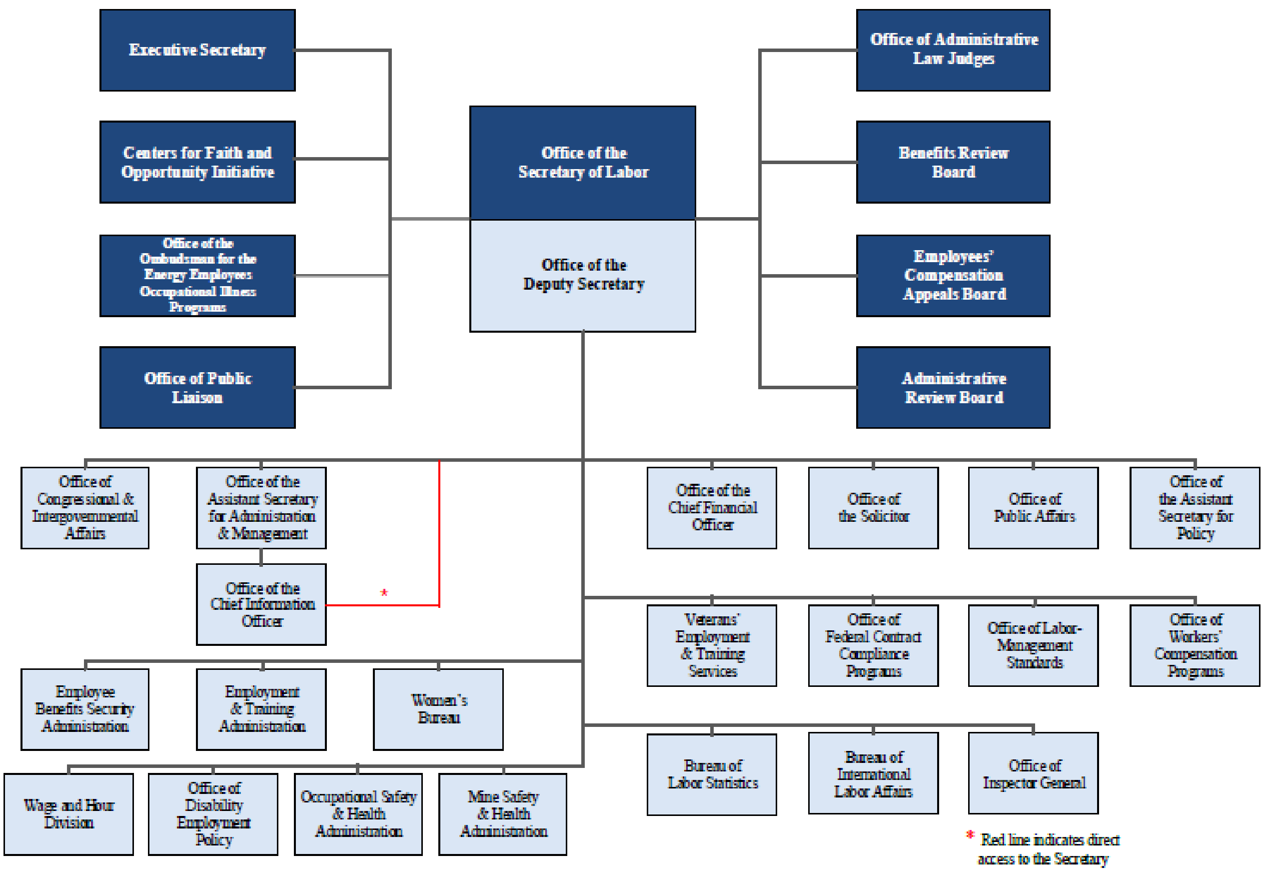
Mission Statement and Organizational Structure

DOL's mission remains as relevant today as at the Department's founding in 1913:

> *"To foster, promote, and develop the welfare of the wage earners, job seekers, and retirees of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights."*

The Department accomplishes this mission through component agencies and offices that administer various statutes and programs. These programs are carried out through a network of regional offices and smaller field, district, and area offices, as well as through grantees and contractors.

US Department of Labor Organizational Chart



*Office of the Chief Information Officer is a component of Office of the Assistant Secretary for Administration and Management but has direct access to the Secretary.

U.S. Department of Labor Headquarters: Frances Perkins Building

DOL Headquarters, Frances Perkins Building
Washington, D.C., USA

Program Performance Overview

The Program Performance Overview discusses the Department's key performance measures and program priorities. This section includes results for measures related to spending as reported in the following Financial Section. Performance results for outcome measures reported under the Government Performance and Results Act are included in the *Annual Performance Report*, which will be published by February 3, 2020 with the FY 2021 Congressional Budget Justification. These reports will be posted at https://www.dol.gov/dol/general/budget.

The Program Performance Overview organizes DOL program agencies into three categories that report FY 2019 performance data. The Department's mission is also supported by administrative, policy, legal, public affairs, and Congressional liaison offices.

Employment and Statistical Programs
Employment and Training Administration (ETA) Veterans' Employment and Training Service (VETS) Office of Disability Employment Policy (ODEP) Women's Bureau (WB) Bureau of Labor Statistics (BLS)
Worker Protection Programs
Occupational Safety and Health Administration (OSHA) Mine Safety and Health Administration (MSHA) Wage and Hour Division (WHD) Office of Federal Contract Compliance Programs (OFCCP) Bureau of International Labor Affairs (ILAB) Office of Labor-Management Standards (OLMS)
Compensation and Benefits Programs
Office of Workers' Compensation Programs (OWCP) Federal-State Unemployment Insurance (UI) Program (administered by ETA) Employee Benefits Security Administration (EBSA)

The following section presents a brief description of the programs administered by each agency, a brief statement of forward-looking information, and the most recent results for key performance measures. The Department tracks performance through over 400 measures. The selected measures below are most representative of agency activities.

EMPLOYMENT AND STATISTICAL PROGRAMS

Employment and Training Administration (ETA)

ETA provides employment assistance, labor market information, and job training through the administration of programs authorized by the Workforce Innovation and Opportunity Act (WIOA) for adults, youth, dislocated workers, and other populations. Additionally, ETA administers the Job Corps program; the Trade Adjustment Assistance program; the Employment Service, authorized under the Wagner-Peyser Act; Foreign Labor Certification activities; the Community Service Employment for Older Americans program; and Apprenticeship programs. All ETA grants are monitored on an ongoing basis to ensure accountability and to track performance outcomes.

Staff in the six ETA Regional Offices, as well as field offices, monitor grants to ensure compliance with federal statutes and regulations and assess performance progress through enhanced desk monitoring reviews and on-site monitoring reviews. WIOA underscores the importance of strategic efforts and strong communication with our federal partners. This includes the coordination of technical assistance and monitoring activities. ETA monitored 36% of all active grants assigned to the regions in FY 2019, exceeding the target of 26%. This outcome includes all monitoring that resulted in a monitoring report, irrespective of the type of monitoring conducted (enhanced desk monitoring review or on-site monitoring review).

Looking Forward: As of October 1, 2019, ETA has a total of 2,258 active grants with funding totaling $20.2 billion; 1,871 grants are assigned to 199 regional FTE, and 387 grants are assigned to approximately 18 FTE in the national office. ETA will maintain the same grant monitoring target of 26% in FY 2020.

Veterans' Employment and Training Service (VETS)

VETS is committed to meeting the employment and training needs of veterans, transitioning service members, and eligible spouses–especially those with significant barriers to employment. VETS also focuses on connecting employers across the country with work-ready veterans. VETS' mission is to prepare America's veterans, service members, and their spouses for meaningful careers; provide them with employment resources and expertise; protect their employment rights; and promote their employment opportunities.

One component of VETS' service to veterans with significant barriers to employment is the Homeless Veterans' Reintegration Program (HVRP). HVRP addresses the needs of one of the most vulnerable populations of veterans, those who are homeless or at risk of homelessness. HVRP provides employment and training services to homeless veterans, equipping them with the skills to gain meaningful employment. VETS increased the grant ceiling for each HVRP grantee to $500,000 to aid grantees in serving this complex and vulnerable population. VETS will analyze performance data from 2019 and 2020 to determine the impact of this change. In FY 2019, VETS achieved 92% of its target with an HVRP participant job placement rate of 55.9% while serving nearly 20,000 participants.

VETS is also responsible for administering the Uniformed Services Employment and Reemployment Rights Act (USERRA) program, which protects civilian job rights and benefits for active duty service members, veterans, and members of the National Guard and Reserves. USERRA provides anti-discrimination provisions that prohibit employers from taking adverse actions against any current or prospective employee, due in part to those individuals' past, present, or future military service, status, or obligations. To provide prompt resolution for both claimants and employers, VETS assesses the percent of closed USERRA cases that meet the agency's quality standard and the customer satisfaction of USERRA cases. VETS FY 2019 performance exceeded the established quality goal with a result of 98.0%, compared to a 95.0% target. VETS is currently assessing other agencies' metrics and quality assessment procedures in an effort to consider alternative methods to gauge the quality of USERRA investigations and referrals. After completing a pilot in FY 2018 to improve the case Report of Investigations (ROI), in FY 2019 VETS revised the ROI to provide consistency in the investigative and case review processes, streamline the process, and eliminate redundancies inherent in other tools previously used.

Looking Forward: In FY 2020, VETS will continue to measure HVRP success by using the job placement metric in conjunction with average hourly wages of those job placements. VETS will work to provide quick job placement into a career path with sustainable wages as this is a key to ensuring the participant's success. VETS will continue to improve the USERRA case ROI and all VETS investigative and case review processes. VETS will also implement the use of full-time investigators (as opposed to federal staff who divide their time between investigative and program oversight responsibilities) within VETS regional offices to further professionalize USERRA investigations and case review.

Veterans' Employment and Training Service (VETS)					
Measure	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Percent of closed USERRA cases meeting the agency's quality standard (annual)	91.7%	95.5%	99.0%	96.0%	98.0%

Office of Disability Employment Policy (ODEP)

ODEP uses data and evidence to promote the adoption and implementation of policy strategies and effective practices to increase the number and quality of job opportunities for people with disabilities. Based on research and evaluation, ODEP develops or identifies effective policy and practices, conducts outreach to share this critical information, and provides technical assistance to all levels of government and employers to aid them in adoption and implementation.

In FY 2019, ODEP monitored Policy Outputs and Implementation Tools as key performance measures. ODEP issued 66 Policy Outputs, against a target of 44, which include documents recommending or implementing a significant policy change or an interpretation of existing policy related to disability employment. ODEP issued 110 Implementation Tools, which are technical assistance and informational materials developed to aid entities in adopting and implementing proven practices.

In FY 2019, ODEP implemented the Retaining Employment and Talent After Injury/Illness Network (RETAIN) Demonstration Projects to promote Stay-at-Work/Return-to-Work policies and practices. The demonstration projects, in eight states, will build evidence for what works in retaining employees or bringing them back to work after a temporary absence due to occupational as well as non-occupational illness and/or injury. ODEP also worked with several other states that are interested in adopting systemic changes that facilitate retention and return-to-work rates after a temporary work disability.

Looking Forward: In FY 2020, ODEP will award additional funds to a subset of RETAIN grants to continue with Phase 2 of the Demonstration Projects. Phase 2 will scale up the pilots and build evidence on what works in early intervention strategies. ODEP will continue its work with states to promote disability employment policy through its State Exchange on Employment and Disability Initiative. Additionally, ODEP will launch two new Policy Development Centers focused on serving adults and youth with disabilities who engage the public workforce system for their employment needs.

Women's Bureau (WB)

WB conducts research to formulate practices and policies aimed at increasing equal economic and employment opportunity and advancement for working women and their families. WB identifies trends, data gaps, policy and programmatic needs, and strategic interventions necessary to safeguard the interests of working women. These efforts allow WB to inform and educate individuals and organizations at the local, state, and national levels about the issues facing women in the labor force.

In FY 2019, WB awarded nearly $1.5 million in Women in Apprenticeship and Nontraditional Occupations (WANTO) grants to three organizations in Illinois, Virginia, and Wisconsin to help recruit, train, and retain women in pre-apprenticeship and apprenticeship programs. The grants will help women pursue careers in manufacturing, infrastructure, cybersecurity, health care, and other industries. Additionally, WB awarded nearly $2.5 million to organizations in five states to help women affected by the opioid crisis re-enter the workforce. The Re-Employment, Support, and Training for the Opioid Related Epidemic (RESTORE) grants are intended to foster cooperative relationships among a wide range of entities, including key stakeholders, public health and substance abuse treatment professionals, and other human services and support service providers, to provide skills development and employment services to women workers.

In February 2019, WB concluded a series of regional child care listening sessions with a roundtable discussion at the White House with Advisor to the President, Ivanka Trump, on improving access to high-quality, affordable child care for families.

In FY 2019, WB created 21 policy and research deliverables, exceeding its target of 16 and highlighting its role as a thought leader and consistent government source of emerging research, gender analyses and resources for women in the labor force.

Looking Forward: In FY 2020, WB will conduct a series of activities in recognition of its 100th anniversary. Additionally, WB plans to continue the WANTO and RESTORE grant programs. WB will continue collaborations with the Department of Health and Human Services (HHS) on a series of regional child care roundtables on improving access to high-quality child care and on assembling a database on county-level child care costs. WB will continue the regional paid leave listening sessions that began in late FY 2019, and develop web resources depicting the results of the Leave and Job Flexibilities Module. WB also will undertake one or more inter-agency collaborations to search public-health datasets for information shedding light on the connections between women's use of opioids and labor force participation.

Bureau of Labor Statistics (BLS)

BLS supports public and private decision making by publishing measures of labor market activity, working conditions, price changes, and productivity in the U.S. economy. BLS executes its mission with independence while protecting the confidentiality of its respondents and their data. BLS produces accurate, objective, relevant, timely, and accessible data and analysis, which BLS designs to meet the diverse data needs of a broad customer base.

BLS strives to ensure that its data products are readily accessible to its customers through the internet, most commonly through www.bls.gov, and meet users' needs. BLS uses the average number of website page views to track the dissemination of its data. In addition, BLS uses the ForeSee Experience Index (FXI) to measure customer feedback with its website. The FXI survey prompts users for feedback while they are on the www.bls.gov website regarding the extent to which the website meets their needs. BLS uses these results to improve the website, to better serve its stakeholders, and to measure mission achievement.

In FY 2019, BLS reached 100% of the underlying timeliness and accuracy targets for all its Principal Federal Economic Indicators (PFEIs). BLS reached 75% (6 out of 8 measures) of the underlying relevance targets for its PFEIs, missing the CES *National monthly and annual series (published and unpublished) maintained,* and the PPI *Indexes published monthly*. BLS experienced fewer average website page views compared to FY 2018, averaging approximately 13.7 million page views each month. Technology trends and modern methods of accessing data, such as using Application Programming Interfaces (APIs) and retrieving data through intermediaries, potentially have impacted the number of page views across the website. BLS continues to analyze the drivers behind this trend, and beginning in FY 2020, BLS will include API requests in the *Dissemination* measure. BLS scored slightly lower in the FXI compared to FY 2018, with a year-end score of 75. Results for the five performance measures are shown in the table below.

Looking Forward**:** BLS will continue to report timeliness, accuracy, and relevance for its PFEIs; track dissemination of its website; and measure customer satisfaction with its website. BLS also will continue to evaluate its targets in the interest of continuous improvement.

Bureau of Labor Statistics (BLS)					
Measure	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Percentage of timeliness targets achieved for the Principal Federal Economic Indicators (PFEIs)	100%	100%	100%	100%	100%
Percentage of accuracy targets achieved for the PFEIs	100%	100%	100%	85%	100%
Percentage of relevance targets achieved for the PFEIs	100%	100%	100%	88%	75%
Average number of BLS website page views each month (Dissemination)	16,965,254	16,324,885	15,514,973	14,924,242	13,682,746
Customer satisfaction with the BLS website through the ForeSee Experience Index (Mission Achievement)	75	76	75	77	75

WORKER PROTECTION PROGRAMS

Occupational Safety and Health Administration (OSHA)

OSHA is authorized by the Occupational Safety and Health Act of 1970 (OSH Act) to assure safe and healthful conditions for working men and women by setting and enforcing standards and providing training, outreach, education, and technical assistance. OSHA aims to reduce the number of work related illnesses, injuries, and fatalities and contributes to the broader goal to promote competitiveness of America's economy. The most recent data for key measures of OSHA's activity—the number of safety and health inspections—are presented in the table below.

Safety inspections conducted in general industry and construction take place in a variety of high-hazard industries. Health inspections are conducted in general industry and construction and address chemical, biological, physical, and ergonomic hazards.

Preliminary results show there was an increase in safety inspections to 27,825 in FY 2019. The preliminary number for completed health inspections is 5,490, which is a small decrease in the number of previous years' health inspections. OSHA continued to allocate significant enforcement resources to respond to employer-reported incidents in accordance with OSHA's severe injury reporting (SIR) requirements. These requirements stem from the Occupational Injury and Illness Recording and Reporting Requirements-North American Industry Classification System Update and Reporting Revisions regulation, which took effect January 1, 2015. The SIR increased the number of employer-reported referrals, as employers must now report hospitalizations of one employee or more and any fatality to the Agency. OSHA addressed these reports through either unprogrammed inspections or non-formal rapid response investigations (RRI). This activity reduced the time and resources available for previously programmed inspection activity, which prioritized high hazard industries or focused emphasis on program related inspections. Preliminary data indicate the RRI activity increased the unprogrammed workload by adding slightly more than 8,300 non-formal investigations for FY 2019.

OSHA administers the whistleblower protection provisions of Section 11(c) of the OSH Act. Section 11(c) prohibits any person from discharging or in any manner retaliating against any employee because the employee has exercised rights under the OSH Act. Also, OSHA protects workers from retaliation through 23 other whistleblower protection statutes; this includes reported violations of various airline, commercial motor carrier, consumer product, environmental, financial, food safety, health care, nuclear, pipeline, public transportation agency, railroad, maritime, and securities laws. In FY 2019, according to preliminary data, OSHA completed 3,088 whistleblower investigations, exceeding the targeted 2,655 investigations, and awarding more than $16 million to complainants including 34 reinstatements.

Looking Forward: In FY 2020, OSHA's effort to promote Safety and Health Programs (SHP) will unite the various programmatic components of the agency in a common, proactive, and positive message addressing the agency's core mission. Companies that adopt an SHP improve both their safety culture and safety performance. In addition, OSHA cooperative program participants often reach stakeholders that OSHA may not otherwise interact with through dissemination of safety and health information locally, within their company, or industry. OSHA will also continue to focus on reducing the burden on small employers, providing assistance to small employers, and trying to reach more small businesses with proactive and helpful information and services. Finally, OSHA will continue to refine current enforcement strategies and implement new programs to target inspection resources to the most egregious employers and serious hazards.

Occupational Safety and Health Administration (OSHA)					
Measure	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Safety Inspections	28,904	25,704	26,607	26,453[r][1]	27,825[e][2]
Health Inspections	6,918	6,244	5,789	5,567[r]	5,490[e]

Mine Safety and Health Administration (MSHA)

The Mine Safety and Health Administration works to prevent death, disease, and injury from mining and promote safe and healthful workplaces for the nation's miners. MSHA enforces provisions of the Federal Mine Safety and Health Act of 1977 (Mine Act), as amended by the Mine Improvement and New Emergency Response Act of 2006.

The foundation of MSHA's enforcement program is the mandatory inspections required under the Mine Act. MSHA is required to conduct four inspections annually at active underground mines and two inspections annually at active surface mines. In the past, MSHA reported the number of inspections conducted by coal or metal and nonmetal mine type. Fluctuations in the number of inspections over time reflect the variation in the number of mines operating during any given year. Thus, MSHA determined that targeted outputs for statutorily mandated inspections based on

[1] [r] Indicates revised result from the FY 2018 AFR.
[2] [e] Indicates estimated preliminary result.

historical data was not an effective measure of enforcement effectiveness. Beginning in FY 2019, MSHA reported the percent of regular mandated inspections for underground and surface mines and achieved the goal of 100 percent compliance for both mine types.

Looking Forward: To protect the safety and health of America's miners, MSHA will use the following strategies in pursuit of achieving its mission: reducing powered haulage injuries, increasing inspection and enforcement effectiveness, strengthening and modernizing training and education, strengthening safety and health standards, and enhancing efforts to protect miners from discrimination.

Mine Safety and Health Administration (MSHA)					
Measure	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Percent of regular mandated underground inspections	100%	100%	100%	100%	100%
Percent of regular mandated surface inspections	100%	100%	100%	100%	100%

Wage and Hour Division (WHD)

WHD is responsible for administering and enforcing laws that establish the minimum standards for wages and working conditions. WHD enforces and administers the minimum wage, overtime, and child labor provisions of the Fair Labor Standards Act; the prevailing wage requirements and wage determination provisions of the Davis-Bacon Act and Related Acts, Service Contract Act, Contract Work Hours and Safety Standards Act, Walsh-Healey Act, and Copeland Act; the wages and working conditions under the Migrant and Seasonal Agricultural Worker Protection Act; the Family and Medical Leave Act; the Employee Polygraph Protection Act; and the garnishment provisions of the Consumer Credit Protection Act. WHD also enforces the field sanitation and temporary labor camp standards in agriculture and certain employment standards and worker protections of the Immigration and Nationality Act. Collectively, these labor standards cover most private, state, and local government employment. They protect over 143 million workers in more than 9.8 million establishments throughout the U.S. and its territories.

WHD relies on a combination of rigorous enforcement and robust compliance assistance efforts to achieve the greatest impact. Employers and employees benefit when businesses manage costs through innovation and efficiencies rather than by violating the law. The agency uses data and evidence to identify areas and industries in which serious violations may be widespread and often organizes educational and enforcement initiatives in those areas. WHD complements enforcement with outreach and education to employers. By partnering with industry and employers to produce meaningful compliance assistance, WHD can increase voluntary compliance with the laws it enforces. By combining enforcement with education, more workers in this country can obtain stable and secure income and responsible businesses can succeed. In FY 2019, WHD continued to maintain a high percentage of "Agency-Initiated Investigations," with nearly 52% of concluded investigations, against a target of 46%, falling into this category. Data show that agency-initiated investigations in identified priority industries (versus complaint-based investigations) coupled with the strategic use of enforcement resources have achieved positive results for low-wage workers and resulted in a greater deterrent effect.

"Percent of Investigations in Priority Industries" reflects WHD's commitment to prioritizing enforcement resources in those industries with the most serious violations rather than burdening compliant employers with investigations that do not uncover compliance problems. The increased level of agency-initiated investigations, as well as prioritization of complaints, has increased the agency's presence in those priority industries that have a history of violations. WHD's performance has led to significant outcomes. In the last 5 years, WHD has helped more than 1.3 million workers and recovered more than $1.4 billion in back wages. In FY 2019 alone, WHD collected over $322 million in back wages. WHD enforcement actions in FY 2019 found, on average, approximately $1,025 for each employee due back wages.

Looking Forward: To protect fair and vigorous competition, WHD addresses compliance issues systemically and prevents violations through compliance assistance to reach a broader audience. Given the size of our organization relative to the size of the regulated community–over 143 million workers and 9.8 million workplaces–we must make wise use of every resource. Moving forward, WHD has streamlined its performance measures to focus agency personnel on key priorities. The result is a mix of measures that incentivize efficiency, productivity, impactful/meaningful enforcement, and outreach. In addition to our performance framework, WHD is leveraging data and reporting tools to monitor and move case inventory efficiently and expeditiously. In addition, WHD has implemented an internal baseline measure to inform future changes to its performance framework. Compliance assistance to the employer community is a central component of WHD's efforts to meet its mission, and the demand for accessible information about the laws WHD enforces remains high. WHD will continue efforts to modernize compliance assistance information, continue to produce and update materials in plain language, and reach and inform a broader audience.

Office of Federal Contract Compliance Programs (OFCCP)

OFCCP ensures that nearly 120,000 federal contractor facilities and locations provide equal employment opportunities leading to a fair and diverse workplace. OFCCP administers and enforces three legal authorities: Executive Order 11246, as amended; Section 503 of the Rehabilitation Act of 1973, as amended; and the Vietnam Era Veterans' Readjustment Assistance Act (VEVRAA) of 1974, as amended. Together, these legal authorities ban discrimination and require federal contractors and subcontractors to take affirmative action to ensure that all individuals have an equal opportunity for employment, without regard to race, color, religion, sex, sexual orientation, gender identity, national origin, disability, or status as a protected veteran. Additionally, federal contractors and subcontractors are prohibited from, under certain circumstances, taking adverse employment actions against applicants and employees for asking about, discussing, or sharing information about their pay or the pay of their co-workers.

OFCCP's compliance evaluations and complaint investigations measure federal contractors' compliance with legal obligations under these authorities. Since 2018, OFCCP has refocused its efforts to reach more contractors through compliance evaluations and compliance assistance. Effort has also been made to schedule more compliance evaluations. The FY 2019 scheduling list included 3,500 establishments compared to 1,000 establishments in the FY 2018 list and covered more than 1,200 parent companies for the first time in OFCCP history. In addition, three industries that had the highest rate of violations in the last five years were targeted as likely violators and made up one-third of the scheduling list. OFCCP also took initiative to enforce Section 503 of the Rehabilitation Act more rigorously by adding 500 corporate headquarters for a Section 503 focused review on the scheduling list. OFCCP also worked to ensure that workers receive equal pay without discrimination and were not steered to lower paying jobs because of sex stereotyping. OFCCP has also trained front-line compliance officers and managers to resolve cases quickly and be transparent during this process.

In FY 2017, OFCCP obtained over $23.9 million in financial remedies for these victims, double the $10.6 million in financial remedies obtained in FY 2016, with fewer cases. Continuing this trend, in FY 2018 OFCCP closed 812 compliance evaluations that returned financial remedies of $16.4 million. Also in FY 2018, OFCCP completed 90 percent of construction evaluations from high-impact construction projects that have a significant employment and economic impact in a community. In FY 2019, OFCCP closed 1,432 compliance evaluations that returned financial remedies of $40.6 million, completed 86% of construction evaluations from high-impact construction projects, and achieved 103% of target on a new measure created in FY 2018, "Percent of Discrimination Conciliation Agreements with Systemic Pay Discrimination Findings." The agency worked very efficiently in FY 2019. Median days to complete the desk audit, close a discrimination case, and close a case without discrimination violation, all were significantly reduced compared to the previous year. Quarterly audits of closed cases also met the yearly targets. Percent of cases without major deficiencies as well as percent of cases without technical deficiencies were on target at 95% and 86%, respectively.

Looking Forward: In FY 2020, OFCCP will continue to practice principles of certainty, efficiency, recognition and transparency. It will enforce all its legal authorities while providing technical assistance to the regulated community to make them self-compliant. OFCCP has set very high standards for FY 2020 and will direct human, financial, and IT resources to meet annual targets in all areas of its operations. The agency will complete its initiative on Section 503 focus reviews and will add focus reviews on VEVRAA and promotions.

Bureau of International Labor Affairs (ILAB)

ILAB promotes a level global playing field for workers and businesses in the United States and around the world by improving labor conditions and advancing U.S. labor priorities in key countries. ILAB's goal is to ensure that countries that fail to enforce their labor laws, or allow exported goods to be produced through exploitative labor conditions, do not receive an unfair advantage at the expense of children and forced laborers.

ILAB supports quality jobs in the United States by ensuring U.S. trade agreements and preference programs are fair for American workers; combating international child labor, forced labor, and human trafficking; and improving global working conditions. ILAB has four main cross-cutting strategies for achieving this goal: (1) monitoring, evaluating, and reporting to strictly enforce countries' compliance with labor-related trade commitments and relevant labor standards; (2) developing, advocating for, and negotiating policy positions that advance U.S. interests; (3) overseeing technical assistance and cooperative activities to strengthen implementation of labor laws and standards and reduce the exploitation of vulnerable workers and children in key countries; and (4) conducting and disseminating research on various international labor, trade, and/or economic issues and conditions.

Looking Forward: In FY 2020, ILAB will engage trading partner countries to encourage compliance with their labor commitments and the implementation of actions to improve protection of labor rights, including through monitoring labor conditions and enforcement where necessary, with the goal of leveling the playing field for U.S. workers and businesses. To achieve its program goals, ILAB will continue to engage in negotiating, monitoring, enforcing, reporting, technical cooperation, and research and evaluation activities.

Office of Labor-Management Standards (OLMS)

OLMS protects the rights of American workers by administering the Labor-Management Reporting and Disclosure Act (LMRDA) and related laws, which safeguard union democracy and financial integrity, and promote financial transparency.

OLMS focuses audit resources by using advanced targeting techniques to identify the labor unions most likely to be subject to a violation of the law. The success of audit targeting strategies is measured by the Percent of Targeted Audits that Result in a Criminal Case (Fallout Rate). Since the implementation of this performance measure, OLMS has increased the fallout rate from 15.2% against a target of 13% in FY 2011 to 19% against a target of 16% in FY 2019. Timely resolution of union election complaints is a paramount goal of the LMRDA, and OLMS gauges its progress against this goal through the "Average Number of Days to Resolve Union Officer Election Complaints" measure. From an average of 79 days in FY 2011, OLMS has reduced the average number of days to resolve complaints to 65.6 days, below the 69-day target for FY 2019.

OLMS is also making it easier for unions, employers, and consultants to file the financial and activity reports required under the LMRDA, and it tracks success in these efforts through the "Percent of Disclosure Reports Filed Electronically" measure. OLMS continues to use existing outreach tools (e.g., seminars, compliance assistance incidental to an audit, and its Voluntary Compliance Partnership program) to introduce and encourage union leaders and other filers to use web-based forms. In FY 2019, OLMS achieved an e-filing rate of 85.3% against a target of 70%.

Looking Forward: OLMS will focus on continued improvements in the results for its three highest-priority measures. For the fallout measure, OLMS will refine targeting techniques to direct investigative resources toward the most productive audits and has increased its fallout measure target for FY 2020 to 16.5%. The target for the average number of elapsed days to complete election investigations has been decreased to 68 days and will be met by identifying new means of communications and coordination between the National Office, SOL, and field staff. Finally, OLMS will increase the FY 2020 electronic filing rate target to 80% of all disclosure reports. It will meet this goal through three methods. First, regulatory changes will mandate electronic filing for particular forms. Second, OLMS will continue to develop electronic versions of forms that are not yet required to be filed electronically. Third, OLMS will leverage its Voluntary Compliance Partnership program, which is a cooperative compliance assistance effort with 43 international and national unions, to foster greater use of electronic filing among their affiliates through targeted outreach.

COMPENSATION AND BENEFITS PROGRAMS

Office of Workers' Compensation Programs (OWCP)

OWCP provides workers' compensation benefits through four programs: the *Federal Employees' Compensation Act (FECA) Program* provides wage-loss compensation, payment for medical treatment, and return-to-work assistance for federal employees who are injured or ill on the job; the *Longshore and Harbor Workers' Compensation Act (Longshore) Program* oversees the delivery of benefits by private sector employers and insurance carriers to injured workers in certain maritime and related employment, and to Federal Government contractors working overseas; the *Black Lung Benefits Act (Black Lung) Program* oversees or provides compensation and medical benefits to coal miners who are totally disabled due to pneumoconiosis arising out of coal mine employment, and compensation to survivors of coal miners whose death is attributable to the disease; and the *Energy Employees Occupational Illness Compensation Program Act (Energy) Program* provides compensation and medical benefits to employees or survivors of employees of the Department of Energy (DOE) and contractors or subcontractors of DOE, who worked on the nuclear weapons program and became ill due to exposure to radiation or toxic substances.

OWCP faces the challenge of the nationwide opioid drug epidemic and works to ensure that initial encounters with prescription opioids are limited in supply and duration to only what is appropriate and necessary. The FECA program identified the implementation of policies to control the overuse of opioid medications as an Agency Priority Goal for FY 2018–FY 2019. Preliminary results for FY 2019 show that OWCP reduced initial opioid prescriptions with durations over 29 days for federal employees with work related injuries by 64% from the FY 2016 baseline, more than doubling the target of 30%.

A major aspect of the Longshore program focuses on ensuring that employer injury reports and first payment of benefits are timely. The percentage of first payments of compensation issued for non-Defense Base Act cases within 30 days from the date disability begins increased from 88% in FY 2015 to 89% in FY 2019, which exceeded the target of 87%.

The Black Lung program experienced a significant increase in the number of claims filed in FY 2010, another surge in FY 2014, and claims volumes remained high through FY 2019. As incoming claims continued to climb, staffing remained level and the pending claims continued to age. Consequently, the average time to process a Black Lung claim rose from 273 days in FY 2015 to 335 days in FY 2018. In FY 2019, the program focused on maximizing productivity, optimizing the timeliness of claims actions within the direct control of claims staff, and managing pending claims—with a special emphasis on the cohort of claims pending more than 365 days. As a result, the program reduced average processing time by nearly 10 percent from 335 days to 304 days. In addition, the program sustained strong productivity, issuing 6,241 Proposed Decisions and Orders, and reduced the number of claims pending for more than 365 days from 15.2% at the beginning of FY 2019 to 12.3% at year's end, while reducing the total pending claims inventory by 5%. The Black Lung program also continued to pursue quality initiatives for issuing accurate decisions.

The Energy program works closely with DOE, the Department of Justice, the Social Security Administration, and the National Institute for Occupational Safety and Health (NIOSH) to issue claim decisions. The average number of days between filing date and final decision for cases not sent to NIOSH when a hearing was not held was reduced from 169 days in FY 2015 to 155 days in FY 2019 (exceeding the FY 2019 target of 170 days); this measure accounts for approximately 70% of all claims.

Looking Forward: In FY 2020, OWCP will continue development of the OWCP Workers' Compensation System (OWCS), an integrated claims processing and management system for all four programs. OWCP expects the Longshore program to fully implement OWCS in 2020. OWCP will leverage efficiencies gained by centralizing and modernizing administrative functions to enable professional staff to increase decision-making productivity on new and pending Black Lung claims. OWCP will also create efficiencies in the Energy program by centralizing certain administrative functions by changing the way that the program makes assignments.

Federal-State Unemployment Insurance (UI) Program (administered by ETA)

The Federal-State UI Program, authorized under the Federal Unemployment Tax Act and Title III of the Social Security Act, provides temporary, partial wage replacement for eligible unemployed workers, providing them with income support when suitable work is unavailable. To qualify for benefits, unemployed workers must meet eligibility requirements established by state laws that conform to federal law, including that they have worked recently, are involuntarily unemployed, are able and available for work, and are actively seeking work.

As of June 30, 2019, one of the key measures for this program, "First Payment Timeliness" (Percent of All Intrastate First Payments Made within 21 Days after the Last Day of the First Compensable Week) had a preliminary FY 2019 result of 86.3%, which is a significant improvement in performance over the last several years.

In FY 2019, using the states' performance on the "First Payment Timeliness" core measure data, ETA worked with all states failing to meet the performance standard by requiring Corrective Action Plans (CAPs) to achieve first payment timeliness in their State Quality Service Plans. ETA continues to provide intensive technical assistance and enhanced monitoring to the nine states that were designated "High Priority" in previous years for poor overall performance. Two states have made significant progress in their performance and were removed from "High Priority" designation in FY 2019. Of the remaining seven states, four states have made good progress in some of their focus areas, and the other three states have improved compared to their prior year performance. Additionally, in FY 2019, ETA selected one additional state with the poorest overall performance to provide it with intensive technical assistance and increased monitoring to support performance improvement. Please refer to UI Program Letter No. 17-16 for details on the selection criteria for these "High Priority" states:
https://wdr.doleta.gov/directives/attach/UIPL/UIPL_17-16.pdf.

Looking Forward: In FY 2020, ETA UI staff will continue its work with "High Priority" states to develop comprehensive CAPs designed to improve performance. Additionally, ETA will continue with enhanced monitoring of these states and provide customized technical assistance to support performance improvement.

In FY 2019, ETA received the UI benefit operations self-assessment results from all state workforce agencies. Puerto Rico and the Virgin Islands have been provided with an extension for submitting their results to ETA. In FY 2020, ETA will use these results for monitoring and providing appropriate technical assistance to support state UI agencies in making improvements to their UI benefits operations. Please refer to UI Program Letter No. 18-17 for guidance to states on the use of the self-assessment questionnaire and reporting of results to ETA:
https://wdr.doleta.gov/directives/attach/UIPL/UIPL_18-17.pdf

Employment and Training Administration - Unemployment Insurance					
Measure	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
First Payment Timeliness (Unemployment Insurance)[3]	83.7%[r]	84.5%[r]	84.5%	84.5%[r]	86.3%[e]

Employee Benefits Security Administration (EBSA)

EBSA is charged with protecting more than 154 million workers, retirees and their families who are covered by nearly 710,000 private retirement plans, 2.4 million health plans, and millions of other welfare benefit plans. Together, these plans hold estimated assets of $10.6 trillion. EBSA's proactive enforcement, outreach and education programs protect the most vulnerable populations while ensuring broad compliance with the Employee Retirement Income Security Act of 1974 (ERISA) and related laws. EBSA assists plan fiduciaries and others in understanding their obligations under ERISA by providing interpretive guidance and making related materials available through its website and publications, training programs, and more. EBSA is also committed to helping workers and retirees understand their benefits and receive the benefits they have earned. The primary objectives of EBSA's enforcement program are to improve ERISA compliance by recovering losses and unjust profits stemming from misconduct by plan fiduciaries and service providers and to increase the deterrent impact of the agency's enforcement efforts on employee benefit

[3] Results that have been revised since publication of the FY 2018 AFR are marked [r]. The FY 2019 result is for the year to date as of June 30, 2019 (current data available).

plans, participants and beneficiaries.

EBSA's enforcement program, within the context of its integrated approach to compliance assistance, seeks to detect and correct violations that result in monetary recoveries for employee benefit plans, participants, and beneficiaries or secure other corrective remedies including, but not limited to, significant broad-based reforms for large plans or common service providers. In FY 2014, EBSA developed measures designed to increase the effectiveness of its enforcement program while avoiding reliance on raw case numbers. As a result, EBSA replaced its cases closed measures in FY 2015 with three measures that track investigation timeliness. EBSA's FY 2019 results exceeded the FY 2019 targets for these measures, with 88% of Civil Non-Major Cases closed or referred for litigation within 30 months of opening, 97% of Criminal Cases closed or referred within 18 months, and 89% of cases within Office of Enforcement's-2a categories (delinquent employee contributions, abandoned plans, bonding, Health-ERISA Part 7 violations, and other reporting and disclosure non-fiduciary breaches) - closed or referred within 18 months of opening. EBSA focused its FY 2019 enforcement resources on National Enforcement Projects and the Major Case Enforcement Priority. The Major Case Enforcement Priority concentrates a significant portion of the agency's enforcement resources on those cases likely to have the greatest impact on the protection of plan assets and participants' benefits.

***Looking Forward*:** In FY 2020, EBSA will continue to assist individuals in understanding their rights and responsibilities under ERISA. In particular, the agency's compliance and participant assistance, outreach, and education programs will focus on disseminating information related to health and retirement benefit protections and retirement savings education. EBSA will also continue to implement performance measurement changes designed to increase the effectiveness of its enforcement program. The following overlapping and related attributes will be emphasized: data analysis, prompt detection and pursuit of violations; the successful pursuit of monetary recoveries; non-monetary results that promote compliance with ERISA; and the aggressive and timely pursuit of participant tips and complaints.

Financial Performance Overview

Sound financial management is an integral part of the Department's efforts to deliver services and administer programs. With the Department's emphasis on internal controls, accurate financial information delivery to key decision makers, and transparent and accountable reporting, the Department's stakeholders can be confident that resources are used efficiently and effectively.

DOL implemented the FY 2016 requirements of OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control (revised July 15, 2016),* and the Government Accountability Office's (GAO's) *Standards for Internal Control in the Federal Government (revised September 2014)*. DOL's internal control program and centralized processes for reporting financial data help to ensure the relevance and reliability of financial performance data, including compliance with the Digital Accountability and Transparency Act of 2014 (the DATA Act) and Circular A-123's Appendix A, *Management and Reporting of Data Integrity Risk*. Through its Data Quality Plan, DOL has tailored its control structure to address risks to data quality in Federal spending data and the system of controls that manage such risks. DOL's comprehensive internal control program has the objective of providing, on a continuing basis, reasonable assurance that all financial, non-financial, performance, statistical records, and related reports are reliable. DOL's internal control program helps ensure that appropriate internal controls are in place for financial performance management and that agencies institute sound, effective internal control policies and procedures for financial performance measurement and regular evaluation of their processes. Financial performance is evaluated during comprehensive ongoing financial management reviews and corrective actions are implemented as required to resolve audit findings and increase efficiency. One of these evaluations is DOL's assessment of its internal controls over reporting conducted in accordance with the requirements of Appendix A; management was able to provide reasonable assurance on the effectiveness of its internal controls over reporting as of September 30, 2019. These business processes help to ensure that reported financial performance information is relevant and reliable.

In FY 2019 and FY 2018, DOL used managerial cost accounting for costing programs and performance indicator results in accordance with the Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Standards and Concepts*, as amended. The statement outlines the standards for Federal entities to provide "reliable and timely information on the full cost of Federal programs, their activities, and outputs." This information can be used to allocate resources and evaluate program performance. Managerial cost accounting directly supports the sections of the AFR that address Net Program Cost in the Statements of Net Cost. Total Net Cost of DOL activities was $44.9 billion for FY 2019 and $46.8 billion for FY 2018.

Analysis of Financial Statements and Stewardship Information

The principal financial statements summarize the Department's financial position, net cost of operations, and changes in net position, and provide information on budgetary resources and social insurance.

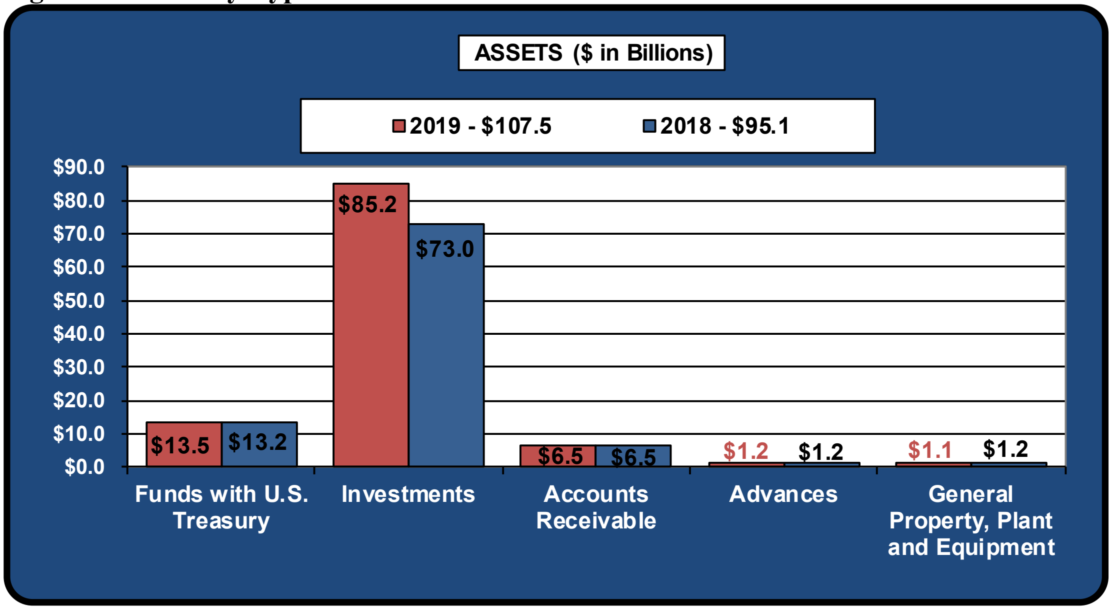
Figure 1: Summary of Selected Financial Data for FY 2019 and FY 2018

(Dollars in billions)	2019	2018	Change Amount	Change Percent
Financial position				
Total assets	$ 107.5	$ 95.1	$ 12.4	13.0%
Funds with U.S. Treasury	13.5	13.2	0.3	2.3%
Investments	85.2	73.0	12.2	16.7%
Total liabilities	$ 38.3	$ 35.2	$ 3.1	8.8%
Debt	6.0	6.0	-	0.0%
Future workers' compensation benefits	2.9	2.5	0.4	16.0%
Energy employees occupational illness compensation benefits	26.7	24.0	2.7	11.3%
Net cost of operations				
Net cost of operations	$ 44.9	$ 46.8	$ (1.9)	(4.1)%
Income maintenance	36.1	38.2	(2.1)	(5.5)%
Employment and training	6.2	6.2	-	0.0%
Budgetary resources				
Total budgetary resources	$ 54.3	$ 54.7	$ (0.4)	(0.7)%
Appropriations (discretionary and mandatory)	42.5	43.5	(1.0)	(2.3)%
Agency outlays, net (discretionary and mandatory)	41.3	42.3	(1.0)	(2.4)%

Financial Position

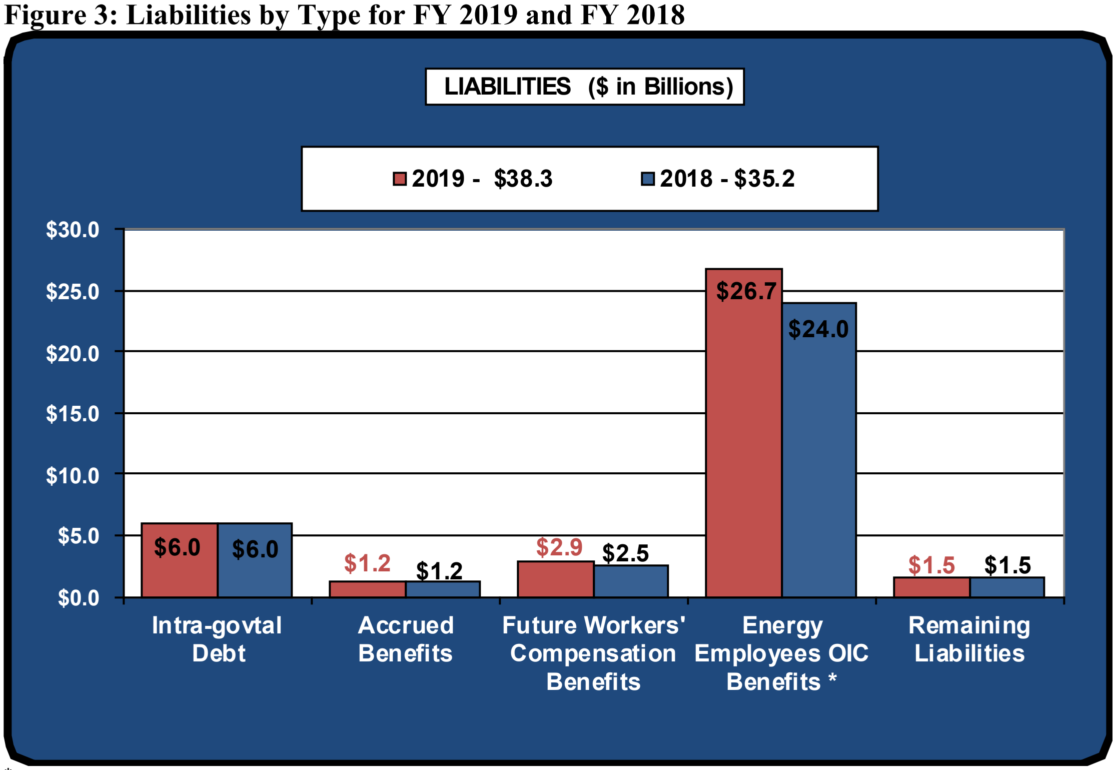
The Department's Balance Sheet presents DOL's financial position through the identification of agency assets, liabilities, and net position, as shown below. The Department's total assets increased from $95.1 billion at the end of FY 2018 to $107.5 billion at the end of FY 2019, an increase of 13.0%, primarily due to an increase in investments. Investments increased primarily due to net inflows in the Unemployment Trust Fund (UTF) in excess of immediate program needs for benefit payments and administrative costs. (See Figure 2 on next page for reported Assets by Type for FY 2019 and FY 2018.)

Figure 2: Assets by Type for FY 2019 and FY 2018



Liabilities increased from $35.2 billion at the end of FY 2018 to $38.3 billion at the end of FY 2019, an increase of $3.1 billion [8.8%]. This increase was due to a combination of factors, including an increase in Energy employees occupational illness compensation benefits of $2.7 billion [11.3%] primarily due to the net effect of the assumptions for changes in the number of cases approved, higher medical costs per claimant, and higher medical inflation rates.

Figure 3: Liabilities by Type for FY 2019 and FY 2018

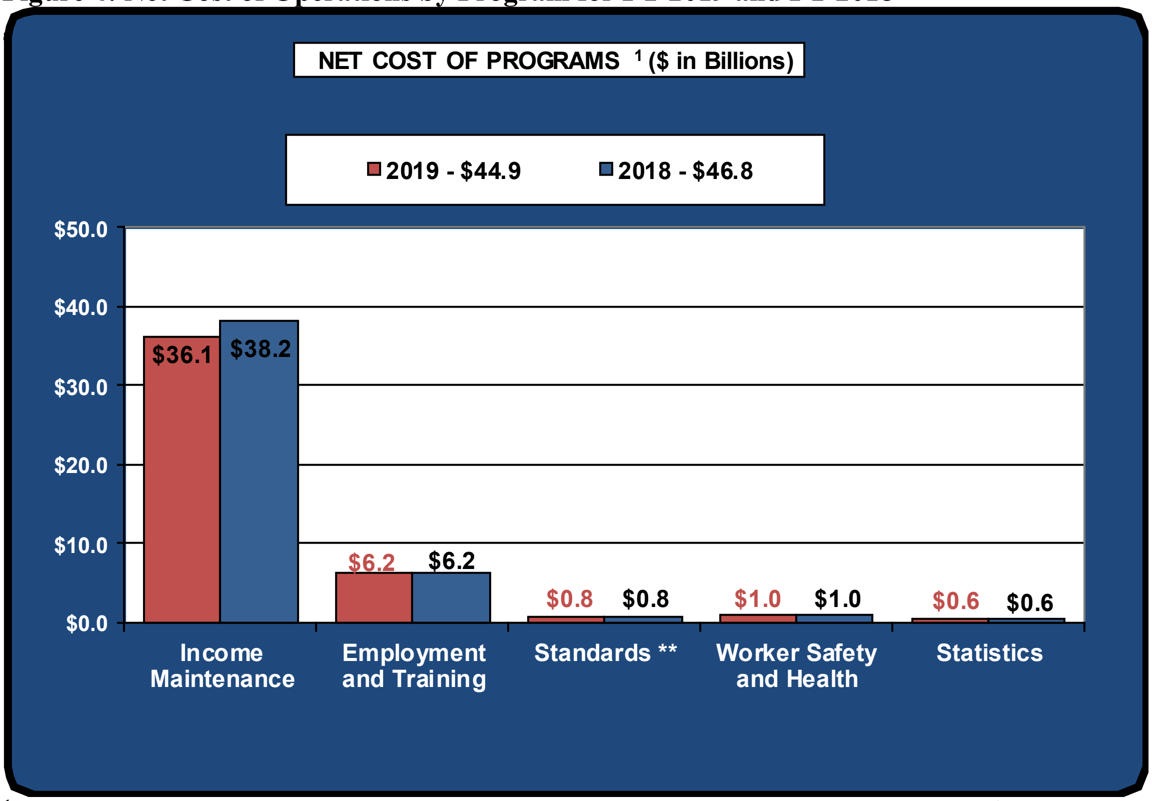


* OIC = Occupational Illness Compensation.

Net Cost of Operations

The Department's net cost of operations for the year ended September 30, 2019, was $44.9 billion, a decrease of $1.9 billion [(4.1)%] from FY 2018. This decrease was attributable to decreases in program costs discussed below:

Figure 4: Net Cost of Operations by Program for FY 2019 and FY 2018



[1] The Department's Net Cost of Programs include costs not assigned to specific programs, which were $32.5 million and $18.7 million for FY 2019 and FY 2018, respectively.
**Represents Labor, Employment, and Pension Standards.

Income Maintenance programs continue to comprise the major portion of departmental costs. These programs include unemployment benefits paid to covered individuals who are out of work and seeking employment, as well as payments to individuals who qualify for disability benefits due to injury or illness suffered on the job, and the costs to administer these programs. Income maintenance net costs were $36.1 billion in FY 2019, a decrease of $2.1 billion [(5.5)%] from FY 2018. This decrease is primarily due to a significant reduction in unemployment insurance benefits costs and lower associated debt interest costs, offset by increases in Energy employees occupational illness compensation benefits primarily due to the net effect of the assumptions for changes in the number of cases approved, higher medical costs per claimant, and higher medical inflation rates.

Employment and Training programs comprise DOL's second largest cost. These programs are designed to help individuals deal with the loss of a job, identify new occupational opportunities, find training to acquire different skills, start a new job, and make long-term career plans, as well as connect employers to workers with the skills they need. Employment and training costs were $6.2 billion in FY 2019 and FY 2018, respectively.

Budgetary Resources

The Statements of Budgetary Resources report the budgetary resources available to DOL to effectively carry out the activities of the Department during FY 2019 and FY 2018, as well as the status of these resources at the end of each fiscal year. During FY 2019, total budgetary resources decreased $0.4 billion or (0.7)% from $54.7 billion to $54.3 billion, primarily due to the decrease in appropriations of $1.0 billion or (2.3)%, offset by increases in spending authority from offsetting collections. Agency outlays, net decreased by $1.0 billion or (2.4)% primarily due to lower outlays for unemployment benefits.

Social Insurance and the Black Lung Disability Benefit Program

FASAB has classified the Black Lung Disability Benefit Program as a social insurance program that is required to report a Statement of Social Insurance (SOSI) and a Statement of Changes in Social Insurance Amounts (SCSIA) for the Black Lung Disability Trust Fund (BLDTF); these are sustainability statements.

The SOSI reports for the projection period (which begins on the September 30 valuation date of the reporting year) for current and new participants (the open group), the open group measure, which is the present value of estimated future coal excise tax income, less the present value of estimated future administrative costs and the actuarial present value of future benefit payments. The SOSI also reports the closed group measure, which is measured in a similar manner, for the current participants only (the closed group). The difference between the open group measure and the closed group measure is the inclusion of new participants that will be added to the rolls after the valuation date; new participants include participants for whom the BLDTF has an adjudicated liability as of September 30 (due to, among other things, bankruptcy of the responsible mine operator), but had not yet been added to the rolls. For the SOSI as of September 30, 2015 and 2016, the projection period had a fixed terminus of September 30, 2040. In FY 2017, DOL revised the projection period from the fixed terminus to a rolling 25-year projection period that begins on the September 30 valuation date; the revised projection period became effective for the September 30, 2017 valuation date with a rolling 25-year projection period through September 30, 2042. For the September 30, 2019 valuation date, the rolling 25-year projection period ends September 30, 2044.

For the five years presented in the SOSI, the open group measure has decreased significantly from a positive $1.6 billion as of September 30, 2015 to a negative $(1.5) billion as of September 30, 2019. The decrease in the open group measure is primarily due to the decrease in the present value of estimated future coal excise tax income, which depends on, among other things, the business and regulatory environment of the coal industry. Assumptions that, among other things, lead to favorable conditions for energy sources that compete with coal will reduce coal's market share; lower demand for coal will lead to lower collections of excise taxes.

Figure 5: Black Lung Disability Benefit Program - Table of Key Measures for FY 2019 and FY 2018

Black Lung Disability Benefit Program - Table of Key Measures

(Dollars in millions)	2019	2018	Change Amount	Change Percent
Financial position				
Total assets	$ 124.8	$ 359.7	$ (234.9)	(65.3)%
Less: total liabilities	(5,971.4)	(6,001.6)	30.2	(0.5)%
Net position (assets net of liabilities)	$ (5,846.6)	$ (5,641.9)	$ (204.7)	(3.6)%
Costs and changes in net position				
Net cost of operations	$ (357.1)	$ (351.1)	$ (6.0)	(1.7)%
Total financing sources	152.4	319.9	(167.5)	(52.4)%
Net change of cumulative results of operations	$ (204.7)	$ (31.2)	$ (173.5)	(556.1)%
Social insurance				
Open group measure, beginning of year	$ (1,028.7)	$ 31.0	$ (1,059.7)	(3,418.4)%
Open group measure, end of year	$ (1,511.5)	$ (1,028.7)	$ (482.8)	(46.9)%

The decrease in the total assets of $(234.9) million [(65.3)%] was due to a lower Funds with U.S. Treasury balance as of September 30, 2019. FY 2019 total financing sources decreased $(167.5) million [(52.4)%] from FY 2018 primarily because of the change in the coal excise tax rates. P.L. 110-343, Division B--Energy Improvement and Extension Act of 2008 allowed for a temporary increase in coal excise tax rates that continued until December 31, 2018: the coal excise tax rates were $1.10 per ton of underground-mined coal and $0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price. Beginning January 1, 2019, the coal excise tax rates reverted to the statutory limit under the Internal Revenue Code: $0.50 per ton of underground-mined coal and $0.25 per ton of surface-mined coal sold, with a limit of 2.0 percent of sales price. The resulting net change of cumulative results of operations for FY 2019 was $(204.7) million, a decrease of $(173.5) million [(556.1)%] from FY 2018.

Total liabilities decreased only $30.2 million [(0.5)%] at the end of FY 2019 because the BLDTF paid maturing debt and interest on September 30, 2019, but borrowed again on that date. The lack of decrease in the debt level is important because it demonstrates that although the BLDTF repaid debt of $2.1 billion, the debt level was relatively stable due to additional borrowing of nearly $1.9 billion and accrued interest of $115.3 million as of September 30, 2019. In FY 2019, the open group measure decreased by $(482.8) million primarily due to the net effect of lower projected coal excise tax revenues and lower interest rates. In FY 2018, the open group measure decreased by $(1,059.7) million primarily due to projected lower coal excise tax revenues.

The total of open group measure plus fund assets as of September 30, 2019 represents a projected net cash flow that may be used to liquidate the liabilities of the BLDTF. As of September 30, 2019, the open group measure plus fund assets is nearly $(1.4) billion, a decline in the condition of the fund of $(717.7) million; for the BLDTF debt, the principal and interest that will mature on September 30, 2020 will be nearly $2.1 billion, which will contribute to increasing debt and the continuing poor financial condition of the fund; the carrying value of the debt as of September 30, 2019 is $6.0 billion, a minor decrease in debt of $32.3 million which contributed to the continuing poor financial condition of the fund; and the fund deficit was nearly $(5.9) billion, a decline in the financial condition of the fund of $204.7 million. Together, the excess of BLDTF debt over the negative open group measure plus fund assets, the fund deficit, and the continuing poor financial condition of the fund represent risks and conditions with unfavorable effects on the long-term sustainability of the BLDTF.

Refer to Notes 1-W, 1-Y, and 21, and Required Supplementary Information (RSI) for additional information on the SOSI, including the summary section; SCSIA; the Black Lung Disability Benefit Program; its reported activity and balances; and projections and sensitivity analysis in constant dollars through 2044.

Limitations on the Principal Financial Statements

As required by the Government Management Reform Act of 1994 (31 U.S.C. 3515(b)), the principal financial statements report the Department's financial position and results of operations. While the statements have been prepared from the Department's books and records in accordance with U.S. Generally Accepted Accounting Principles (GAAP) for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are a component of the U.S. Government, a sovereign entity, and that liabilities reported in the financial statements cannot be liquidated without legislation providing resources to do so.

Financial Management Systems and Strategy

The Department maintains and enhances financial management systems, processes, and controls that ensure financial accountability, transparency, and provides information to DOL's decision makers that complies with Federal laws, regulations, and policies. As part of these responsibilities, the Department maintains New Core Financial Management System (NCFMS), the system of record for the Department's financial activities.

In FY 2019, DOL continued to make necessary system changes to support the migration of DOL to standard DOL business processes. NCFMS resources supported the migration to the new GSA SmartPay 3 program and implemented interfaces to the Treasury Invoice Payment Platform (IPP) application.

In FY 2020, NCFMS will be used to support DOL's finance and accounting activities. The Department will continue working with the Treasury and OMB on implementing a government-wide Software as a Service solution for financial management.

Management Assurances

Federal Managers' Financial Integrity Act of 1982 (FMFIA)

FMFIA requires that agencies establish internal controls and financial systems that provide reasonable assurance that the integrity of Federal programs and operations is protected. It requires that the head of the agency provide an annual assurance statement whether the agency has met this requirement.

OMB Circular A-123 provides specific requirements for conducting management's assessment of internal control over reporting and requires the agency head to provide an assurance statement on the effectiveness of internal controls over reporting.

Federal Financial Management Improvement Act of 1996 (FFMIA)

FFMIA requires that agencies implement and maintain financial management systems that comply substantially with Federal financial management system requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level. The agency head is to make an annual determination whether the financial systems substantially comply with FFMIA.

Federal Managers' Financial Integrity Act of 1982

The Department of Labor's (DOL) management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the *Federal Managers' Financial Integrity Act* of 1982 (FMFIA). DOL conducted an assessment of its internal controls over the effectiveness and efficiency of operations as well as compliance with applicable laws and regulations in accordance with OMB Circular No. A-123. Based on the results of this evaluation, DOL can provide an unmodified statement of reasonable assurance that its internal controls over operations are operating effectively and efficiently and are in compliance with applicable laws and regulations as of September 30, 2019. No material weaknesses were found in the design or operation of the internal controls.

In addition, DOL conducted an assessment of the effectiveness of internal control over reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of OMB Circular No. A-123, *Management of Reporting and Data Integrity Risk*. Based on the results of this evaluation, DOL can provide an unmodified statement of reasonable assurance that its internal controls over reporting were operating effectively. No material weaknesses were found in the design or operation of the internal control over financial reporting. DOL is also in conformance with Section 4 of FMFIA.

Federal Financial Management Improvement Act of 1996

The *Federal Financial Management Improvement Act* of 1996 (FFMIA) requires agencies to implement and maintain financial management systems that are substantially in compliance with Federal financial management systems requirements, Federal accounting standards, and the United States Government Standard General Ledger at the transaction level. All DOL financial management systems substantially comply with FFMIA as of September 30, 2019.

Eugene Scalia
Secretary of Labor
Sworn in as of Friday, September 27, 2019

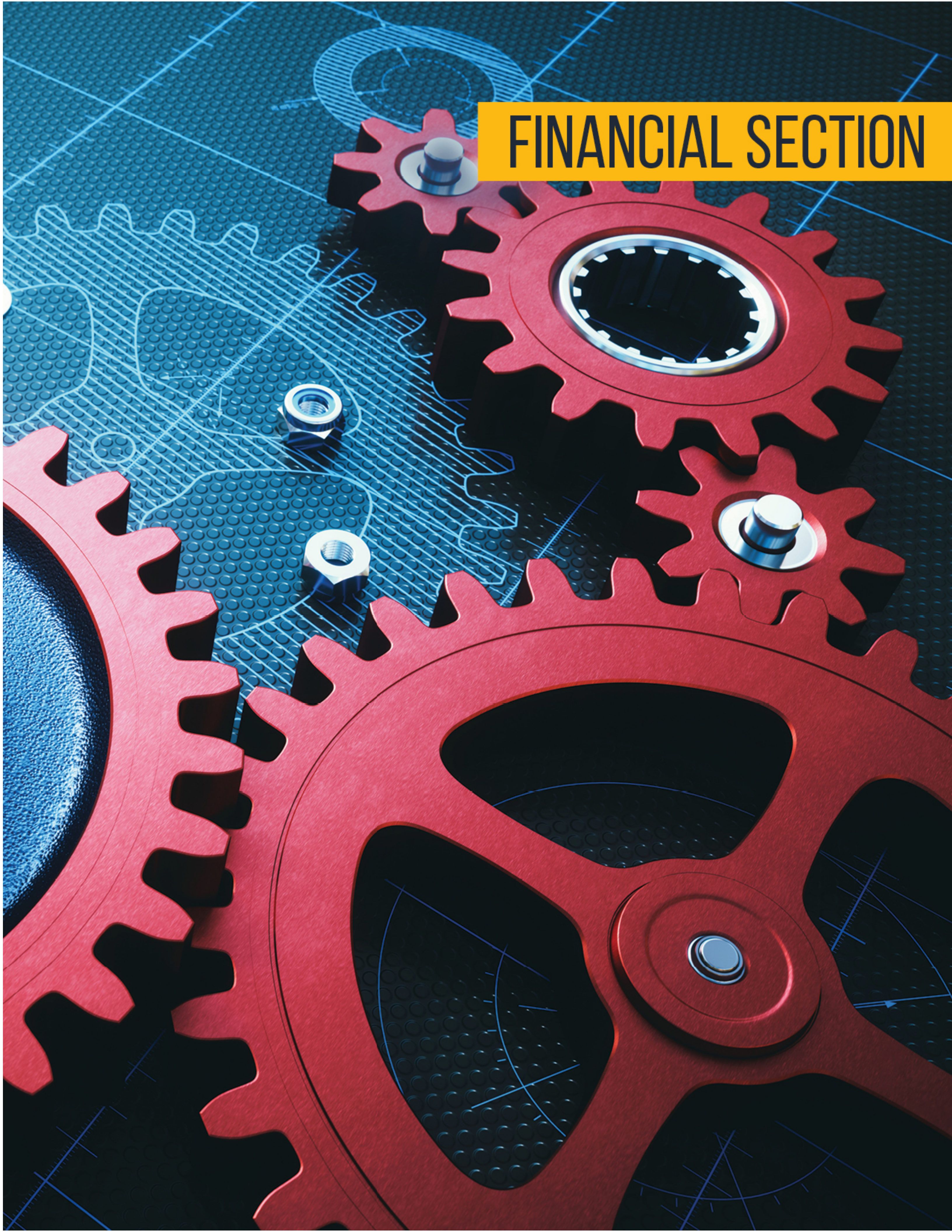
Patrick Pizzella
Deputy Secretary of Labor

James Williams
Chief Financial Officer

Bryan Slater
Assistant Secretary for Administration and Management

November 18, 2019

FINANCIAL SECTION



Message from the Chief Financial Officer

The U.S. Department of Labor (DOL) received its 23rd unmodified opinion on our consolidated financial statements in the FY 2019 independent audit. We are proud of this sustained achievement. It is a reflection of DOL's commitment to sound financial stewardship of taxpayer dollars. The Office of the Chief Financial Officer (OCFO) holds these Strategic Objectives as our bedrock: demonstrating financial stewardship, providing outstanding customer service, and enhancing financial performance, operations, and systems.

James Williams
Chief Financial Officer
Department of Labor

OCFO's Mission

"The Office of Chief Financial Officer (OCFO) is responsible for the financial leadership of DOL and its primary duty is to uphold strong financial management and accountability while providing timely, accurate, and reliable financial information and enhancing internal control."

The OCFO is proud to support the Department's mission. In FY 2019, we have made great advances in improving financial integrity and improving services.

Debt Management*:* In support of Executive Order 13781 and the President's Management Agenda, OCFO is working with other DOL agencies to centralize the debt management process in our office. This plan serves the U.S. taxpayer by ensuring those who violate the law pay their fines as well as improves worker safety by enforcement of worker protection laws.

Enterprise Risk Management (ERM)*:* With support from Department leadership, DOL established an Enterprise Risk Management Council to guide DOL's risk analysis and mitigation efforts. The ERM initiative will provide Departmental leaders with an integrated, enterprise-wide view of risk, risk tolerances, and risk mitigation efforts to increase transparency and collaboration, reduce costs, and to more effectively manage risks to the DOL mission.

Budget Execution*:* OCFO collaborated with agencies to help decrease cancelled funds and improve the process by which agencies obligate funds. These efforts are designed to significantly reduce the $644.8 million returned to Treasury in FYs 2013-18 – maximizing the use of appropriated funds for mission delivery.

Core Financial Management System (FMS): DOL continues to work closely with OMB, GSA, and Treasury to enhance DOL's shared services portfolio as we explore the move to a new private or Federal shared-services FMS. In 2011, DOL was the first Federal agency to move to a cloud-based FMS. While implementation and operation of this pioneering system was challenging, there is no question it provided DOL with improved integrity, data analysis, and response times. An ongoing cross-agency functional analysis of potential solutions is exploring which system will most cost-effectively create greater improvements to financial performance and integrity, while eliminating the need for manual operations. Once implemented, this change will reduce DOL's costs while improving services and easing the burden on agencies – allowing staff to shift focus from routine accounting functions to providing enhanced analytics and direct mission support.

This Agency Financial Report provides timely information that the American public can use to better understand DOL and its programs. The sections that follow in this report provide extensive financial information outlining the important work done by OCFO and DOL staff. We hope that you find it useful and an informative showcase of our efforts toward bringing you greater transparency and accountability.

James Williams
Chief Financial Officer
November 18, 2019

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Secretary and Inspector General
U.S. Department of Labor

Report on the Financial Statements

The accompanying financial statements of the U.S. Department of Labor (DOL) comprise the consolidated financial statements and the sustainability financial statements. We have audited the consolidated financial statements, which comprise the consolidated balance sheets as of September 30, 2019 and 2018, and the related consolidated statements of net cost and changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements.

We have audited the 2019 sustainability financial statements, which comprise the statements of social insurance as of September 30, 2019, 2018, 2017, and 2015; the statements of changes in social insurance amounts for the years ended September 30, 2019 and 2018; and the related notes to the 2019 sustainability financial statements.

Further, we were engaged to audit the statement of social insurance as of September 30, 2016, and the related notes to this financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits of the consolidated financial statements and the 2019 sustainability financial statements in accordance with auditing standards generally accepted in the United States of America, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audits

KPMG

to obtain reasonable assurance about whether the consolidated financial statements and the 2019 sustainability financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the 2019 sustainability financial statements.

Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the statement of social insurance as of September 30, 2016.

Basis for Disclaimer of Opinion on the Statement of Social Insurance as of September 30, 2016

As described in Note 1.W.2, DOL refined its methodology for estimating future excise tax income in fiscal year 2016. DOL was unable to provide sufficient analyses or other documentation to evidence that its methodology and certain underlying assumptions used in the determination of the present value of estimated future excise tax income for the current and new participants in the statement of social insurance as of September 30, 2016 were prepared and fairly presented in accordance with U.S. generally accepted accounting principles. Therefore, we have not been able to obtain sufficient appropriate audit evidence for the present value of estimated future excise tax income for the current and new participants.

Disclaimer of Opinion on the Statement of Social Insurance as of September 30, 2016

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the U.S. Department of Labor's social insurance information as of September 30, 2016. Accordingly, we do not express an opinion on the statement of social insurance as of September 30, 2016.

Opinions on the Financial Statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Labor as of September 30, 2019 and 2018, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Also, in our opinion, the 2019 sustainability financial statements referred to above present fairly, in all material respects, the U.S. Department of Labor's social insurance information as of September 30, 2019, 2018, 2017, and 2015; and its changes in social insurance amounts for the years ended September 30, 2019 and 2018, in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Notes 1-W and 1-Y to the financial statements, the sustainability financial statements are based on management's assumptions. These sustainability financial statements present the actuarial present value of DOL's future expenditures to be paid to or on behalf of participants, the present value of estimated future income to be received from excise taxes, and the present value of estimated future expenditures for administrative costs during a projection period sufficient to illustrate long-term sustainability. The sustainability financial statements are intended to aid users in assessing whether future resources will likely be sufficient to sustain public services and to meet obligations as they come due. The statements of social insurance and changes in social insurance amounts are based on income and benefit formulas in current law and assume that scheduled benefits will continue after the related trust fund is exhausted. The sustainability financial statements are not forecasts or predictions. The sustainability financial statements are not intended to imply that current policy or law is sustainable. In preparing the sustainability financial statements, management considers and selects assumptions and data that it believes provide a reasonable basis to illustrate whether current law or policy is sustainable. Assumptions underlying such sustainability information do not consider changes in policy or all potential future events that could affect future income, future expenditures, and sustainability. Because of the large number of factors that affect the sustainability financial statements and the fact that future events and circumstances cannot be estimated with certainty, even if current policy is continued, there will be differences between the estimates in the sustainability financial statements and the actual results, and those differences may be material. Our opinion on the 2019 sustainability financial statements is not modified with respect to this matter.

Other Matters

Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the *Agency Financial Report* to provide additional information for the users of its financial statements. Such information is not a required part of the basic financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis, Required Supplementary Information, and Required Supplementary Stewardship Information sections be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The information in the Message from the Secretary of Labor, Message from the Chief Financial Officer, and Other Information sections is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2019, we considered DOL's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DOL's internal control. Accordingly, we do not express an opinion on the effectiveness of DOL's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DOL's financial statements as of and for the year ended September 30, 2019 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 19-03.

We also performed tests of its compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which DOL's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DOL's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

November 18, 2019

Annual Financial Statements

Principal Financial Statements and Notes

PRINCIPAL FINANCIAL STATEMENTS

Principal Financial Statements Included in This Report

The principal financial statements included in this report have been prepared in accordance with the requirements of the Chief Financial Officers Act of 1990 (P.L. 101-576), the Government Management Reform Act of 1994, and OMB Circular No. A-136, *Financial Reporting Requirements*. The responsibility for the integrity of the financial information included in these statements rests with management of the Department. The audit of DOL's principal financial statements was performed by KPMG LLP. The auditors' report accompanies the principal financial statements.

The Department's principal financial statements for the years ended September 30, 2019 and 2018 consist of the following:

- The **Consolidated Balance Sheets**, which present as of September 30, 2019 and 2018, those resources owned or managed by DOL that are available to provide future economic benefits (assets); amounts owed by DOL that will require payments from those resources or future resources (liabilities); and residual amounts retained by DOL, comprising the difference (net position).

- The **Consolidated Statements of Net Cost**, which present the net cost of DOL operations for the years ended September 30, 2019 and 2018. DOL's net cost of operations includes the gross costs incurred by DOL less any exchange revenue earned from DOL activities. The classification of gross cost and exchange revenue by program and program agency is presented in Note 15 to the consolidated financial statements.

- The **Consolidated Statements of Changes in Net Position**, which present the change in DOL's net position resulting from the net cost of DOL operations, budgetary financing sources other than exchange revenue, and other financing sources for the years ended September 30, 2019 and 2018.

- The **Combined Statements of Budgetary Resources**, which present the budgetary resources available to DOL and net outlays of budgetary resources for the years ended September 30, 2019 and 2018; and the status of these resources as of September 30, 2019 and 2018, respectively.

- The **Statements of Social Insurance**, which present the net present values of projected cash inflows and outflows for the current participants (closed group), new participants, and current participants and new participants (open group) of the Black Lung Disability Trust Fund (BLDTF) as of September 30, 2019, 2018, 2017, 2016, and 2015.

- The **Statements of Changes in Social Insurance Amounts**, which present the net change in the open group measure of the Black Lung Disability Trust Fund (BLDTF) for the years ended September 30, 2019 and 2018, and provide information about the change.

CONSOLIDATED BALANCE SHEETS
As of September 30, 2019 and 2018
(Dollars in Thousands)

	2019	2018
ASSETS		
Intra-governmental		
Funds with U.S. Treasury (Note 1-C and 2)	$ 13,469,680	$ 13,192,180
Investments (Note 1-D and 3)	85,168,619	73,011,101
Accounts receivable (Note 1-E and 4)	5,007,944	5,150,125
Advances (Note 1-G and 6)	4,945	4,922
Total intra-governmental	103,651,188	91,358,328
Accounts receivable, net of allowance (Note 1-E and 4)	1,531,888	1,329,058
General property, plant and equipment, net (Note 1-F and 5)	1,131,847	1,175,572
Advances (Note 1-G and 6)	1,229,903	1,223,134
Total assets	$ 107,544,826	$ 95,086,092
LIABILITIES AND NET POSITION		
Liabilities (Note 1-I and 12)		
Intra-governmental		
Accounts payable	$ 12,708	$ 12,398
Debt (Note 1-J and 8)	5,958,219	5,993,214
Other liabilities (Note 9)	327,411	277,607
Total intra-governmental	6,298,338	6,283,219
Accounts payable	399,791	234,200
Accrued benefits (Note 1-K and 10)	1,144,396	1,161,613
Future workers' compensation benefits (Note 1-L and 11)	2,852,779	2,537,871
Energy employees occupational illness compensation benefits (Note 1-M)	26,676,245	24,024,463
Accrued leave (Note 1-N)	128,852	125,656
Other liabilities (Note 9)	793,086	818,042
Total liabilities	38,293,487	35,185,064
Contingencies (Note 13)		
Net position (Note 1-R)		
Funds from dedicated collections		
Cumulative results of operations (Note 21)	80,894,470	68,820,773
All other funds		
Unexpended appropriations	8,887,126	8,423,410
Cumulative results of operations	(20,530,257)	(17,343,155)
Total net position - all other funds	(11,643,131)	(8,919,745)
Total net position	69,251,339	59,901,028
Total liabilities and net position	$ 107,544,826	$ 95,086,092

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF NET COST
For the Years Ended September 30, 2019 and 2018
(Dollars in Thousands)

	2019	2018
NET COST OF OPERATIONS (Note 1-S and 15)		
CROSSCUTTING PROGRAMS		
Income maintenance		
Gross cost	$ 39,225,065	$ 41,477,518
Less earned revenue	(3,119,894)	(3,312,979)
Net program cost	36,105,171	38,164,539
Employment and training		
Gross cost	6,246,010	6,156,677
Less earned revenue	(2,865)	(1,050)
Net program cost	6,243,145	6,155,627
Labor, employment and pension standards		
Gross cost	859,360	844,003
Less earned revenue	(9,755)	(8,613)
Net program cost	849,605	835,390
Worker safety and health		
Gross cost	1,006,866	998,266
Less earned revenue	(3,972)	(3,112)
Net program cost	1,002,894	995,154
OTHER PROGRAMS		
Statistics		
Gross cost	677,853	662,059
Less earned revenue	(32,287)	(28,803)
Net program cost	645,566	633,256
COSTS NOT ASSIGNED TO PROGRAMS		
Gross cost	60,818	23,717
Less earned revenue not attributed to programs	(28,350)	(4,986)
Net cost not assigned to programs	32,468	18,731
Net cost of operations	$ 44,878,849	$ 46,802,697

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION

For the Years Ended September 30, 2019 and 2018
(Dollars in Thousands)

	2019 Consolidated			2018 Consolidated		
	Funds from Dedicated Collections (Note 21)	All Other Funds	Total	Funds from Dedicated Collections (Note 21)	All Other Funds	Total
Unexpended Appropriations:						
Beginning Balance	$ -	$ 8,423,410	$ 8,423,410	$ -	$ 7,911,467	$ 7,911,467
Budgetary financing sources (Note 1-T)						
Appropriations received (Note 18-F)	-	11,173,681	11,173,681	-	11,307,139	11,307,139
Appropriations transferred in/out	-	2,196	2,196	-	(175)	(175)
Other adjustments	-	(393,827)	(393,827)	-	(639,652)	(639,652)
Appropriations used	-	(10,318,334)	(10,318,334)	-	(10,155,369)	(10,155,369)
Total budgetary financing sources	-	463,716	463,716	-	511,943	511,943
Total Unexpended Appropriations	-	8,887,126	8,887,126	-	8,423,410	8,423,410
Cumulative Results from Operations:						
Beginning Balance	$ 68,820,773	$ (17,343,155)	$ 51,477,618	$ 53,763,672	$ (12,824,393)	$ 40,939,279
Budgetary financing sources (Note 1-T)						
Other adjustments	-	(2,949)	(2,949)	-	922	922
Appropriations used	-	10,318,334	10,318,334	-	10,155,369	10,155,369
Non-exchange revenue (Note 16)						
Employer taxes	39,612,882	-	39,612,882	43,613,046	-	43,613,046
Interest	1,847,130	4	1,847,134	1,509,634	4	1,509,638
Reimbursement of unemployment benefits and other	1,606,247	-	1,606,247	1,701,900	-	1,701,900
Total non-exchange revenue	43,066,259	4	43,066,263	46,824,580	4	46,824,584
Transfers in/out without reimbursement (Note 17)	(3,425,654)	3,694,120	268,466	(3,493,444)	3,757,891	264,447
Other Financing Sources (Nonexchange) (Note 1-U):						
Transfers in/out without reimbursement (Note 17)	-	(83)	(83)	-	706	706
Imputed financing from costs absorbed by others	2,388	128,890	131,278	2,181	106,232	108,413
Other	-	(15,865)	(15,865)	1	(13,406)	(13,405)
Total financing sources	39,642,993	14,122,451	53,765,444	43,333,318	14,007,718	57,341,036
Net cost of operations	(27,569,296)	(17,309,553)	(44,878,849)	(28,276,217)	(18,526,480)	(46,802,697)
Net change	12,073,697	(3,187,102)	8,886,595	15,057,101	(4,518,762)	10,538,339
Cumulative results of operations	80,894,470	(20,530,257)	60,364,213	68,820,773	(17,343,155)	51,477,618
Net position	$ 80,894,470	$ (11,643,131)	$ 69,251,339	$ 68,820,773	$ (8,919,745)	$ 59,901,028

The accompanying notes are an integral part of these statements.

COMBINED STATEMENTS OF BUDGETARY RESOURCES

For the Years Ended September 30, 2019 and 2018
(Dollars in Thousands)

	2019	2018
BUDGETARY RESOURCES (Note 18)		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	$ 4,595,688	$ 3,905,776
Appropriations (discretionary and mandatory)	42,506,014	43,520,833
Borrowing authority (discretionary and mandatory)	51,484	29,942
Spending authority from offsetting collections (discretionary and mandatory)	7,132,220	7,217,028
Total budgetary resources	$ 54,285,406	$ 54,673,579
STATUS OF BUDGETARY RESOURCES		
New obligations and upward adjustments (total)	$ 49,430,099	$ 50,290,907
Unobligated balance, end of year		
Apportioned, unexpired accounts	3,939,648	3,696,831
Exempt from apportionment, unexpired accounts	25,980	29,354
Unapportioned, unexpired accounts	81,647	90,122
Unexpired unobligated balance, end of year	4,047,275	3,816,307
Expired unobligated balance, end of year	808,032	566,365
Unobligated balance, end of year (total)	4,855,307	4,382,672
Total budgetary resources	$ 54,285,406	$ 54,673,579
OUTLAYS, NET		
Outlays, net (total) (discretionary and mandatory)	41,729,415	42,767,502
Distributed offsetting receipts	(397,216)	(459,791)
Agency outlays, net (discretionary and mandatory)	$ 41,332,199	$ 42,307,711

The accompanying notes are an integral part of these statements.

STATEMENTS OF SOCIAL INSURANCE
As of September 30, 2019, 2018, 2017, 2016, and 2015
(Dollars in Thousands)

	As of September 30,				
	2019	2018	2017	Unaudited 2016	2015
BLACK LUNG DISABILITY BENEFIT PROGRAM (Note 1-W and 1-Y)					
Current participants (closed group)					
Present value of estimated future excise tax income during the projection period	$ 1,375,529	$ 1,385,560	$ 2,011,565	$ 2,906,046	$ 4,738,572
Less the present value of estimated future administrative costs during the projection period	770,833	675,099	713,472	953,474	1,242,920
Less the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period	1,389,113	1,270,504	1,280,920	1,359,109	1,898,939
Excess of present value of estimated future excise tax income over present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period (closed group measure)	(784,417)	(560,043)	17,173	593,463	1,596,713
New participants					
Present value of estimated future excise tax income during the projection period	1,269,720	1,133,640	1,616,686	1,452,086	-
Less the present value of estimated future administrative costs during the projection period	711,538	552,354	573,414	476,429	-
Less the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period	1,285,242	1,049,906	1,029,469	679,116	-
Excess of present value of estimated future excise tax income over present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period	(727,060)	(468,620)	13,803	296,541	-
Current and new participants (open group)					
Present value of estimated future excise tax income during the projection period	2,645,249	2,519,200	3,628,251	4,358,132	4,738,572
Less the present value of estimated future administrative costs during the projection period	1,482,371	1,227,453	1,286,886	1,429,903	1,242,920
Less the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period	2,674,355	2,320,410	2,310,389	2,038,225	1,898,939
Excess of present value of estimated future excise tax income over present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period (open group measure)	$(1,511,477)	$(1,028,663)	$ 30,976	$ 890,004	$ 1,596,713
Trust fund net position deficit at start of projection period (Note 1-W and 21)	$(5,846,618)	$(5,641,907)	$(5,610,709)	$(5,604,460)	$(5,644,208)
Summary Section					
Closed group measure	$ (784,417)	$ (560,043)	$ 17,173	$ 593,463	$ 1,596,713
Add: Funds with U.S. Treasury and receivables from benefit overpayments (Note 21)	124,826	359,710	144,697	113,856	54,859
Total of closed group measure plus fund assets (Note 1-W)	$ (659,591)	$ (200,333)	$ 161,870	$ 707,319	$ 1,651,572
Open group measure	$(1,511,477)	$(1,028,663)	$ 30,976	$ 890,004	$ 1,596,713
Add: Funds with U.S. Treasury and receivables from benefit overpayments (Note 21)	124,826	359,710	144,697	113,856	54,859
Total of open group measure plus fund assets (Note 1-W)	$(1,386,651)	$ (668,953)	$ 175,673	$ 1,003,860	$ 1,651,572

The accompanying notes are an integral part of these statements.

STATEMENTS OF CHANGES IN SOCIAL INSURANCE AMOUNTS
For the Years Ended September 30, 2019 and 2018
(Dollars in Thousands)

BLACK LUNG DISABILITY BENEFIT PROGRAM (Note 1-W and 1-Y)

Open Group Measure

	2019	2018
The excess of present value of estimated future excise tax income over present value of estimated future administrative costs and actuarial present value of future benefit payments to disabled coal miners and dependent survivors in the open group during the projection period (open group measure), beginning of year	$ (1,028,663)	$ 30,976
Changes in the assumptions about beneficiaries, including costs, number, type, age and life expectancy	(24,970)	(182,365)
Changes in assumptions about coal excise tax revenues	(229,029)	(904,522)
Changes in assumptions about Federal civilian pay raises for income benefits	6,420	(7,844)
Changes in assumptions about medical cost inflation for medical benefits	(1,798)	(6,390)
Changes in assumptions about administrative costs	(81,808)	(22,516)
Changes in assumptions about interest rates	(151,629)	63,998
Net change in open group measure	(482,814)	(1,059,639)
Open group measure, end of year	$ (1,511,477)	$ (1,028,663)

The accompanying notes are an integral part of these statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The U.S. Department of Labor, DOL or the Department, is a cabinet level agency of the Executive Branch of the United States Government (the Federal Government). DOL was established in 1913 to promote the welfare of the wage earners of the United States. Today the Department's mission remains the same: to foster, promote and develop the welfare of the wage earners, job seekers and retirees of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights.

DOL accomplishes this mission through the execution of its congressionally approved budget, operating under four major budget functions: (i) education, training, employment, and social services; (ii) health (protecting workers in their place of employment); (iii) income security; and (iv) veterans benefits and services (veterans employment and training). DOL is organized into program agencies, which administer the various statutes and programs for which the Department is responsible. DOL's program agencies are shown below.

1. **Program Agencies**
   - Employment and Training Administration (ETA)
     - *Office of Job Corps*
   - Office of Workers' Compensation Programs (OWCP)
   - Occupational Safety and Health Administration (OSHA)
   - Bureau of Labor Statistics (BLS)
   - Mine Safety and Health Administration (MSHA)
   - Employee Benefits Security Administration (EBSA)
   - Veterans' Employment and Training Service (VETS)
   - Wage and Hour Division (WHD)

   Other Program Agencies
   - Office of Federal Contract Compliance Programs (OFCCP)
   - Office of Labor-Management Standards (OLMS)
   - Office of Disability Employment Policy (ODEP)
   - Departmental Management
     - *Office of the Secretary*
     - *Office of the Assistant Secretary for Administration and Management*
     - *Office of the Assistant Secretary for Policy*
     - *Office of Congressional and Intergovernmental Affairs*
     - *Bureau of International Labor Affairs*
     - *Office of the Deputy Secretary*
     - *Office of Inspector General*
     - *Office of the Solicitor*
     - *Office of Public Affairs*
     - *Office of the Chief Financial Officer*
     - *Women's Bureau*

The Pension Benefit Guaranty Corporation (PBGC), wholly owned by the Federal Government and whose Board of Directors is chaired by the Secretary of Labor, has been designated as a separate reporting entity for financial statement purposes in compliance with Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 47, "Reporting Entity," and related U.S. Department of the Treasury (Treasury or U.S. Treasury) and Office of Management and Budget (OMB) guidance and has been excluded from these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

2. The major programs are

- Income maintenance
- Employment and training
- Labor, employment and pension standards
- Worker safety and health
- Statistics

3. Fund accounting structure

DOL's financial activities are accounted for by Federal account symbol, using individual funds and fund accounts within distinct fund types to report to the Treasury's Bureau of the Fiscal Service and to OMB. For financial statement purposes, DOL funds are further classified as funds from dedicated collections, fiduciary funds, and all other funds, and are discussed below:

Funds from dedicated collections

Funds from dedicated collections are financed by specifically identified revenues, which can be supplemented by other financing sources, both of which remain available over time. These revenues and financing sources are required by statute to be used for designated purposes and must be accounted for separately from the Federal Government's general revenues. DOL's funds from dedicated collections are disclosed in Note 21 and are discussed below:

Unemployment Trust Fund (UTF) was established under the authority of Section 904 of the Social Security Act of 1935, as amended, to receive, hold, invest, and disburse monies collected under the Federal Unemployment Tax Act (FUTA), as well as state unemployment taxes collected by the states and transferred to the Fund, and unemployment taxes collected by the Railroad Retirement Board and transferred to the Fund.

Black Lung Disability Trust Fund (BLDTF) was established under Part C of the Black Lung Benefits Act, to provide compensation and medical benefits to coal miners who suffer total disability due to pneumoconiosis (Black Lung disease), and compensation benefits to their dependent survivors for claims filed subsequent to June 30, 1973. Claims filed from the origination of the program until June 30, 1973 are paid by the Special Benefits for Disabled Coal Miners fund. (See Note 1-A.3 – All other funds)

Gifts and Bequests Fund uses miscellaneous funds received by gift or bequest to support various activities of the Secretary of Labor.

Panama Canal Commission Compensation Fund was established to provide for the accumulation of funds provided by the Commission to pay its workers compensation obligations under the Federal Employees' Compensation Act (FECA).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

Funds from dedicated collections - continued

H-1B Funds provide demonstration grants to regional and local entities to provide technical skills training to unemployed and incumbent workers. As authorized by the American Competitiveness and Workforce Improvement Act of 1998, the funds are supported by fees paid by employers petitioning the U.S. Department of Homeland Security (DHS) for visas for foreign workers under the H-1B Program.

HIRE Vets Medallion Award Fund was established by the Honoring Investments in Recruiting and Employing American Military Veterans Act of 2017 (the HIRE Vets Act) and collects application fees from employer applicants seeking the HIRE Vets Medallion Award. The Medallion is awarded based on criteria that recognizes an employer's efforts to recruit, employ, and retain veterans and provide community and charitable services supporting the veteran community. As authorized by the HIRE Vets Act, the application fees are used to support the Medallion Program.

Fiduciary funds

Fiduciary funds are used to account for DOL's fiduciary activities, which involve the collection or receipt and subsequent disposition of cash or other assets in which non-Federal entities have an ownership interest that the Department must uphold. Fiduciary assets are not assets of DOL or the Federal Government, and accordingly, are not recognized on the Department's balance sheet. The fiduciary assets held by DOL and the fiduciary activities related to these assets are disclosed in Note 22 to these financial statements. DOL's four fiduciary funds are discussed below.

Wage and Hour and Public Contracts Restitution Fund, a deposit fund established by the Fair Labor Standards Amendments of 1949, receives deposits from employers assessed by the Department for unpaid minimum wages or unpaid overtime compensation owed to employees as a result of labor law violations, and pays these wages directly to the affected employees.

Longshore and Harbor Workers' Compensation Act Trust Fund, established under the authority of the Longshore and Harbor Workers' Compensation Act, provides medical benefits, compensation for lost wages, and rehabilitation services for job-related injuries and diseases or death to private sector workers engaged in certain maritime and other employment covered by extensions such as the Defense Base Act. The Act authorizes the Department to assess insurance carriers on behalf of these beneficiaries.

District of Columbia Worker's Compensation Act Trust Fund, established under the authority of the District of Columbia Worker's Compensation Act, provides compensation and medical payments to the District of Columbia employees for work-related injuries or death which occurred prior to July 26, 1982. The Act authorizes the Department to assess insurance carriers on behalf of these beneficiaries.

Davis-Bacon Act Trust Fund established under the Davis-Bacon Act, provides payment for claims relating to violations of the Davis-Bacon Act and Contract Work Hours and Safety Standards Act. The Department investigates violation allegations to determine if Federal contractors owe additional wages to covered employees. If the Department concludes that a violation has occurred, the Department collects the amount owed from the contracting Federal agency, deposits the funds into an account with the U.S. Treasury, and remits payment to the claimant.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

All other funds

Salaries and Expenses include appropriated funds which are used to carry out the missions and functions of the Department, except where specifically provided for from other departmental funds.

Training and Employment Services provides for a flexible, decentralized system of Federal and local training programs and other services for the economically disadvantaged and others, designed to lead to permanent gains in employment, through grants to states and Federal programs, authorized by the Workforce Innovation and Opportunity Act (WIOA).

Office of Job Corps supports the administration and management of the Job Corps Program, which helps at-risk youth who need and can benefit from intensive education and training services to become more employable, responsible, and productive citizens.

State Unemployment Insurance and Employment Service Operations (SUIESO) includes grants to states for administering the Unemployment Compensation (UC) and Employment Service (ES) Programs. UC Programs provide administrative grants to state agencies which pay unemployment benefits to eligible individuals and collect state unemployment taxes from employers. The ES Program is a nationwide system providing no-fee ES to individuals seeking employment and to employers seeking workers. ES funding allotments for state activities are determined upon a demographically-based funding formula established under the Wagner-Peyser Act, as amended.

Advances to the Unemployment Trust Fund and Other Funds provides advances to other accounts within the UTF to pay UC whenever the balances in these accounts prove insufficient or whenever reimbursements to certain accounts, as allowed by law, are to be made. This account also makes advances to the Federal Unemployment Benefits and Allowances Account to pay the cost of benefits and services under the Trade Adjustment Assistance (TAA) for Workers Program; and provides loans to the BLDTF to make disability payments whenever the fund balance proves insufficient.

Federal Unemployment Benefits and Allowances provides for payment of benefits, training, job search, relocation allowances, and employment and case management services (and state administrative expenses for all benefits other than Trade Readjustment Allowances, Reemployment TAA, and Alternative TAA) as authorized by the Trade Act of 1974 and subsequent amendments.

Community Service Employment for Older Americans (CSEOA) provides part-time work experience in community service activities to unemployed, low income persons aged 55 and over.

Federal Employees' Compensation Act Special Benefit Fund provides wage replacement benefits and payment for medical services to covered Federal civilian employees injured on the job, Federal employees and certain other workers who have incurred a work-related illness or injury, and survivors of employees whose death is attributable to a job-related injury. The Fund also provides for vocational rehabilitation of injured employees to facilitate their return to work. Under extensions of FECA, benefits are also paid to certain groups related to war hazards, non-Federal law enforcement officers, Job Corps enrollees, and certain Federally-supported volunteers. Section 10(h) of the amended Longshore and Harbor Workers' Compensation Act and the District of Columbia Worker's Compensation Act authorized payments from the Special Benefit Fund for 50 percent of the annual increase in benefits for compensation and certain related benefits.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

All other funds - continued

Energy Employees Occupational Illness Compensation Fund was established to adjudicate, administer, and pay claims for benefits under the Energy Employees Occupational Illness Compensation Program Act (EEOICPA) of 2000. The Act authorizes compensation payments and the reimbursement of medical expenses to employees of the U.S. Department of Energy (DOE) or of private companies under contract with DOE, who suffer from specified diseases as a result of their work in the nuclear weapons industry. The Act also authorizes compensation to the survivors of these employees under certain circumstances. The Act was amended by the Ronald Reagan National Defense Authorization Act of 2005 to provide coverage to additional claimants.

Special Benefits for Disabled Coal Miners was established under the Federal Mine Safety and Health Act to pay benefits to coal miners disabled from pneumoconiosis and to their widows and certain other dependents. Part B of the Act assigned processing of claims filed from the origination of the program until June 30, 1973, to the Social Security Administration (SSA), after which time DOL began processing new claims under Part C. SSA continued to administer Part B claims until DOL permanently assumed responsibility effective October 1, 2003.

Working Capital Fund (WCF) maintains and operates a program of centralized services in the national office and the field. The WCF is paid in advance by the agencies, bureaus, and offices for which centralized services are provided at rates which cover the full cost of operations.

General fund receipt accounts hold non-entity receipts and accounts receivable from DOL activities which by law cannot be deposited into funds under DOL control. The Treasury automatically transfers all fund balances in these receipt accounts to the General Fund of the Treasury at the end of each fiscal year.

Deposit funds account for monies held by DOL as an agent for others or monies held temporarily by DOL until ownership is determined.

4. Inter-departmental relationships

DOL and Treasury are jointly responsible for the operations of the UTF and the BLDTF. DOL is responsible for the administrative oversight and policy direction of the programs financed by these trust funds. Treasury acts as custodian over monies deposited into the funds and also invests amounts in excess of disbursing requirements in Treasury securities on behalf of DOL. DOL consolidates the financial results of the UTF and the BLDTF into these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Accounting and Presentation

In FY 2018, DOL implemented FASAB SFFAS 47, "Reporting Entity," with related guidance from the Treasury Financial Manual (TFM), Volume I, Part 2, Chapter 4700, "Agency Reporting Requirements for the Financial Report of the United States Government," and OMB Circular No. A-136.

SFFAS 47 and the related guidance required, among other things, that DOL
(1) be defined as a component reporting entity within the larger governmentwide reporting entity of the Federal Government;
(2) consolidate into its financial statements (as consolidation entities) those entities defined according to (a) SFFAS 47 requirements for administrative assignment based on budgetary and accountability criteria and (b) Treasury determinations;
(3) report as disclosure entities in its financial statements those entities defined according to (a) SFFAS 47 requirements for entities with greater autonomy (than consolidated entities) and (b) Treasury determinations; and
(4) report as related parties in its financial statements those entities defined according to (a) SFFAS 47 requirements for entities with whom DOL has a relationship with significant influence and (b) Treasury determinations.
Entities have been reported in the financial statements and related notes in accordance with SFFAS 47.

These financial statements present the financial position, net cost of operations, changes in net position and budgetary resources of DOL, and estimated and actuarial projections, and changes therein, for the Department's BLDTF of the Black Lung Benefits Program, a social insurance program, in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and the form and content requirements of OMB Circular No. A-136; the accompanying notes are an integral part of these financial statements and are prepared in accordance with the same requirements.

In FY 2019, DOL implemented two new accounting standards as described below.
(1) FASAB SFFAS 53, "Budget and Accrual Reconciliation (BAR)--Amending SFFAS 7, and 24, and Rescinding SFFAS 22," required DOL to amend its form and presentation of Note 19, Budget and Accrual Reconciliation. The BAR (a) starts with the net cost of operations and is adjusted by (b) components of net cost that are not part of net outlays, (c) components of net outlays that are not part of net cost, and (d) other temporary timing differences, which reflect some special adjustments. Consistent with the requirements of OMB Circular No. A-136, a one-year presentation in the FY 2019 implementation year is presented in Note 19.
(2) FASAB SFFAS 55, "Amending Inter-entity Cost Provisions," among other things, required DOL to make disclosures that only certain inter-entity costs are recognized for goods and services that are received from other Federal agencies at no cost or at a cost less than full cost. (See Note 1-S.1)

To ensure that the Department's financial statements are meaningful, other liabilities as defined by OMB Circular No. A-136 have been disaggregated on the balance sheet. These include Energy employees occupational illness compensation benefits, accrued leave, and other liabilities. Except as described in the following paragraphs, the financial statements have been prepared from the books and records of DOL, and include the accounts of all funds of the DOL reporting entity. All inter-fund balances and transactions were eliminated, except in the Statements of Budgetary Resources, which are presented on a combined basis, as required by OMB Circular No. A-136.

DOL is a party to allocation transfers with other Federal agencies as both a transferring (parent) entity and a receiving (child) entity. Allocation transfers are delegations by one department of its authority to obligate budget authority and outlay funds to another agency as prescribed by law. OMB Circular No. A-136 requires the parent to report all budgetary and proprietary activity in its financial statements. DOL (parent entity) allocates appropriations to the U.S. Department of Agriculture and the U.S. Department of the Interior (child entities) to provide funds for

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Accounting and Presentation – Continued

youth training programs. Accordingly, all activity for these allocation accounts is included in the DOL financial statements. DOL (child entity) receives allocated appropriations from the U.S. Department of State to support international HIV/AIDS relief efforts (parent entity). Accordingly, activity for this allocation account is excluded from the DOL financial statements.

U.S. GAAP encompasses both accrual and budgetary transactions. Under accrual accounting, revenues are recognized when earned and expenses are recognized when incurred. Budgetary accounting facilitates compliance with legal constraints on, and controls over, the use of Federal funds. These financial statements are different from the financial reports, also prepared by DOL pursuant to OMB directives, used to monitor DOL's use of budgetary resources. Throughout these financial statements, assets, liabilities, earned revenue, and costs have been classified according to the type of entity with whom the transactions were made. Intra-governmental assets and liabilities are those from or to other Federal entities. Intra-governmental earned revenue represents collections or accruals of revenue from other Federal entities, and intra-governmental costs are payments or accruals of costs to other Federal entities.

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

C. Funds with U.S. Treasury

DOL's cash receipts and disbursements are processed by the U.S. Treasury. Funds with U.S. Treasury represent obligated and unobligated balances available to finance allowable expenditures, and restricted balances, including amounts related to expired authority and amounts not available for use by DOL. (See Note 2)

D. Investments

Funds from Dedicated Collections

The Federal Government does not set aside assets to pay future benefits or other expenditures associated with DOL's funds from dedicated collections. The cash receipts collected from the public for funds from dedicated collections are deposited in the U.S. Treasury, which uses the cash for general Federal Government purposes. Interest earning Treasury securities are issued to DOL's funds from dedicated collections as evidence of the receipts. These Treasury securities are assets to DOL and liabilities to the U.S. Treasury. Because DOL and the U.S. Treasury are each component reporting entities of the Federal Government, these assets and liabilities offset each other from the standpoint of the Federal Government as a whole. For this reason, they do not represent an asset or a liability in the Federal governmentwide financial statements. Treasury securities provide DOL with authority to draw upon the U.S. Treasury to make future benefit payments or other expenditures. When DOL requires redemption of these securities to make expenditures, the Federal Government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures, just as the Federal Government finances all other expenditures.

Balances held in the UTF are invested in non-marketable, special issue Treasury securities (certificates of indebtedness and bonds) available for purchase exclusively by Federal Government agencies and trust funds. Special issues are purchased and redeemed at face value (cost), which is equivalent to their net carrying value on the Consolidated Balance Sheets. Interest rates and maturity dates vary. The UTF special issue Treasury bonds may be redeemed, in whole or in part, prior to their maturity date and continue to accrue interest until fully redeemed.

Balances held in the Panama Canal Commission Compensation Fund are invested in marketable Treasury securities. These investments are stated at amortized costs that equal their net carrying value on the Consolidated Balance

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Investments – Continued

Sheets. Discounts and premiums are amortized using the effective interest method. Interest rates and maturity dates vary. Management expects to hold these marketable securities until maturity; therefore, no provision is made in the financial statements for unrealized gains or losses. (See Note 3)

All Other Funds

Balances held in the Energy Employees Occupational Illness Compensation Fund are invested in non-marketable Treasury one-day certificates. (See Note 3)

E. Accounts Receivable, Net of Allowance

Accounts receivable consists of intra-governmental amounts due to DOL, as well as amounts due from the public. (See Note 4)

1. **Intra-governmental accounts receivable**

   The Federal Employees Compensation (FEC) Account within the UTF provides unemployment compensation to eligible Federal employees (UCFE) and ex-service members (UCX). DOL recognizes as accounts receivable amounts due from other Federal agencies for unreimbursed UCFE and UCX benefits. DOL's FECA Special Benefit Fund provides workers' compensation benefits to eligible Federal workers on behalf of other Federal agencies. DOL recognizes as accounts receivable amounts due from other Federal agencies to the Special Benefit Fund for unreimbursed FECA benefits.

   DOL also has receivables from other Federal agencies for work performed on their behalf under various reimbursable agreements.

2. **Accounts receivable due from the public**

   DOL recognizes as accounts receivable state unemployment taxes due from covered employers and reimbursements of benefits paid on behalf of other employers. Also recognized as accounts receivable are benefit overpayments made to individuals not entitled to receive the benefit.

   DOL recognizes as accounts receivable amounts due from the public for fines and penalties levied against employers by OSHA, MSHA, WHD, and EBSA and for amounts due from grantees and contractors for grant and contract costs disallowed by ETA and other agencies.

3. **Allowance for uncollectible accounts**

   Accounts receivable due from the public are stated net of an allowance for uncollectible accounts. The allowance is estimated based on an aging of account balances, past collection experience, and/or an analysis of outstanding accounts at year-end. In compliance with Treasury policy, no allowance for loss on intra-governmental receivables is recognized in DOL's accounting records or financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. General Property, Plant and Equipment, Net

The majority of DOL's general property, plant and equipment (PP&E) is general purpose PP&E held by Job Corps centers owned and operated by DOL through a network of contractors. Internal use software is considered general purpose PP&E.

DOL's capitalization thresholds for assets with a useful life of 2 years or longer and the related depreciable lives are displayed in the following table.

	Capitalization Threshold	Years
Structures, facilities and improvements	$500,000	20 - 50
Furniture and equipment	$50,000	2 - 36
Internal use software	$500,000	2 - 15
Software in development	$500,000	-
Construction-in-progress	$500,000	-
Land	$500,000	-

Internal use software development costs are capitalized as software in development until the development stage has been completed and successfully tested. Upon completion and testing, they are reclassified as internal use software and amortized over their estimated useful lives.

PP&E purchases and additions are stated at cost. Normal repairs and maintenance are charged to expense as incurred. PP&E are depreciated or amortized over their estimated useful lives using the straight-line method.

Job Corps center construction costs are capitalized as construction-in-progress until completed. Upon completion they are reclassified as structures, facilities, and improvements and depreciated over their estimated useful lives. Structures, facilities, and improvements also include a capital lease for a Job Corps facility. Leasehold improvements made at Job Corps centers and DOL facilities leased from the General Services Administration (GSA) are capitalized as construction-in-progress until completed. Upon completion, they are reclassified as improvements to leased facilities, and amortized over the remaining life of the lease or the useful life of the improvements, whichever is shorter, using the straight-line method of amortization. DOL operating leases have one-year terms with multiple option years. The leases are cancelable by the Federal Government upon appropriate notice as specified in the lease agreements. Historically, these leases have not been canceled and DOL has no intention to cancel these leases in the near term. (See Note 5)

G. Advances

DOL advances consist primarily of payments made to State Employment Security Agencies (SESA) and to grantees and contractors to provide for future DOL program expenditures. These advance payments are recorded by DOL as an asset, which is reduced when actual expenditures or the accrual of estimated expenditures are recorded by DOL. (See Note 6)

H. Non-entity Assets

Assets held by DOL which are not available to DOL for obligation are considered non-entity assets. DOL holds non-entity assets for the Railroad Retirement Board and for transfer to the U.S. Treasury. (See Note 7)

I. Liabilities

Liabilities represent probable amounts to be paid by DOL as a result of past transactions and are recognized when incurred, regardless of whether there are budgetary resources available to pay them. However, the liquidation of

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

I. Liabilities – Continued

these liabilities will consume budgetary resources and cannot be made until available resources have been obligated. For financial reporting purposes, DOL's liabilities are classified as covered by budgetary resources, not covered by budgetary resources, or not requiring budgetary resources.

Liabilities are classified as covered by budgetary resources if budgetary resources are available to pay them. Liabilities are also considered covered by budgetary resources if they are to be funded by permanent indefinite appropriations, which have been enacted and signed into law and are available for use as of the balance sheet date, provided that the resources may be apportioned by OMB without further action by the Congress and without a contingency having to be met first. Liabilities are classified as not covered by budgetary resources if budgetary resources are not available. Liabilities are classified as not requiring budgetary resources if the liabilities have not in the past required and will not in the future require the use of budgetary resources. (See Note 12)

J. Debt

DOL's debt consisted of the following:

1. **Unemployment Trust Fund advances from U.S. Treasury**

   UTF advances from U.S. Treasury outstanding would represent borrowing authority used from the General Fund of the U.S. Treasury pursuant to the authority of Sections 905(d) and 1203 of the Social Security Act (42 U.S.C. 1323). All advances were repaid in FY 2018. Although no draws were made on borrowing authority during FY 2019 and FY 2018, the authority for these advances was available in appropriations in FY 2019 by P.L. 115-245 and in FY 2018 through five continuing resolutions, the last one being P.L. 115-123, which was amended by P.L. 115-124, and an appropriations act P.L. 115-141. Repayable advances would bear interest rates which are equal to the average rate of interest, computed as of the end of the calendar month next preceding the date of such advance, borne by all interest bearing obligations of the United States then forming part of the public debt; except that in cases in which such average rate is not a multiple of one-eighth of 1 percent, the rate of interest shall be the multiple of one-eighth of 1 percent next lower than such average rate in accordance with Section 905(d) and Section 1203 of the Social Security Act. Interest on the repayable advances is due on September 30th of each year or upon the repayment of an advance and is subject to sequestration. Advances are repaid by transfers from the UTF to the General Fund of the U.S. Treasury when the Secretary of the Treasury, in consultation with the Secretary of Labor, has determined that the balances in the UTF allow repayment. (See Note 8)

2. **Black Lung Disability Trust Fund borrowings from U.S. Treasury**

   The Energy Improvement and Extension Act of 2008 (P.L. 110-343, section 113), enacted October 3, 2008, authorized restructuring of the BLDTF debt by the repayment at market value the fund's outstanding repayable Advances from U.S. Treasury, using the proceeds from borrowings from Treasury's Bureau of the Fiscal Service and a one-time appropriation. Pursuant to this authority, in FY 2009, the BLDTF borrowed from Treasury $6.496 billion which was structured into 32 discounted instruments with sequential annual September 30th maturities over the 32-year period 2009 through 2040; 21 discounted instruments remain outstanding as of September 30, 2019 bearing interest rates from 4.194 to 4.556 percent. Interest on each instrument accrues until its September 30th maturity date or the instrument's prepayment, whichever occurs first. These debt payments are to be made from the excise taxes assessed on domestic sales of coal mined in the United States. In the event that the BLDTF cannot repay a discounted instrument when it matures, or make benefit payments or other authorized expenditures, the Act authorizes the issuance of one-year discounted instruments to finance these activities. The BLDTF issued additional debt on September 30, 2018 (due September 30, 2019) bearing an interest rate of 2.604 percent and on September 30, 2019 (due September 30, 2020) bearing an interest rate of 1.747 percent. (See Note 8)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. Accrued Benefits

The financial statements include a liability for unemployment, workers' compensation, and disability benefits due and payable from various DOL funds, as discussed below. (See Note 10)

1. **Unemployment benefits payable**

   The UTF provides benefits to unemployed workers who meet state and Federal eligibility requirements. Regular and extended unemployment benefits are paid from state accounts within the UTF, financed primarily by a state unemployment tax on employer payrolls. Fifty percent of the cost of extended unemployment benefits is paid from the Extended Unemployment Compensation Account (EUCA) within the UTF, financed by a Federal unemployment tax on employer payrolls. The Recovery Act provided for a 100 percent Federal funding of Extended Benefits (EB) through December 2009. This 100 percent Federal funding provision, which was extended several times, phased out on January 1, 2014. Although the vast majority of EB activity has ceased, states are still reporting residual transactions related to the program on monthly reports.

   The Recovery Act also provided for FAUC, a $25 weekly supplement entirely funded from Treasury General Fund revenues, payable through December 2009, to individuals who were entitled under state law to otherwise receive any type of UC. FAUC benefits were extended several times, with phase-out of benefit eligibility by December 2010. Although the vast majority of FAUC activity has ceased, states are still reporting residual transactions related to the program on monthly reports.

   Emergency Unemployment Compensation (EUC) benefits, also paid from EUCA, were first authorized by the Supplemental Appropriations Act of 2008. These benefits were extended by the Recovery Act and other authorizing legislation through January 1, 2014, and were funded entirely from General Fund appropriations. Although the vast majority of EUC activity has ceased, states are still reporting residual transactions related to the program on monthly reports.

   Unemployment benefits to unemployed Federal workers are paid from the FEC Account within the UTF, which is then reimbursed by the responsible Federal agency.

   A liability is recognized for unpaid unemployment benefits applicable to the current period and for benefits paid by states that have not been reimbursed by the fund. DOL also recognizes a liability for Federal employees' unpaid unemployment benefits for existing claims filed during the current period, payable in the subsequent period, to the extent reimbursable by other Federal entities.

2. **Federal employees disability and 10(h) benefits payable**

   The FECA Special Benefit Fund provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The Fund is reimbursed by other Federal agencies for the FECA benefit payments made on behalf of their workers. The Fund assumes the liability for unreimbursed (non-chargeable) FECA benefits. The Fund also provides 50 percent of the annual cost-of-living adjustments for pre-1972 compensation cases under the authority of Section 10(h) of the Longshore and Harbor Workers' Compensation Act and the District of Columbia Worker's Compensation Act. A liability for FECA benefits payable by the Special Benefit Fund to the employees of DOL and other Federal agencies and for Section 10(h) benefits is accrued to the extent of unpaid benefits applicable to the current period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. Accrued Benefits – Continued

3. **Black lung disability benefits payable**

   The BLDTF and Special Benefits for Disabled Coal Miners fund provide compensation and medical benefits for eligible coal miners who are totally disabled due to pneumoconiosis (black lung disease). DOL recognizes a liability for disability benefits to the extent of unpaid benefits applicable to the current period.

4. **Energy employees occupational illness compensation benefits payable**

   The Energy Employees Occupational Illness Compensation Fund provides benefits to eligible current or former employees of the DOE and its contractors suffering from designated illnesses incurred as a result of their work with DOE. Benefits are also paid to certain survivors of those employees and contractors, as well as to certain beneficiaries of the Radiation Exposure Compensation Act (RECA). DOL recognizes a liability for disability benefits to the extent of unpaid benefits applicable to the current period.

L. Future Workers' Compensation Benefits

The financial statements include an actuarial liability for future workers' compensation benefits payable by DOL to its employees, to employees of the Panama Canal Commission and to enrollees of the Job Corps, as well as benefits not chargeable to other Federal agencies, which must be paid by DOL's FECA Special Benefit Fund. The liability includes the expected payments for death, disability, medical, and miscellaneous costs for approved compensation cases, as well as a component for incurred but not reported claims. The liability is determined using historical benefit payment patterns related to injury years to predict the future payments.

The actuarial methodology provides for the effects of inflation and adjusts historical payments to constant dollars by applying wage inflation factors (cost-of-living adjustments or COLA) and medical inflation factors (consumer price index-medical or CPIM) to the calculation of projected benefits.

DOL selects the COLA factors, CPIM factors, and discount rates by averaging the COLA rates, CPIM rates, and interest rates for the current and prior four years. Using averaging renders estimates that reflect historical trends over five years instead of conditions that exist in one year.

The COLAs and CPIMs used in the projections for FY 2019 and FY 2018 were as follows:

	COLA		CPIM	
FY	2019	2018	2019	2018
2019	N/A	1.31 %	N/A	3.21 %
2020	1.47 %	1.51 %	2.86 %	3.48 %
2021	1.85 %	1.89 %	3.05 %	3.68 %
2022	2.12 %	2.16 %	3.09 %	3.71 %
2023	2.17 %	2.21 %	3.47 %	4.09 %
2024+	2.21 %	2.21 %	3.88 %	4.09 %

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

L. Future Workers' Compensation Benefits – Continued

DOL selected the interest rate assumptions whereby projected annual payments were discounted to present value based on interest rate assumptions on the Treasury's Yield Curve for Treasury Nominal Coupon Issues (the TNC Yield Curve) to reflect the average duration of income payments and medical payments. The average durations for income payments and medical payments were 14.8 and 9.3 years in FY 2019 and 14.7 and 9.6 years in FY 2018, respectively. Based on averaging the TNC Yield Curves for the current year and the prior four years, the interest rate assumptions for income payments and medical payments were 2.610 and 2.350 percent in FY 2019 and 2.716 and 2.379 percent in FY 2018, respectively.

The actuarial liability consists of a portion for the projected benefits of Federal agencies (including DOL and the Panama Canal Compensation Fund) that reimburse the fund for their employees' costs as billable costs; the other portion is for projected benefits for non-billable and unreimbursed costs, which are primarily for projected benefits under the War Hazards Compensation Act (WHCA), as amended (42 U.S.C. 1701 et seq.). (See Note 11)

In FY 2018, refinements to the methodology for non-billable projected benefits were: (1) moving projected benefits for cases of a classified nature from the billable portion and (2) using, among other things, the U.S. Department of Defense Overseas Contingency Operations (OCO) budget as a relative measure of hazard exposure to project future benefits under the WHCA; in prior years, the WHCA claims log was used, among other things, to project future benefits. DOL applied a loss development triangle approach that accommodates the recurring and lump-sum nature of the WHCA claims. These refinements continued in FY 2019.

In FY 2019, for WHCA income payments and medical payments, the interest rate assumptions were 2.610 and 2.350 percent, respectively. In FY 2018, for WHCA income payments and medical payments, the interest rate assumptions were 2.716 and 2.379 percent, respectively.

M. Energy Employees Occupational Illness Compensation Benefits

The Energy Employees Occupational Illness Compensation Fund, established under the authority of the EEOICPA, provides benefits to eligible current or former employees of DOE and its contractors, or to certain survivors of those employees and contractors, as well as benefits to certain beneficiaries of RECA. DOL is responsible for adjudicating and administering claims filed under the EEOICPA. Effective July 31, 2001, compensation of $150,000 and payment of medical expenses from the date a claim is filed are available to covered individuals suffering from designated illnesses incurred as a result of their work with DOE.

The Ronald Reagan National Defense Authorization Act of 2005 amended EEOICPA to include Subtitle E – Contractor Employee Compensation. The amended program grants compensation benefits to covered employees and their families for illness and death arising from exposure to toxic substances at a DOE facility. The amendment also makes it possible for uranium workers as defined under Section 5 of RECA to receive compensation under Part E for illnesses due to toxic substance exposure at a uranium mine or mill covered under that Act.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. Energy Employees Occupational Illness Compensation Benefits - Continued

The table below presents assumptions and liabilities as of September 30, 2019 and 2018.

Assumptions and Liabilities	2019	2018
Compensation Liabilities as of September 30		
Average duration	11.2 years	11.5 years
Interest rate used in discounting	2.458 %	2.531 %
Undiscounted liability	$7.5 billion	$8.2 billion
Discounted liability	$5.9 billion	$6.4 billion
Medical Liabilities as of September 30		
Average duration	18.4 years	18.4 years
Interest rate used in discounting	2.734 %	2.875 %
Medical inflation in future year 1	4.5 %	4.3 %
Medical inflation in future year 2	4.1 %	4.3 %
Medical inflation in future year 3	4.0 %	2.6 %
Medical inflation in future year 4	2.9 %	2.6 %
Medical inflation in future year 5	3.9 %	2.5 %
Medical inflation in future years 6+	3.9 %	3.9 %
Society of Actuaries Retirement Plans (RP) Mortality Table	RP-2014	RP-2014
Undiscounted liability	$32.1 billion	$27.7 billion
Discounted liability	$20.8 billion	$17.6 billion
Compensation and Medical Total Liabilities‡ as of September 30		
Undiscounted	$39.5 billion	$35.9 billion
Discounted	$26.7 billion	$24.0 billion
Period used in discounting	60 years	60 years

‡Totals may differ slightly due to rounding.

DOL selects interest rate assumptions by averaging interest rates on the TNC Yield Curves for the current and prior four years. Using averaging renders estimates that reflect historical trends over five years instead of conditions that exist in one year. DOL selected the interest rate assumptions whereby projected payments were discounted to present value based on interest rate assumptions on the TNC Yield Curve to reflect the average duration of compensation payments and medical payments.

The estimated liability includes the estimated compensation and medical payments for approved cases and filed cases pending approval, as well as claims incurred but not yet filed. The actuarial projection methodology provided an estimate of the ultimate number of reported cases as a result of estimating future reported claims from the historical patterns of reported claims and subsequent claim approval rates. Medical payments were derived by estimating an average benefit award per living employee claimant and by applying the Society of Actuaries Retirement Plans (RP) 2014 mortality tables.

The increase in undiscounted and discounted total liabilities as of September 30, 2019 was primarily due to the net effect of the assumptions for increases in Part E cases approved, decreases in Part B cases approved, higher medical costs per claimant, and higher medical inflation rates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N. Accrued Leave

A liability for annual and compensatory leave is accrued as leave is earned and paid when leave is taken. The balance of leave earned but not taken will be paid from future funding sources. Sick leave and other types of non-vested leave are expensed as taken.

O. Employee Health and Life Insurance Benefits

DOL employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and the Federal Employees Group Life Insurance Program (FEGLIP). DOL matches the employee contributions to each program to pay for current benefits. For the year ended September 30, 2019, DOL's contributions to the FEHBP and FEGLIP were $128.5 million and $2.6 million, respectively. For the year ended September 30, 2018, DOL's contributions to the FEHBP and FEGLIP were $121.0 million and $2.5 million, respectively. These contributions are recognized as current operating expenses.

P. Other Retirement Benefits

DOL employees eligible to participate in the FEHBP and the FEGLIP may continue to participate in these programs after their retirement. DOL recognizes a current operating expense for the future cost of these other retirement benefits (ORB) at the time the employee's services are rendered. This ORB expense must be financed by the U.S. Office of Personnel Management (OPM). Using cost factors supplied by OPM, DOL recorded ORB imputed costs and imputed financing sources of $84.9 million and $86.6 million for the years ended September 30, 2019 and 2018, respectively. (See Note 1-S.1)

Q. Employee Pension Benefits

DOL employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). For employees participating in CSRS, 7.0 percent of their gross earnings is withheld and transferred to the Civil Service Retirement and Disability Fund. DOL contributes an additional 7.0 percent of the employee gross earnings to the Civil Service Retirement and Disability Fund. P.L. 112-96, Section 5001, the "Middle Class Tax Relief and Job Creation Act of 2012," changed the employee and employer contributions for new employees participating in FERS. Employees designated by OPM as FERS Revised Annuity Employees (RAEs) were, in general, new employees hired on or after January 1, 2013. The Bipartisan Budget Act of 2013, section 401, further changed the employee and employer contributions for new employees participating in FERS. Employees designated by OPM as FERS Further Revised Annuity Employees (FRAEs) were, in general, hired on or after January 1, 2014. The percentages of employee contribution/withholding and DOL contribution under FERS, FERS RAE, and FERS FRAE in FY 2019 and FY 2018 are presented in the table below.

	Percentage of Gross Earnings		
FY 2019	FERS	FERS RAE	FERS FRAE
Employee contribution/withholding	0.8%	3.1%	4.4%
DOL contribution	13.7%	11.9%	11.9%
FY 2018	FERS	FERS RAE	FERS FRAE
Employee contribution/withholding	0.8%	3.1%	4.4%
DOL contribution	13.7%	11.9%	11.9%

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Q. Employee Pension Benefits - Continued

These totals are transferred to the Federal Employees' Retirement Fund. The CSRS and FERS retirement funds are administered by OPM. DOL contributions to the CSRS and FERS are recognized as current operating expenses. FERS participants are also covered under the Federal Insurance Contribution Act (FICA) and are subject to withholdings. DOL makes matching FICA contributions, recognized as current operating expenses. DOL's matching contributions were $127.1 million for the years ended September 30, 2019 and 2018, respectively.

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. CSRS participants may contribute up to $19,000 and $18,500 per year of their gross pay to the TSP during calendar years 2019 and 2018, respectively, but there is no departmental matching contribution. FERS participants may contribute up to $19,000 and $18,500 per year of their gross pay to the TSP during calendar years 2019 and 2018, respectively. CSRS and FERS participants aged 50 years or older may also contribute an additional $6,000 per year in "catch-up" contributions during calendar years 2019 and 2018, but there is no departmental matching on "catch-up" contributions. For employees covered under FERS, DOL contributes 1 percent of the employees' gross pay to the TSP. DOL also matches employees' contributions dollar-for-dollar on the first 3 percent of pay contributed each pay period and 50 cents on the dollar for the next 2 percent of pay contributed. DOL contributions to the TSP are recognized as current operating expenses. Employee and employer contributions to the TSP are transferred to the Federal Retirement Thrift Investment Board. (See Note 14)

DOL recognizes the full cost of providing future CSRS and FERS pension benefits to covered employees at the time the employees' services are rendered. The pension expense recognized in the financial statements equals the service cost for covered DOL employees, less amounts contributed by these employees. Service cost represents the actuarial present value of benefits attributed to services rendered by covered employees during the accounting period.

The measurement of service cost requires the use of actuarial cost methods to determine the percentage of the employees' basic compensation sufficient to fund their projected pension benefit. These percentages (cost factors) are provided by OPM and applied by DOL to the basic annual compensation of covered employees to arrive at the amount of total pension expense to be recognized in DOL's financial statements.

The excess of total pension expense over the amount contributed by the Department and by DOL's employees represents the amount of pension expense which must be financed directly by OPM. DOL recognized an imputed cost and an imputed financing source equal to the excess amount. DOL does not recognize in its financial statements FERS or CSRS assets, accumulated plan benefits or unfunded liabilities, if any, applicable to its employees. (See Notes 1-S.1 and 14)

R. Net Position

DOL's net position consists of the following:

1. **Unexpended appropriations**

   Unexpended appropriations include the unobligated balances and undelivered orders of DOL's appropriated funds. Unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not new obligations, until those appropriations are cancelled, five years after the appropriations expire. Unexpired multi-year and no-year appropriations remain available to DOL for obligation in future periods.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

R. Net Position - Continued

2. Cumulative results of operations

Cumulative results of operations include the accumulated historical difference between expenses consuming budgetary resources and financing sources providing budgetary resources in DOL's trust, revolving, and special funds; liabilities not consuming budgetary resources net of assets not providing budgetary resources; and DOL's net investment in capitalized assets.

S. Net Cost of Operations

1. Operating costs

Full operating costs are comprised of all direct costs consumed by programs and those indirect costs which can be reasonably assigned or allocated to programs. Full operating costs include goods and services that are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by DOL are recognized as imputed cost in the Statements of Net Cost and are offset by imputed revenues (as other financing sources) in the Statements of Changes in Net Position. Such imputed costs relate to OPM-provided employee pensions and other retirement benefits and DHS-provided cybersecurity services. (See Notes 1-P, 1-Q, 1-U.1 and 14). DOL does not recognize in its financial statements the unreimbursed costs of goods and services other than those identified above. Management has determined that there are no material claims to be settled by the Treasury Judgement Fund. (See Note 13)

Full costs are reduced by exchange (earned) revenues to arrive at net program cost. The full and net operating costs of DOL's major programs are presented in the Consolidated Statements of Net Cost, and are also reported by program agency and major program. (See Note 15)

2. Earned revenues

Earned revenues arise from exchange transactions which occur through the provision of goods and services for a price, and are deducted from the full cost of DOL's major programs to arrive at net program cost. Earned revenues are recognized by DOL to the extent reimbursements are payable from other Federal agencies and from the public, as a result of costs incurred or services performed on their behalf. Major sources of DOL's earned revenue include reimbursements to the FECA Special Benefit Fund from Federal agencies for the costs of disability compensation and medical care provided to or accrued on behalf of their employees and reimbursements to the UTF from Federal agencies for the cost of unemployment benefits provided to or accrued on behalf of their former employees. (See Note 15)

T. Budgetary Financing Sources

Budgetary financing sources other than earned revenues provide funding for the Department's net cost of operations and are reported on the Consolidated Statements of Changes in Net Position. These financing sources include appropriations received, less appropriations transferred and not available, non-exchange revenue, and transfers without reimbursement, as discussed below:

1. Appropriations received, appropriations used, appropriations transferred, and adjustments

DOL receives financing sources through congressional appropriations to support its operations. A financing source is recognized for these appropriated funds received, less appropriations transferred, or adjusted due to rescission, cancellation, sequestration, or return of permanent indefinite authority. Appropriations are considered used as a financing source when goods and services are received or benefits are provided.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

T. Budgetary Financing Sources - Continued

2. Non-exchange revenues

Non-exchange revenues arise primarily from the Federal Government's power to demand payments from the public. Non-exchange revenues are recognized by DOL on the Consolidated Statements of Changes in Net Position and are discussed below. (See Note 16)

Employer taxes

Employer tax revenues are recognized on a modified cash basis, to the extent of cash transferred by the collecting entity to DOL, plus the change in inter-entity balances between the collecting entity and DOL. Inter-entity balances represent revenue received by the collecting entity, net of amounts due to the collecting entity and adjustments made to previous transactions by the collecting entity which have not been transferred to DOL.

Federal and state unemployment taxes represent non-exchange revenues collected from employers based on wages paid to employees in covered employment. Federal unemployment taxes are collected by the Internal Revenue Service and transferred to designated accounts within the UTF. State unemployment taxes are collected by each state and deposited in separate state accounts within the UTF. Among other things, Federal unemployment taxes are used to pay the Federal share of extended unemployment benefits and to provide for Federal and state administrative expenses related to the operation of the UI Program, employment services including veterans' ES, and foreign labor certifications (FLC). Additional Federal collections from states with advances from the fund that have been outstanding for more than two years are used to reduce states' outstanding advance balances. State unemployment taxes are restricted in their use to the payment of unemployment benefits.

Black Lung Disability Trust Fund excise tax

Black Lung Disability Trust Fund excise tax revenues are recognized on a modified cash basis, to the extent of warrants posted by Governmentwide Accounting and the Bureau of the Fiscal Service Funds into the BLDTF. These taxes are imposed on domestic sales of coal mined in the United States. The BLDTF excise taxes are used to pay BLDTF benefits, administrative costs, and debt as mentioned in Note 1-J.2. The BLDTF excise taxes are restricted to these uses. (See Note 1-W)

Interest

The UTF, the Panama Canal Commission Compensation Fund, and the Energy Employees Occupational Illness Compensation Fund receive interest on fund investments. The UTF receives interest from states that had accounts with loans payable to the Federal Unemployment Account (FUA) at the end of the prior fiscal year. Interest is also earned on Federal funds in the possession of non-Federal entities. Interest is recognized as non-exchange revenue when earned.

Reimbursement of unemployment benefits and other

The UTF receives reimbursements from state and local government entities and non-profit organizations for the cost of unemployment benefits provided to or accrued on behalf of their employees. These reimbursements are recognized as non-exchange revenue when earned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

T. Budgetary Financing Sources - Continued

3. Transfers without reimbursement

Transfers recognized as budgetary financing sources by DOL include transfers from the DHS H-1B Nonimmigrant Petitioner Account to H-1B Funds in ETA and WHD. There are also transfers between DOL entities, primarily for the administration of the UI Program. (See Note 17)

U. Other Financing Sources

Other financing sources include items that do not represent budgetary resources.

1. Imputed financing from costs absorbed by others

Financing sources are imputed and recognized by DOL, to provide for pension and other retirement benefit expenses financed by OPM and cybersecurity expenses financed by DHS. (See Notes 1-P, 1-Q, 1-S.1 and 14)

2. Transfers without reimbursement

Transfers recognized as other financing sources by DOL include the transfers of property from the GSA. (See Note 17)

V. Custodial Activity

DOL collects and transfers to the General Fund of the U.S. Treasury custodial non-exchange revenues for penalties levied against employers by OSHA, MSHA, WHD, and EBSA for regulatory violations; and for FECA administrative costs assessed against Federal Government corporations in excess of amounts reserved to finance capital improvements in the FECA Special Benefit Fund; and for ETA collections and administrative charges and restitution payments. These collections are not available to the agencies for obligation or expenditure. Penalties and other assessments are recognized as custodial non-exchange revenues when collected or subject to collection. (See Note 20)

W. Significant Assumptions Used in the Statements of Social Insurance (FY 2016 Information is Unaudited) and Statements of Changes in Social Insurance Amounts

1. Program Background

The Black Lung Benefits Program provides for compensation, medical, and survivor benefits for eligible coal miners who are totally disabled due to pneumoconiosis (black lung disease) arising out of their coal mine employment and the BLDTF provides benefit payments when no responsible mine operator (RMO) can be assigned the liability or when the liability is adjudicated to the BLDTF, which may occur as a result of, among other things, bankruptcy of the RMO. The OWCP administers the program.

The Federal Coal Mine Health and Safety Act sets black lung benefits at 37.5 percent of the base salary of a Federal employee at level GS-2, Step 1. Black lung disability benefit payments are funded by excise taxes from coal mine operators based on the domestic sale of coal, as are the fund's administrative costs. These taxes are collected by the Internal Revenue Service and transferred to the BLDTF, which was established under the authority of the Black Lung Benefits Revenue Act, and administered by Treasury.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

W. Significant Assumptions Used in the Statements of Social Insurance (FY 2016 Information is Unaudited) and Statements of Changes in Social Insurance Amounts - Continued

1. Program Background - continued

P.L. 110-343, Division B-Energy Improvement and Extension Act of 2008, enacted on October 3, 2008, among other things, restructured the BLDTF debt by refinancing the outstanding high interest rate repayable advances with low interest rate discounted debt instruments similar in form to zero-coupon bonds, plus a one-time appropriation. This Act also allowed that any subsequent debt issued by the BLDTF may be used to make benefit payments, other authorized expenditures, or to repay debt and interest from the initial refinancing. (See Notes 1-J and 8)

2. Significant Assumptions

The significant assumptions used in the projections for the Statements of Social Insurance (SOSI) are the coal excise tax revenue estimates, the tax rate structure, the number of beneficiaries, life expectancy, Federal civilian pay raises, medical cost inflation, and the interest rates used to discount future cash flows. These assumptions affect the amounts reported on the SOSI, summary section, and the Statements of Changes in Social Insurance Amounts (SCSIA). The valuation date is September 30 for each year of information presented in the SOSI, including the summary section, and the SCSIA.

Estimated future excise tax income

The black lung coal excise tax rates were $1.10 per ton of underground-mined coal and $0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price; these rates continued until December 31, 2018. At that time, the tax rates reverted to $0.50 per ton of underground-mined coal and $0.25 per ton of surface-mined coal sold, with a limit of 2.0 percent of sales price.

FYs 2015 and 2016

For FYs 2015 and 2016, DOL estimated future excise tax income using two approaches: one approach was used for the first ten years in the projection period and another approach was used for the remaining years in the projection period. For FY 2015, DOL's projections were based on the estimates provided by Treasury's Office of Tax Analysis (OTA) which provided estimates of future excise tax income of the black lung excise tax for the first ten years in the projection period. OTA's estimates are based on projections of future coal production prepared by the Energy Information Administration (EIA) of the U.S. Department of Energy and coal sale prices prepared by OMB. In FYs 2015 and 2016, OTA used EIA projections of future coal production that reflected, among other things, regulation pursuant to the Clean Power Plan (CPP). In FY 2016, DOL refined the approach to enhance alignment with recent experience; projections were based on estimates provided by OTA (by averaging estimates provided in FYs 2015 and 2016 to reflect regulation pursuant to the CPP), DOL's actual excise tax collections, and actual coal production as reported by EIA.

For the remaining years in the projection period, DOL applied a growth rate to the projection for the tenth year and grew the estimates of future excise tax income year-by-year. In FY 2016, DOL further refined the approach for selecting the growth rate to enhance consistency of future tax receipts over the projection period. In FY 2016, the growth rate was based on the average EIA growth rates for future coal production that reflected, among other things, regulation pursuant to the CPP, adjustments to exclude coal exports and lignite (coal exports and lignite are not subject to black lung excise tax), and inflation. In FY 2015, the growth rate was based on the average EIA growth rates for future coal production that reflected, among other things, regulation pursuant to the CPP.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

W. Significant Assumptions Used in the Statements of Social Insurance (FY 2016 Information is Unaudited) and Statements of Changes in Social Insurance Amounts - Continued

2. Significant Assumptions - continued

<u>Estimated future excise tax income - continued</u>

FYs 2015 and 2016 - continued

In February 2016 the U.S. Supreme Court (SCOTUS) stayed implementation of regulation pursuant to the CPP due to litigation pending in the U.S. Court of Appeals (USCA); as of September 30, 2016, the stay remained in effect. DOL did not change its sources or approaches for estimating future excise tax income for the valuation date as of September 30, 2016 because of the SCOTUS stay.

FYs 2017 through 2019

In FY 2017, DOL developed a model for estimating future excise tax income for all years in the projection period. Among other things, the DOL-developed model was based on historical Treasury excise tax collections and EIA projections of future coal production and coal prices. Historical values for EIA coal production and Internal Revenue Service excise tax collections provide the initial coal production and sales price data to which growth rates are applied. The growth rates are derived from EIA projections of coal production (which are adjusted to exclude coal exports, lignite, and inventory) and average coal prices. The growth rates are applied to the initial production and sales price data to project the estimated future excise tax income. Other assumptions include that, in the long term, ratios for surface- and underground-mined coal, taxed on tonnage or sales price, remain consistent.

In order to be consistent with Executive Branch policy on regulations pursuant to the CPP, DOL's estimates of future excise tax income were based on, among other things, EIA projections that do not reflect CPP regulation. On August 8, 2017, the USCA ordered that the CPP litigation be held in abeyance for 60 days and subsequent orders continued the abeyance. As of September 30, 2018, the USCA June 26, 2018 abeyance had expired and the February 2016 SCOTUS stay of CPP regulation remained in effect. During FY 2019, subsequent USCA orders continued the abeyance until September 17, 2019 when the USCA ordered that the CPP litigation be dismissed: the case was rendered moot because effective September 6, 2019, the CPP regulation was repealed and the EPA issued the Affordable Clean Energy (ACE) regulation. As of September 30, 2019, litigation pursuant to the ACE regulation was before the USCA; DOL's estimates of future excise tax income continued to be based on, among other things, EIA projections that do not reflect CPP regulation.

<u>Estimated future administrative costs</u>

For the first ten years in the projection period, estimates for future administrative costs are supplied by DOL's Budget Office, based on current year enacted amounts. For the remaining years in the projection period, estimates for future administrative costs are based on the number of projected beneficiaries.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

W. Significant Assumptions Used in the Statements of Social Insurance (FY 2016 Information is Unaudited) and Statements of Changes in Social Insurance Amounts - Continued

2. Significant Assumptions - continued

Actuarial future benefit payments to disabled coal miners and dependent survivors

The beneficiary population data is updated from information supplied by the program. The closed group population consists of those who are already participants as of September 30 (the beginning of the projection period); the open group population consists of participants in the closed group, plus new participants who will join during the projection period. New participants include, among others, estimates for participants for whom the BLDTF has an adjudicated liability as of September 30 (due to, among other things, bankruptcy of the RMO), but had not yet been added to the rolls.

In FY 2015, the beneficiary population was assumed to be a nearly closed universe in which attrition by death exceeded new entrants by a ratio of more than ten to one; projections for new participants were included in the overall projections and were considered immaterial. Therefore, in FY 2015, the difference between the closed group population and the open group population due to new participants was immaterial and the SOSI presents the same values for the closed group and open group, including the closed group measure and open group measure.

During FY 2016, the number of participants who joined the rolls increased due to, among other things, adjudicated liability as a result of RMO bankruptcy; projections for the number of new participants increased for similar reasons and the BLDTF management determined that the difference between the size of the closed group population and the open group population merited separate reporting for new participants. Effective for FY 2016 reporting and subsequent years, the SOSI presents values for the closed group, new participants, and open group. For FYs 2017 through 2019, projections for the number of new participants also increased.

In FY 2015, U.S. Social Security Administration (SSA) life tables were used to project the life expectancies of the beneficiary population, whereas in FYs 2016 through 2019, a blend of SSA tables and historical program data was used. OMB supplies assumptions for future monthly benefit rate increases based on increases in the Federal pay scale and future medical cost inflation based on increases in the CPIM, which are used to calculate future benefit costs.

In FY 2018, refinements to the model for actuarial future benefit payments included creating a separate beneficiary group for dependent children, increasing the assumed age difference between miner and spouse from three years to eight years, and determining separately the average age assumptions for new entrants.

In FY 2019, refinements to the model included updating mortality tables for miners and spouses based on the results of the mortality analysis and decreasing the average age of a miner at death from 75 years to 72 years.

During the current projection period, the future benefit rate (annualized for the fiscal year) increases 1.6 percent in each year and medical cost increases 3.9 percent in 2020, 7.4 percent in 2021, 8.1 percent in 2022, between 6.9 and 7.9 percent in years 2023 through 2025, and 6.2 percent in 2026 and each year thereafter.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

W. Significant Assumptions Used in the Statements of Social Insurance (FY 2016 Information is Unaudited) and Statements of Changes in Social Insurance Amounts - Continued

2. Significant Assumptions - continued

Other significant assumptions

Estimated future excise tax income and estimated future administrative costs were allocated to the closed group and new participant populations based on the ratio of each population's future benefit payments to the sum of future benefit payments for both populations.

For the SOSI with valuation dates as of September 30, 2015, and 2016, the projection period had a fixed terminus of September 30, 2040, the date when the BLDTF's last debt instrument matured. A projection period ending at September 30, 2040 illustrated the future long-term condition and sustainability of the fund because it presented the value for open group measure plus fund assets (Funds with U.S. Treasury and receivables from benefit overpayments) available to service the BLDTF debt and interest until the last debt instrument matured.

In FY 2017, DOL revised the projection period from a fixed terminus of September 30, 2040 to a rolling 25-year projection period that begins on the September 30 valuation date each year; using a 25-year projection period enhanced comparability of social insurance information and continues to illustrate the fund's long-term condition and sustainability. The revised projection period became effective for the September 30, 2017 valuation date and continued for FY 2019.

In FYs 2015 through 2019, DOL's approach for selecting the interest rate assumptions used to discount projected annual cash flows enhanced matching between the timing of cash flows and interest rates and increased comparability. The approach discounts projected annual cash flows to present value based on Treasury rates that reflect the average duration of cash flows. The table below presents the average duration in years and discount rates that were used in FYs 2015 through 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

W. Significant Assumptions Used in the Statements of Social Insurance (FY 2016 Information is Unaudited) and Statements of Changes in Social Insurance Amounts - Continued

2. Significant Assumptions - continued

Other significant assumptions - continued

Projected Annual Cash Flows	Used for the Closed Group, New Participant, and Open Group Populations	
FY 2019	Average Duration	Discount Rate
Coal excise tax income	11.4 years	1.63%
Administrative costs	11.9 years	1.75%
Income benefit payments	10.8 years	1.63%
Medical benefit payments	12.7 years	1.75%
FY 2018	Average Duration	Discount Rate
Coal excise tax income	11.5 years	3.00%
Administrative costs	11.2 years	2.88%
Income benefit payments	10.6 years	2.88%
Medical benefit payments	12.3 years	3.00%
FY 2017	Average Duration	Discount Rate
Coal excise tax income	11.4 years	2.25%
Administrative costs	11.2 years	2.25%
Income benefit payments	9.8 years	2.13%
Medical benefit payments	11.4 years	2.25%
FY 2016	Average Duration	Discount Rate
Coal excise tax income	10.6 years	1.63%
Administrative costs	11.0 years	1.63%
Income benefit payments	9.8 years	1.63%
Medical benefit payments	10.8 years	1.63%
FY 2015	Average Duration	Discount Rate
Coal excise tax income	10.6 years	2.25%
Administrative costs	11.2 years	2.25%
Income benefit payments	10.3 years	2.25%
Medical benefit payments	11.2 years	2.25%

3. Disclosures for the social insurance financial statements

As presented in the SOSI, the accumulated deficit of all past disbursements over past cash receipts, including interest on investments, is $(5.85) billion, the amount of the trust fund net position deficit at the start of the projection period, September 30, 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

W. Significant Assumptions Used in the Statements of Social Insurance (FY 2016 Information is Unaudited) and Statements of Changes in Social Insurance Amounts - Continued

3. Disclosures for the social insurance financial statements - continued

As presented in the SOSI, the closed group measure is calculated by subtracting the closed group outflows for the:

(a) present value of estimated future administrative costs and

(b) actuarial present value of future benefit payments to disabled coal miners and dependent survivors who are current participants (closed group)

from the closed group inflows for the:

(c) present value of estimated future excise tax income during the projection period.

As presented in the SCSIA, as a result of changes in the assumptions above:

- In FY 2019, the open group measure decreased by $(482.8) million primarily due to changes in assumptions about coal excise tax revenues and interest rates; and

- In FY 2018, the open group measure decreased by $(1.0) billion primarily due to projected lower coal excise tax revenues.

The SOSI as of September 30, 2015 was reclassified to conform to the presentation of the SOSI as of September 30, 2019, 2018, 2017 and 2016. There were no changes in the values reported for the

- closed group, including the closed group measure,
- open group, including the open group measure,
- trust fund net position deficit,
- funds with U.S. Treasury and receivables from benefits overpayments,
- total of closed group measure plus fund assets, or
- total of open group measure plus fund assets

as of September 30, 2015.

The projection period illustrates the future long-term condition and sustainability of the fund because it presents the value for open group measure plus fund assets (Funds with U.S. Treasury plus receivables from benefit overpayments) available to service the fund's debt and interest. As of September 30, 2019, the open group measure plus fund assets is $(1.39) billion whereas the BLDTF debt and interest maturing on September 30, 2020 is $2.1 billion and the carrying value of all BDLTF debt as of September 30, 2019 is $5.96 billion.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

W. Significant Assumptions Used in the Statements of Social Insurance (FY 2016 Information is Unaudited) and Statements of Changes in Social Insurance Amounts - Continued

3. Disclosures for the social insurance financial statements - continued

Subsequent Events. As of November 18, 2019, management has determined that there are no subsequent events requiring disclosure for the social insurance financial statements.

X. Tax Exempt Status

As an agency of the Federal Government, the Department is exempt from all taxes imposed by any governing body whether it is a Federal, state, commonwealth, local, or foreign government.

Y. Application of Critical Accounting Estimates

The financial statements are based on the selection of accounting policies and the application of significant accounting estimates, some of which require management to make significant assumptions.

Estimates and assumptions affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and assumptions also affect the amounts reported on the SOSI and the SCSIA. Further, the estimates are based on current conditions that may change in the future. Actual results could differ materially from the estimated amounts. The financial statements include information to assist in understanding the effect of changes in assumptions to the related information.

Z. Other Required Note

Treasury prepares the FY 2019 Financial Report of the U.S. Government (FRUSG) in accordance with OMB Circular No. A-136 and Treasury regulation, which require that, among other things, the FRUSG report the U.S. Government's Balance Sheet, Statement of Net Cost, and Statement of Operations and Changes in Net Position.

To support Treasury's preparation of the FY 2019 FRUSG, OMB Circular No. A-136 requires that DOL disclose in a separate note the financial statement line descriptions and amounts from DOL's
-- Consolidated Balance Sheet as of September 30, 2019,
-- Consolidated Statement of Net Cost for the year ended September 30, 2019, and
-- Consolidated Statement of Changes in Net Position for the year ended September 30, 2019
as reclassified financial statement line descriptions and amounts that Treasury will use in the FRUSG compilation process for the governmentwide
-- Balance Sheet as of September 30, 2019,
-- Statement of Net Cost for the year ended September 30, 2019, and
-- Statement of Operations and Changes in Net Position for the year ended September 30, 2019, respectively. Consistent with the requirements of OMB Circular No. A-136, a one-year presentation is disclosed in Note 24.

NOTE 2 - FUNDS WITH U.S. TREASURY

Funds with U.S. Treasury as of September 30, 2019, consisted of the following:

(Dollars in thousands)	Revolving Funds	Trust Funds	Special Funds	General Funds	Other	Total
Unobligated Balance Available	$ 42,909	$ 145	$ 289,476	$ 3,607,672	$ -	$ 3,940,202
Unobligated Balance Unavailable	9,145	-	69,148	811,386	-	889,679
Obligated Balance Not Yet Disbursed	123,755	13,224	443,090	7,539,510	-	8,119,579
Non-Budgetary Fund Balance with Treasury	-	516,317	20	-	3,330	519,667
Total Entity Assets	175,809	529,686	801,734	11,958,568	3,330	13,469,127
Non-entity Assets	-	(144)	-	-	697	553
Fund Balance with Treasury	$ 175,809	$ 529,542	$ 801,734	$ 11,958,568	$ 4,027	$13,469,680

Funds with U.S. Treasury as of September 30, 2018, consisted of the following:

(Dollars in thousands)	Revolving Funds	Trust Funds	Special Funds	General Funds	Other	Total
Unobligated Balance Available	$ 21,793	$ 145	$ 279,104	$ 3,396,396	$ -	$ 3,697,438
Unobligated Balance Unavailable	7,181	-	75,347	573,959	-	656,487
Obligated Balance Not Yet Disbursed	167,204	11,086	424,620	7,408,047	-	8,010,957
Non-Budgetary Fund Balance with Treasury	-	822,042	76	-	4,532	826,650
Total Entity Assets	196,178	833,273	779,147	11,378,402	4,532	13,191,532
Non-entity Assets	-	(50)	-	-	698	648
Fund Balance with Treasury	$ 196,178	$ 833,223	$ 779,147	$ 11,378,402	$ 5,230	$13,192,180

Obligated and unobligated balances differ from the amounts reported on the Combined Statements of Budgetary Resources because budgetary balances are supported by amounts other than Fund Balance with Treasury, such as investments. Non-Budgetary Fund Balance with Treasury consists of amounts included in Fund Balance with Treasury but excluded from the Department’s budgetary resources, such as sequestered budget authority.

The negative fund balance reported as of September 30, 2019 and 2018, relates to the UTF and results from the timing for processing the investments and redemptions of UTF. The investments and redemptions relating to the last business day of the month are not processed until the first day of the next month. This results in a negative cash position for the preceding business day when the disbursements are greater than the receipts of the fund. Similarly, in FY 2019, the Energy Occupational Illness Compensation Fund had negative Funds with U.S. Treasury of $258 million due to the timing of investments; this balance is offset with activity in other funds and does not present as a negative amount as of September 30, 2019.

Annual and multi-year budget authority expires at the end of its period of availability. During the first through the fifth expired years, the unobligated balance is unavailable and may be used to adjust obligations and disbursements that were recorded before the budgetary authority expired or to meet a legitimate or bona fide need arising in the fiscal year for which the appropriation was made. The unobligated balance for no-year budget authority may be used to incur obligations indefinitely for the purpose specified by the appropriation act. No-year budget authority unobligated balances, except those specifically exempt, are subject to the annual apportionment and allotment process.

Unobligated Balance Available as of September 30, 2019 and 2018 includes $483.1 million and $490.0 million, respectively, of funds apportioned for use in the subsequent period.

NOTE 3 - INVESTMENTS

Investments as of September 30, 2019, consisted of the following:

(Dollars in thousands)	Face Value	Premium (Discount)	Interest Receivable	Net Value	Market Value
Unemployment Trust Fund					
Non-marketable					
Special issue U.S. Treasury Bonds					
2.375% maturing June 30, 2020	$ 34,115,622	$ -	$ 202,562	$ 34,318,184	$ 34,115,622
2.500% maturing June 30, 2021	42,412,520	-	265,078	42,677,598	42,412,520
Special Issue Certificate of Indebtedness					
2.500% maturing June 30, 2020	7,833,239	-	31,620	7,864,859	7,833,239
	84,361,381	-	499,260	84,860,641	84,361,381
Panama Canal Commission Compensation Fund					
Marketable					
U.S. Treasury Notes					
3.375% maturing November 15, 2019	25,407	20	321	25,748	25,407
Energy Employees Occupational Illness Compensation Fund					
Non-marketable					
One day certificate					
1.900% maturing October 1, 2019	282,230	-	-	282,230	282,230
	$ 84,669,018	$ 20	$ 499,581	$ 85,168,619	$ 84,669,018
Entity investments	$ 84,549,181	$ 20	$ 498,872	$ 85,048,073	$ 84,549,181
Non-entity investments	119,837	-	709	120,546	119,837
	$ 84,669,018	$ 20	$ 499,581	$ 85,168,619	$ 84,669,018

NOTE 3 - INVESTMENTS - Continued

Investments as of September 30, 2018, consisted of the following:

(Dollars in thousands)	Face Value	Premium (Discount)	Interest Receivable	Net Value	Market Value
Unemployment Trust Fund					
Non-marketable					
Special issue U.S. Treasury Bonds					
2.375% maturing June 30, 2020	$ 41,362,985	$ -	$ 245,593	$ 41,608,578	$ 41,362,985
2.250% maturing June 30, 2019	23,022,085	-	129,499	23,151,584	23,022,085
Special Issue Certificate of Indebtedness					
2.375% maturing June 30, 2019	8,190,630	-	31,158	8,221,788	8,190,630
	$ 72,575,700	$ -	$ 406,250	$ 72,981,950	$ 72,575,700
Panama Canal Commission Compensation Fund					
Marketable					
U.S. Treasury Notes					
3.750% maturing November 15, 2018	28,672	76	403	29,151	28,672
	$ 72,604,372	$ 76	$ 406,653	$ 73,011,101	$ 72,604,372
Entity investments	$ 72,517,579	$ 76	$ 406,167	$ 72,923,822	$ 72,517,579
Non-entity investments	86,793	-	486	87,279	86,793
	$ 72,604,372	$ 76	$ 406,653	$ 73,011,101	$ 72,604,372

NOTE 4 - ACCOUNTS RECEIVABLE, NET OF ALLOWANCE

Accounts receivable, net as of September 30, 2019, consisted of the following:

(Dollars in thousands)	Gross Receivables	Allowance	Net Receivables
Entity intra-governmental assets			
Due for UCFE and UCX benefits	$ 91,215	$ -	$ 91,215
Due for workers' compensation benefits	4,900,051	-	4,900,051
Other	16,678	-	16,678
	5,007,944	-	5,007,944
Entity assets			
State unemployment taxes	1,655,766	(1,160,825)	494,941
Due from reimbursable employers	472,751	(18,573)	454,178
Benefit overpayments	2,009,184	(1,614,704)	394,480
Other	4,905	(1,681)	3,224
	4,142,606	(2,795,783)	1,346,823
Non-entity assets			
Fines and penalties	230,177	(45,112)	185,065
Total accounts receivable with public	4,372,783	(2,840,895)	1,531,888
	$ 9,380,727	$ (2,840,895)	$ 6,539,832

Accounts receivable, net as of September 30, 2018, consisted of the following:

(Dollars in thousands)	Gross Receivables	Allowance	Net Receivables
Entity intra-governmental assets			
Due for UCFE and UCX benefits	$ 148,457	$ -	$ 148,457
Due for workers' compensation benefits	5,001,574	-	5,001,574
Other	94	-	94
	5,150,125	-	5,150,125
Entity assets			
State unemployment taxes	998,415	(702,373)	296,042
Due from reimbursable employers	508,562	(41,211)	467,351
Benefit overpayments	2,094,813	(1,700,711)	394,102
Other	5,783	(1,681)	4,102
	3,607,573	(2,445,976)	1,161,597
Non-entity assets			
Fines and penalties	210,191	(42,730)	167,461
Total accounts receivable with public	3,817,764	(2,488,706)	1,329,058
	$ 8,967,889	$ (2,488,706)	$ 6,479,183

Accounts receivable balances include $3.0 million and $3.0 million relating to criminal restitution orders monitored by the Department, of which $2.8 million and $2.0 million are the estimates of net realizable value determined to be collectible, as of September 30, 2019 and 2018, respectively.

As of September 30, 2019, and 2018, intra-governmental balances due for workers' compensation benefits include $1.35 billion and $1.38 billion in receivables, respectively, due from the U.S Postal Service (USPS). Subsequently, USPS paid all outstanding balances that were billed; the balances billed in August 2019 and 2018 were fully paid in October 2019 and 2018, respectively. In general, OWCP considers all intra-governmental receivables to be fully collectible. Specific statutory provisions require agencies to reimburse the FECA Special Benefit Fund.

NOTE 5 - GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

General property, plant and equipment, net as of September 30, 2019, consisted of the following:

(Dollars in thousands)	2019 Cost	2019 Accumulated Depreciation/ Amortization	2019 Net Book Value
Structures, facilities and improvements			
Structures and facilities	$ 1,629,053	$ (844,115)	$ 784,938
Improvements to leased facilities	394,125	(328,467)	65,658
	2,023,178	(1,172,582)	850,596
Furniture and equipment			
Equipment held by contractors	78,629	(78,629)	-
Furniture and equipment	60,090	(47,206)	12,884
	138,719	(125,835)	12,884
Internal use software and software in development	312,835	(203,407)	109,428
Construction-in-progress	59,423	-	59,423
Land	99,516	-	99,516
	$ 2,633,671	$ (1,501,824)	$ 1,131,847

General property, plant and equipment, net as of September 30, 2018, consisted of the following:

(Dollars in thousands)	2018 Cost	2018 Accumulated Depreciation/ Amortization	2018 Net Book Value
Structures, facilities and improvements			
Structures and facilities	$ 1,606,502	$ (806,130)	$ 800,372
Improvements to leased facilities	396,239	(323,747)	72,492
	2,002,741	(1,129,877)	872,864
Furniture and equipment			
Equipment held by contractors	94,862	(94,862)	-
Furniture and equipment	64,747	(46,317)	18,430
	159,609	(141,179)	18,430
Internal use software and software in development	292,776	(182,835)	109,941
Construction-in-progress	74,821	-	74,821
Land	99,516	-	99,516
	$ 2,629,463	$ (1,453,891)	$ 1,175,572

NOTE 6 - ADVANCES

Advances as of September 30, 2019 and 2018, consisted of the following:

(Dollars in thousands)	2019	2018
Intra-governmental		
Advances	$ 4,945	$ 4,922
Advances to states for UI benefit payments	1,225,625	1,206,115
Other	4,278	17,019
	1,229,903	1,223,134
	$ 1,234,848	$ 1,228,056

NOTE 7 - NON-ENTITY ASSETS

Non-entity assets as of September 30, 2019 and 2018, consisted of the following:

(Dollars in thousands)	2019	2018
Intra-governmental		
Funds with U.S. Treasury	$ 553	$ 648
Investments	120,546	87,279
	121,099	87,927
Accounts receivable, net of allowance	185,065	167,461
Total non-entity assets	306,164	255,388
Total entity assets	107,238,662	94,830,704
	$ 107,544,826	$ 95,086,092

NOTE 8 - DEBT

Debt during the year ended September 30, 2019, consisted of the following:

(Dollars in thousands)	Balance at September 30, 2018	Additional Borrowing	Repayment of Debt	Interest Change	Balance at September 30, 2019
Intra-governmental debt to Treasury					
Unemployment Trust Fund					
Advances from U.S. Treasury	$ 2,682	$ -	$ -	$ (2,682)	$ -
Black Lung Disability Trust Fund					
Borrowing from U.S. Treasury	5,990,532	1,870,000	(2,017,606)	115,293	5,958,219
	$ 5,993,214	$ 1,870,000	$ (2,017,606)	$ 112,611	$ 5,958,219

Debt during the year ended September 30, 2018 consisted of the following:

(Dollars in thousands)	Balance at September 30, 2017	Additional Borrowing	Repayment of Debt	Interest Change	Balance at September 30, 2018
Intra-governmental debt to Treasury					
Unemployment Trust Fund					
Advances from U.S. Treasury	$ 2,624,281	$ -	$ (2,614,452)	$ (7,147)	$ 2,682
Black Lung Disability Trust Fund					
Borrowing from U.S. Treasury	5,743,977	1,900,000	(1,670,968)	17,523	5,990,532
	$ 8,368,258	$ 1,900,000	$ (4,285,420)	$ 10,376	$ 5,993,214

NOTE 8 - DEBT - Continued

For the year ended September 30, 2019, the interest for the UTF consisted of an interest payment of $2.7 million for interest accrued through September 30, 2018. For the year ended September 30, 2018, interest expense for the UTF was $40.7 million, of which $38.0 million was paid, along with an additional interest payment of $9.8 million for interest accrued through September 30, 2017.

For the year ended September 30, 2019, interest expense for the BLDTF was $228.7 million; of which $115.3 million was capitalized interest and $113.4 million was total interest paid. For the year ended September 30, 2018, interest expense for the BLDTF was $209.1 million; of which $17.5 million was capitalized interest and $191.6 million was total interest paid.

NOTE 9 - OTHER LIABILITIES

Other liabilities as of September 30, 2019 and 2018, consisted of the following:

(Dollars in thousands)	2019	2018
Intra-governmental		
Non-entity receivables due to U.S. Treasury	$ 185,065	$ 167,461
Amounts held for the Railroad Retirement Board	120,402	87,229
Accrued payroll and other liabilities	21,944	22,917
Total intra-governmental	327,411	277,607
Grant accruals	627,666	659,015
Capital lease liability	31,608	33,929
Environmental and disposal liability	35,321	34,537
Accrued payroll and other liabilities	98,491	90,561
Total other liabilities with the public	793,086	818,042
	$ 1,120,497	$ 1,095,649

The amounts above are current liabilities, except for the capital lease and environmental and disposal liabilities.

NOTE 10 - ACCRUED BENEFITS

Accrued benefits as of September 30, 2019 and 2018, consisted of the following:

(Dollars in thousands)	2019	2018
State regular and extended unemployment benefits payable	$ 541,523	$ 540,434
Federal extended unemployment benefits payable	83,624	83,172
Federal emergency unemployment benefits payable	173,933	163,627
Federal employees' unemployment benefits payable	68,303	96,512
Federal additional unemployment benefits payable	24,786	24,879
Total unemployment benefits payable	892,169	908,624
Black lung disability benefits payable	18,435	16,980
Federal employees' disability and 10(h) benefits payable	209,575	206,122
Energy employees occupational illness compensation benefits payable	24,217	29,887
	$ 1,144,396	$ 1,161,613

NOTE 11 - FUTURE WORKERS' COMPENSATION BENEFITS

DOL's liability for future workers' compensation benefits as of September 30, 2019 and 2018, consisted of the following:

(Dollars in thousands)	2019	2018
Projected gross liability of the Federal government for future FECA benefits	$ 37,424,818	$ 37,575,800
Less liabilities attributed to other agencies:		
U.S. Postal Service	(16,370,282)	(16,548,700)
Department of Homeland Security	(3,094,706)	(2,963,318)
Department of Veterans Affairs	(2,387,422)	(2,399,242)
Department of the Navy	(2,101,745)	(2,108,691)
Department of the Army	(1,724,790)	(1,750,309)
Department of Justice	(1,811,347)	(1,835,943)
Department of the Air Force	(1,249,038)	(1,220,779)
Department of Agriculture	(782,566)	(891,519)
Department of Transportation	(854,159)	(874,091)
Department of Defense, Other	(711,315)	(778,241)
Department of the Interior	(682,867)	(759,629)
Department of the Treasury	(566,995)	(583,212)
Tennessee Valley Authority	(330,004)	(331,756)
Social Security Administration	(299,725)	(314,463)
Department of Health and Human Services	(276,458)	(275,574)
Department of Commerce	(168,014)	(187,092)
General Services Administration	(115,732)	(111,735)
Department of Energy	(96,849)	(95,132)
Department of State	(90,958)	(93,081)
Department of Housing and Urban Development	(60,515)	(62,585)
Environmental Protection Agency	(42,044)	(43,679)
National Aeronautics and Space Administration	(38,711)	(38,289)
Small Business Administration	(28,794)	(34,854)
Office of Personnel Management	(22,575)	(24,939)
Agency for International Development	(21,807)	(23,405)
Department of Education	(11,148)	(13,015)
Nuclear Regulatory Commission	(4,607)	(5,259)
National Science Foundation	(1,389)	(1,265)
Other	(625,477)	(668,132)
	(34,572,039)	(35,037,929)
	$ 2,852,779	$ 2,537,871
Projected liability of the Department of Labor for future FECA benefits		
FECA benefits not chargeable to other Federal agencies payable by DOL's Federal Employees' Compensation Act Special Benefit Fund	$ 2,589,317	$ 2,287,949
FECA benefits due to eligible workers of DOL and Job Corps enrollees	230,312	219,825
FECA benefits due to eligible workers of the Panama Canal Commission	33,150	30,097
	$ 2,852,779	$ 2,537,871

NOTE 12 - LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources as of September 30, 2019 and 2018, consisted of the following:

(Dollars in thousands)	2019	2018
Intra-governmental		
Debt	$ 5,958,219	$ 5,993,214
Future workers' compensation benefits	1,280,610	1,010,185
Accrued annual leave	121,201	118,395
Other liabilities	64,260	60,149
	1,466,071	1,188,729
Total liabilities not covered by budgetary resources	7,424,290	7,181,943
Total liabilities not requiring budgetary resources	189,510	173,132
Total liabilities covered by budgetary resources	30,679,687	27,829,989
	$ 38,293,487	$ 35,185,064

NOTE 13 - CONTINGENCIES

The Department is involved in various lawsuits incidental to its operations. In the opinion of management, the ultimate resolution of pending litigation will not have a material effect on the Department's financial position.

NOTE 14 - PENSION EXPENSE

Pension expense for the year ended September 30, 2019, consisted of the following:

(Dollars in thousands)	Employer Contributions	Costs Imputed by OPM	Total Pension Expense
Civil Service Retirement System	$ 3,970	$ 14,298	$ 18,268
Federal Employees' Retirement System	194,370	30,907	225,277
Thrift Savings Plan	61,351	-	61,351
	$ 259,691	$ 45,205	$ 304,896

Pension expense for the year ended September 30, 2018 consisted of the following:

(Dollars in thousands)	Employer Contributions	Costs Imputed by OPM	Total Pension Expense
Civil Service Retirement System	$ 5,125	$ 14,333	$ 19,458
Federal Employees' Retirement System	185,320	6,434	191,754
Thrift Savings Plan	60,788	-	60,788
	$ 251,233	$ 20,767	$ 272,000

NOTE 15 - NET COST OF OPERATIONS

Note 15 A and B present detailed cost and revenue information by program and program agency (responsibility segment) in support of the summary information presented in the Consolidated Statements of Net Cost for the years ended September 30, 2019 and 2018, respectively. Note 15 C presents a further breakdown of this cost and revenue information for DOL's two largest program agencies, ETA and the OWCP. (See Note 1-A.1 and 1-S)

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NOTE 15 - NET COST OF OPERATIONS - Continued

A. Consolidating Statement of Net Cost by Program Agency

Net cost of operations by program agency for the year ended September 30, 2019, consisted of the following:

(Dollars in thousands)	Employment and Training Administration	Office of Workers' Compensation Programs	Office of Job Corps	Occupational Safety and Health Administration
CROSSCUTTING PROGRAMS				
Income maintenance				
Gross cost	$ 31,015,164	$ 8,208,706	$ -	$ -
Less earned revenue	(367,295)	(2,752,599)	-	-
Net program cost	30,647,869	5,456,107	-	-
Employment and training				
Gross cost	4,328,999	-	1,630,393	-
Less earned revenue	(2,790)	-	-	-
Net program cost	4,326,209	-	1,630,393	-
Labor, employment and pension standards				
Gross cost	-	-	-	-
Less earned revenue	-	-	-	-
Net program cost	-	-	-	-
Worker safety and health				
Gross cost	-	-	-	604,321
Less earned revenue	-	-	-	(2,071)
Net program cost	-	-	-	602,250
OTHER PROGRAMS				
Statistics				
Gross cost	-	-	-	-
Less earned revenue	-	-	-	-
Net program cost	-	-	-	-
COSTS NOT ASSIGNED TO PROGRAMS				
Gross cost	-	-	-	-
Less earned revenue not attributed to programs	-	-	-	-
Net cost not assigned to programs	-	-	-	-
Net cost of operations	$ 34,974,078	$ 5,456,107	$ 1,630,393	$ 602,250

Bureau of Labor Statistics	Mine Safety and Health Administration	Employee Benefits Security Administration	Veterans' Employment and Training	Wage and Hour Division	Other Program Agencies	Total
$ -	$ -	$ -	$ -	$ -	$ 1,195	$ 39,225,065
-	-	-	-	-	-	(3,119,894)
-	-	-	-	-	1,195	36,105,171
		-				
-	-	-	284,177	-	2,441	6,246,010
-	-	-	(75)	-	-	(2,865)
-	-	-	284,102	-	2,441	6,243,145
-	312	215,088	11,805	319,328	312,827	859,360
-	-	(6,948)	-	(2,804)	(3)	(9,755)
-	312	208,140	11,805	316,524	312,824	849,605
-	402,143	-	-	-	402	1,006,866
-	(1,901)	-	-	-	-	(3,972)
-	400,242	-	-	-	402	1,002,894
677,675	-	-	-	-	178	677,853
(32,287)	-	-	-	-	-	(32,287)
645,388	-	-	-	-	178	645,566
-	-	-	-	-	60,818	60,818
-	-	-	-	-	(28,350)	(28,350)
-	-	-	-	-	32,468	32,468
$ 645,388	$ 400,554	$ 208,140	$ 295,907	$ 316,524	$ 349,508	$ 44,878,849

NOTE 15 - NET COST OF OPERATIONS - Continued

B. Consolidating Statement of Net Cost by Program Agency

Net cost of operations by program agency for the year ended September 30, 2018, consisted of the following:

(Dollars in thousands)	Employment and Training Administration	Office of Workers' Compensation Programs	Office of Job Corps	Occupational Safety and Health Administration
CROSSCUTTING PROGRAMS				
Income maintenance				
Gross cost	$ 31,993,122	$ 9,487,342	$ -	$ -
Less earned revenue	(448,012)	(2,868,995)	-	-
Net program cost	31,545,110	6,618,347	-	-
Employment and training				
Gross cost	4,301,249	-	1,574,868	-
Less earned revenue	(1,050)	-	-	-
Net program cost	4,300,199	-	1,574,868	-
Labor, employment and pension standards				
Gross cost	-	-	-	-
Less earned revenue	-	-	-	-
Net program cost	-	-	-	-
Worker safety and health				
Gross cost	-	-	-	584,317
Less earned revenue	-	-	-	(1,685)
Net program cost	-	-	-	582,632
OTHER PROGRAMS				
Statistics				
Gross cost	-	-	-	-
Less earned revenue	-	-	-	-
Net program cost	-	-	-	-
COSTS NOT ASSIGNED TO PROGRAMS				
Gross cost	-	-	-	-
Less earned revenue not attributed to programs	-	-	-	-
Net cost not assigned to programs	-	-	-	-
Net cost of operations	$ 35,845,309	$ 6,618,347	$ 1,574,868	$ 582,632

Bureau of Labor Statistics	Mine Safety and Health Administration	Employee Benefits Security Administration	Veterans' Employment and Training	Wage and Hour Division	Other Program Agencies	Total
$ -	$ -	$ -	$ -	$ -	$ (2,946)	$ 41,477,518
-	-	-	-	-	4,028	(3,312,979)
-	-	-	-	-	1,082	38,164,539
-	-	-	278,621	-	1,939	6,156,677
-	-	-	-	-	-	(1,050)
-	-	-	278,621	-	1,939	6,155,627
-	301	204,114	11,519	315,649	312,420	844,003
-	-	(5,826)	-	(2,787)	-	(8,613)
-	301	198,288	11,519	312,862	312,420	835,390
-	413,363	-	-	-	586	998,266
-	(1,427)	-	-	-	-	(3,112)
-	411,936	-	-	-	586	995,154
661,918	-	-	-	-	141	662,059
(28,803)	-	-	-	-	-	(28,803)
633,115	-	-	-	-	141	633,256
-	-	-	-	-	23,717	23,717
-	-	-	-	-	(4,986)	(4,986)
-	-	-	-	-	18,731	18,731
$ 633,115	$ 412,237	$ 198,288	$ 290,140	$ 312,862	$ 334,899	$ 46,802,697

NOTE 15 - NET COST OF OPERATIONS – Continued

C. Statements of Net Cost - Employment and Training Administration and Office of Workers' Compensation Programs

Net cost of operations for the year ended September 30, 2019, consisted of the following:

(Dollars in thousands)	Employment and Training Administration	Office of Workers' Compensation Programs
CROSSCUTTING PROGRAMS		
Income maintenance		
Benefits	$ 26,627,795	$ 7,534,314
Grants	3,530,047	-
Interest	4,932	228,657
Administrative and other	852,390	445,735
Gross cost	31,015,164	8,208,706
Less earned revenue	(367,295)	(2,752,599)
Net program cost	30,647,869	5,456,107
Employment and training		
Grants	3,923,446	-
Administrative and other	405,553	-
Gross cost	4,328,999	-
Less earned revenue	(2,790)	-
Net program cost	4,326,209	-
Net cost of operations	$ 34,974,078	$ 5,456,107

Net cost of operations for the year ended September 30, 2018, consisted of the following:

(Dollars in thousands)	Employment and Training Administration	Office of Workers' Compensation Programs
CROSSCUTTING PROGRAMS		
Income maintenance		
Benefits	$ 27,429,930	$ 8,862,951
Grants	3,771,455	-
Interest	44,698	209,049
Administrative and other	747,039	415,342
Gross cost	31,993,122	9,487,342
Less earned revenue	(448,012)	(2,868,995)
Net program cost	31,545,110	6,618,347
Employment and training		
Grants	3,919,562	-
Administrative and other	381,687	-
Gross cost	4,301,249	-
Less earned revenue	(1,050)	-
Net program cost	4,300,199	-
Net cost of operations	$ 35,845,309	$ 6,618,347

NOTE 16 - NON-EXCHANGE REVENUE

Non-exchange revenues reported on the Consolidated Statements of Changes in Net Position for the years ended September 30, 2019 and 2018 consisted of the following:

(Dollars in thousands)	2019	2018
Employer taxes		
Unemployment Trust Fund		
State unemployment taxes	$ 33,220,362	$ 34,546,864
Federal unemployment taxes	6,175,872	8,681,807
	39,396,234	43,228,671
Black Lung Disability Trust Fund excise taxes	216,648	384,375
	39,612,882	43,613,046
Interest		
Unemployment Trust Fund	1,844,508	1,507,788
Other	2,626	1,850
	1,847,134	1,509,638
Reimbursement of unemployment benefits and other	1,606,247	1,701,900
	$ 43,066,263	$ 46,824,584

NOTE 17 - TRANSFERS WITHOUT REIMBURSEMENT

Transfers from other Federal agencies for the years ended September 30, 2019 and 2018 consisted of the following:

(Dollars in thousands)	2019	2018
Budgetary financing sources		
From H-1B Nonimmigrant Petitioner Account, Department of Homeland Security and other	$ 268,466	$ 264,447
Other financing sources		
From General Services Administration	(83)	706
	$ 268,383	$ 265,153

The balances of $268.5 million and $264.4 million in budgetary financing sources for FY 2019 and FY 2018, reflects the elimination of intra-DOL transfers of $(3.4) billion and $(3.5) billion, respectively.

NOTE 18 - STATUS OF BUDGETARY RESOURCES

A. Net Adjustment to Unobligated Balance, Brought Forward October 1

During the years ended September 30, 2019 and 2018, certain adjustments were made to the balance of unobligated budgetary resources available as of October 1, 2018 and 2017. These adjustments include, among other things, downward adjustments to undelivered and delivered orders that were obligated in a prior fiscal year. The adjustments during the years ended September 30, 2019 and 2018 are presented below.

(Dollars in thousands)	2019	2018
Unobligated balance, brought forward from prior year	$ 4,382,672	$ 3,931,184
Adjustments to budgetary resources made during current year		
Downward adjustments of prior year undelivered orders	474,799	394,856
Downward adjustments of prior year delivered orders	15,625	16,260
Other Adjustments	(277,408)	(436,524)
	213,016	(25,408)
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	$ 4,595,688	$ 3,905,776

B. Permanent Indefinite Appropriations

DOL's permanent indefinite appropriations include trust funds, the FAUC Fund, the Panama Canal Commission Compensation Fund, the Energy Employees Occupational Illness Compensation Fund, ETA and WHD H-1B funds, ETA's Advances and Payments to the UTF, Special Benefits for Disabled Coal Miners, Short-Time Compensation, and portions of State Unemployment Insurance and Employment Service Operations and Federal Unemployment Benefits and Allowances. These funds are described in Note 1-A.3. As of September 30, 2019 and 2018, the Department returned unobligated, indefinite authority to Treasury in the amount of $264.3 million and $128.3 million, respectively.

C. Legal Arrangements Affecting Use of Unobligated Balances

UTF receipts are reported as budget authority in the Combined Statements of Budgetary Resources. The portion of UTF receipts collected in the current year in excess of amounts needed to pay benefits and other valid obligations is classified as temporarily not available pursuant to public law at September 30. Therefore, these excess receipts are reported as a reduction to Appropriations and Unobligated Balances – Exempt from Apportionment in the Combined Statements of Budgetary Resources. Conversely, when obligations exceed receipts in the current year, amounts are drawn from the temporarily unavailable collections to increase current year Appropriations and Unobligated Balances – Exempt from Apportionment on the Combined Statements of Budgetary Resources to cover these obligations. All excess receipts are reported as assets of the UTF and are included in the Consolidated Balance Sheets.

The cumulative amount of excess UTF receipts are denoted as unavailable collections in the Budget of the United States Government. The cumulative amount of these excess receipts as of September 30, 2019 and 2018, reclassified from unobligated balances to UTF unavailable collections is presented on the following page.

NOTE 18 - STATUS OF BUDGETARY RESOURCES - Continued

C. Legal Arrangements Affecting Use of Unobligated Balances - Continued

(Dollars in millions)	2019	2018
Unemployment Trust Fund unavailable collections, beginning	$ 70,377	$ 58,011
Budget authority from current year appropriations	42,932	44,146
Less: obligations	(30,911)	(31,780)
Excess of budget authority over obligations	12,021	12,366
Unemployment Trust Fund unavailable collections, ending	$ 82,398	$ 70,377

D. Explanation of Differences between the Combined Statement of Budgetary Resources and the Budget of the United States Government for FY 2018

The Budget of the United States Government with actual amounts for the year ended September 30, 2019, has not been published as of the issue date of these financial statements. This document will be available in February 2020 at OMB's website.

A reconciliation of budgetary resources, new obligations and upward adjustments, distributed offsetting receipts, and net outlays, as presented in the Combined Statement of Budgetary Resources (SBR) for FY 2018, to amounts included in the Budget of the United States Government for the year ended September 30, 2018, is shown below.

(Dollars in millions)	Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$ 54,674	$ 50,291	$ 460	$ 42,768
Pension Benefit Guaranty Corporation reported separately	37,048	6,364	-	(2,782)
Fiduciary activity	177	111	-	111
Expired accounts	(607)	(38)	-	-
Other	1	(4)	(1)	(3)
Budget of the United States Government	$ 91,293	$ 56,724	$ 459	$ 40,094

E. Undelivered Orders

Undelivered orders as of September 30, 2019 and 2018, consisted of the following:

	2019	2018
Intra-governmental		
Undelivered orders (paid)	$ 176,336	$ 192,493
Undelivered orders (unpaid)	163,729	141,590
Total Intra-governmental	340,065	334,083
With the Public		
Undelivered orders (paid)	1,229,908	1,223,308
Undelivered orders (unpaid)	8,312,060	8,359,729
Total with public	9,541,968	9,583,037
Total undelivered orders	$ 9,882,033	$ 9,917,120

NOTE 18 - STATUS OF BUDGETARY RESOURCES – Continued

F. Appropriations Received

Appropriations from the Consolidated Statements of Changes in Net Position and the Combined Statements of Budgetary Resources are reconciled below for the years ended September 30, 2019 and 2018.

(Dollars in millions)	2019	2018
Appropriations Received, Consolidated Statements of Changes in Net Position	$ 11,174	$ 11,307
Receipts recognized as revenue in current and prior years		
Unemployment Trust Fund	30,911	34,395
Black Lung Disability Trust Fund	277	371
Other funds from dedicated collections	261	265
Repayment of debt from appropriated receipts		
Unemployment Trust Fund	-	(2,614)
Return of permanent indefinite authority	(3)	(125)
Reduction for sequestration, across the board reductions, and other	(114)	(78)
	31,332	32,214
Appropriations, Combined Statements of Budgetary Resources	$ 42,506	$ 43,521

G. Borrowing Authority

As of September 30, 2019 and 2018, P.L. 115-245 and P.L. 115-141, respectively, granted borrowing authority for repayable advances and other debt in the amount of "such sums as may be necessary" to (1) the UTF for advances as authorized by sections 905(d) and 1203 of the Social Security Act and (2) the BLDTF for advances as authorized by section 9501(c) (1) of the Internal Revenue Code of 1986. Although section 9501 of the Internal Revenue Code and P.L. 115-245 use the terminology "advance," the Treasury has interpreted this to mean any debt owed by the BLDTF to the Bureau of the Fiscal Service.

There was no borrowing authority exercised for UTF during FY 2019 and FY 2018.

Borrowing authority for the BLDTF was $1,870 million and $1,900 million for FY 2019 and FY 2018, respectively. In FY 2019, the entire borrowing authority was used to repay debt of $2,018 million. In FY 2018, most of the borrowing authority was used to repay debt of $1,671 million.

NOTE 19 - BUDGET AND ACCRUAL RECONCILIATION

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays. The Accounts receivable line is primarily related to activity between DOL and other Federal agencies for FECA Federal workers' compensation program activity. In the accrual basis, the decrease in DOL's receivables is due to collections on the accounts receivable; the collections do not offset DOL's net costs in this period because the revenues associated with the receivables offset DOL's net costs in a prior period. However, in the budgetary basis, the collections of the accounts receivable offset DOL's outlays in this period. The line for 'Federal employee retirement benefit costs paid by OPM and imputed to agency' reflects costs incurred by OPM on DOL's behalf for DOL's employees. DOL recognizes these costs as imputed costs and they will not be paid from DOL's budget, so they are non-cash costs that DOL deducts in order to reconcile to the net outlays from DOL's budget. The Other liabilities line primarily includes costs related to the Energy Employees Occupational Illness Compensation Benefits and Future Workers' Compensation Benefits discussed in Notes 1.M and 1.L, respectively. On the accrual basis, the full amount of the change in these actuarial liabilities increases the costs in DOL's net cost for the current year. However, in the budgetary basis, these costs do not increase DOL's net outlays until they are paid over multiple future years. Additionally, this line includes interest expense on the debt of the Black Lung Disability Trust Fund. The interest expense on the debt is for loans that pay interest at the end of the year and debt that is similar to zero-coupon bonds where interest is capitalized over multiple years and paid when the debt matures. In the accrual basis, the interest expense increases DOL's net cost during the time before the interest payment due date. However, in the budgetary basis, the interest does not increase net outlays until the interest is paid.

NOTE 19 - BUDGET AND ACCRUAL RECONCILIATION - Continued

The reconciliation for the year ended September 30, 2019, is shown below.

(Dollars in thousands)	Intra-governmental	With the public	Total
NET COST OF OPERATIONS	$ (1,854,062)	$ 46,732,911	$ 44,878,849
Components of Net Operating Cost Not Part of the Budgetary Outlays:			
Property, plant, and equipment depreciation	-	(71,628)	(71,628)
Property, plant, and equipment disposal & reevaluation	-	26,277	26,277
Increase/(Decrease) in Assets not affecting Budgetary Outlays:			
Accounts receivable	(158,845)	2,547	(156,298)
Other assets	23	6,769	6,792
Investments	(56)	-	(56)
(Increase)/Decrease in Liabilities not affecting Budgetary Outlays:			
Accounts payable	(309)	(148,374)	(148,683)
Salaries and benefits	(1,586)	(5,792)	(7,378)
Environmental and disposal liabilities	-	(784)	(784)
Other liabilities (unfunded leave, actuarial Energy and FECA)	(113,277)	(2,939,558)	(3,052,835)
Other financing sources:			
Federal employee retirement benefit costs paid by OPM and imputed to agency	(131,278)	-	(131,278)
Transfers in\out without reimbursement	12	-	12
Total Components of Net Operating Cost Not Part of the Budgetary Outlays	(405,316)	(3,130,543)	(3,535,859)
Components of the Budgetary Outlays That Are Not Part of Net Operating Cost:			
Acquisition of capital assets	-	2,061	2,061
Other	(4,053)	(8,799)	(12,852)
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	(4,053)	(6,738)	(10,791)
Net Outlays	$ (2,263,431)	$ 43,595,630	$ 41,332,199
Related Amounts on the Statement of Budgetary Resources			
Outlays, net			$ 41,729,415
Distributed offsetting receipts			(397,216)
Agency Outlays, Net			$ 41,332,199

NOTE 20 - CUSTODIAL REVENUE

Custodial revenues for the year ended September 30, 2019, consisted of the following:

(Dollars in thousands)	Net Cash Collections and Transfers to U.S. Treasury General Fund	Increase (Decrease) in Amounts to be Collected and Transferred	Total Revenues
Civil monetary penalties			
Occupational Safety and Health Administration	$ 131,276	$ 14,639	$ 145,915
Mine Safety and Health Administration	47,366	347	47,713
Employee Benefits Security Administration	22,135	(597)	21,538
Wage and Hour Division	31,789	51	31,840
	232,566	14,440	247,006
Other custodial activity			
Employment and Training Administration and other agencies	5,345	298	5,643
	$ 237,911	$ 14,738	$ 252,649

Custodial revenues for the year ended September 30, 2018 consisted of the following:

(Dollars in thousands)	Net Cash Collections and Transfers to U.S. Treasury General Fund	Increase (Decrease) in Amounts to be Collected and Transferred	Total Revenues
Civil monetary penalties			
Occupational Safety and Health Administration	$ 122,453	$ 6,529	$ 128,982
Mine Safety and Health Administration	44,971	(16,025)	28,946
Employee Benefits Security Administration	18,823	(464)	18,359
Wage and Hour Division	34,733	(331)	34,402
	220,980	(10,291)	210,689
Other custodial activity			
Employment and Training Administration and other agencies	3,793	286	4,079
	$ 224,773	$ (10,005)	$ 214,768

NOTE 21 - FUNDS FROM DEDICATED COLLECTIONS

DOL is responsible for the operation of certain funds from dedicated collections. Other funds from dedicated collections include Gifts and Bequests, Panama Canal Commission Compensation Fund, and H-1B Funds. The financial position of the funds from dedicated collections as of September 30, 2019, is shown below.

(Dollars in thousands)	Unemployment	Black Lung Disability	Other	Total
Assets				
Intra-governmental				
Funds with U.S. Treasury	$ 450,006	$ 79,393	$ 801,880	$ 1,331,279
Investments	84,860,641	-	25,748	84,886,389
Accounts receivable				
Due from other Federal agencies for UCFE and UCX benefits	91,215	-	-	91,215
Other	-	-	24,925	24,925
Total intra-governmental	85,401,862	79,393	852,553	86,333,808
Accounts receivable, net of allowance				
State unemployment tax	494,941	-	-	494,941
Due from reimbursable employers	454,178	-	-	454,178
Benefit overpayments	308,845	45,433	-	354,278
Other	1,217	-	1	1,218
Advances	1,208,889	-	-	1,208,889
Other	-	-	167	167
Total assets	$ 87,869,932	$ 124,826	$ 852,721	$ 88,847,479
Liabilities				
Intra departmental and intra-governmental				
Accounts payable to DOL agencies	$ 926,108	$ -	$ 1	$ 926,109
Debt	-	5,958,219	-	5,958,219
Amounts held for the Railroad Retirement Board	120,402	-	-	120,402
Other	-	-	5,464	5,464
Total inter/intra-governmental	1,046,510	5,958,219	5,465	7,010,194
Accounts payable	-	-	7,540	7,540
Future workers' compensation benefits	-	-	33,150	33,150
Accrued benefits	867,383	13,225	-	880,608
Other liabilities	-	-	21,517	21,517
Total liabilities	1,913,893	5,971,444	67,672	7,953,009
Net position				
Cumulative results of operations	85,956,039	(5,846,618)	785,049	80,894,470
Total liabilities and net position	$ 87,869,932	$ 124,826	$ 852,721	$ 88,847,479

NOTE 21 - FUNDS FROM DEDICATED COLLECTIONS - Continued

The net results of operations of the funds from dedicated collections for the year ended and as of September 30, 2019, are shown below.

(Dollars in thousands)	Unemployment	Black Lung Disability	Other	Total
Cost, net of earned revenues				
Benefits	$ (26,630,347)	$ (129,729)	$ -	$ (26,760,076)
Grants	-	-	(134,291)	(134,291)
Interest	(4,932)	(228,657)	-	(233,589)
Administrative and other	(655,922)	1,272	(105,673)	(760,323)
	(27,291,201)	(357,114)	(239,964)	(27,888,279)
Earned revenue	318,909	-	74	318,983
Net cost of operations	(26,972,292)	(357,114)	(239,890)	(27,569,296)
Net financing sources				
Taxes	39,396,234	216,648	-	39,612,882
Interest	1,844,508	1,952	670	1,847,130
Reimbursement of unemployment benefits and other	1,589,665	-	16,582	1,606,247
Imputed financing	-	-	2,388	2,388
Transfers-in				
Department of Homeland Security	-	-	284,977	284,977
DOL entities	971	-	74	1,045
Transfers-out				
Department of Homeland Security	-	-	(24,832)	(24,832)
DOL entities	(3,620,573)	(66,197)	(74)	(3,686,844)
	39,210,805	152,403	279,785	39,642,993
Change in net position	12,238,513	(204,711)	39,895	12,073,697
Net position, beginning of year	73,717,526	(5,641,907)	745,154	68,820,773
Net position, end of year	$ 85,956,039	$ (5,846,618)	$ 785,049	$ 80,894,470

NOTE 21 - FUNDS FROM DEDICATED COLLECTIONS - Continued

The financial position of the funds from dedicated collections as of September 30, 2018, is shown below.

(Dollars in thousands)	Unemployment	Black Lung Disability	Other	Total
Assets				
Intra-governmental				
Funds with U.S. Treasury	$ 497,683	$ 335,394	$ 779,292	$ 1,612,369
Investments	72,981,950	-	29,151	73,011,101
Accounts receivable				
Due from other Federal agencies				
for UCFE and UCX benefits	148,457	-	-	148,457
Other	-	-	14,083	14,083
Total intra-governmental	73,628,090	335,394	822,526	74,786,010
Accounts receivable, net of allowance				
State unemployment tax	296,042	-	-	296,042
Due from reimbursable employers	467,351	-	-	467,351
Benefit overpayments	332,874	24,316	-	357,190
Other	1,721	-	3	1,724
Advances	1,189,372	-	237	1,189,609
Other	-	-	182	182
Total assets	$ 75,915,450	$ 359,710	$ 822,948	$ 77,098,108
Liabilities				
Intra departmental and intra-governmental				
Accounts payable to DOL agencies	$ 1,224,268	$ -	$ 1	$ 1,224,269
Debt	2,682	5,990,532	-	5,993,214
Amounts held for the Railroad				
Retirement Board	87,229	-	-	87,229
Other	-	-	5,601	5,601
Total inter/intra-governmental	1,314,179	5,990,532	5,602	7,310,313
Accounts payable	-	-	3,898	3,898
Future workers' compensation benefits	-	-	30,097	30,097
Accrued benefits	883,745	11,085	-	894,830
Other liabilities	-	-	38,197	38,197
Total liabilities	2,197,924	6,001,617	77,794	8,277,335
Net position				
Cumulative results of operations	73,717,526	(5,641,907)	745,154	68,820,773
Total liabilities and net position	$ 75,915,450	$ 359,710	$ 822,948	$ 77,098,108

NOTE 21 - FUNDS FROM DEDICATED COLLECTIONS - Continued

The net results of operations of the funds from dedicated collections for the year ended and as of September 30, 2018, are shown below.

(Dollars in thousands)	Unemployment	Black Lung Disability	Other	Total
Cost, net of earned revenues				
Benefits	$ (27,433,039)	$ (140,435)	$ -	$ (27,573,474)
Grants	-	-	(191,582)	(191,582)
Interest	(44,698)	(209,050)	-	(253,748)
Administrative and other	(566,574)	(1,570)	(83,537)	(651,681)
	(28,044,311)	(351,055)	(275,119)	(28,670,485)
Earned revenue	394,268	-	-	394,268
Net cost of operations	(27,650,043)	(351,055)	(275,119)	(28,276,217)
Net financing sources				
Taxes	43,228,671	384,375	-	43,613,046
Interest	1,507,788	1,394	452	1,509,634
Reimbursement of unemployment benefits and other	1,701,900	-	-	1,701,900
Imputed financing	-	-	2,181	2,181
Transfers-in				
Department of Homeland Security	-	-	282,138	282,138
DOL entities	1,505	-	-	1,505
Transfers-out				
Department of Homeland Security	-	-	(17,618)	(17,618)
DOL entities	(3,693,556)	(65,913)	-	(3,759,469)
Other	-	1	-	1
	42,746,308	319,857	267,153	43,333,318
Change in net position	15,096,265	(31,198)	(7,966)	15,057,101
Net position, beginning of year	58,621,261	(5,610,709)	753,120	53,763,672
Net position, end of year	$ 73,717,526	$ (5,641,907)	$ 745,154	$ 68,820,773

NOTE 22 - FIDUCIARY ACTIVITY

The schedule of fiduciary activity and net assets for the fiduciary funds for the year ended and as of September 30, 2019, is shown below.

(Dollars in thousands)	Wage and Hour and Public Contracts Restitution Fund	Longshore and Harbor Workers' Compensation Act Trust Fund	District of Columbia Workmen's Compensation Act Trust Fund	Davis-Bacon Act Trust Fund	Total Fiduciary Funds
Fiduciary activity					
Assessments	$ 88,079	$ 104,848	$ 5,686	$ -	$ 198,613
Investment earnings	-	995	93	-	1,088
Administrative and other	-	(2,232)	2	-	(2,230)
Transfer of funds	(24,945)	-	-	-	(24,945)
Disbursements to beneficiaries	(69,602)	(97,394)	(6,515)	-	(173,511)
Increase (decrease) in fiduciary net assets	(6,468)	6,217	(734)	-	(985)
Fiduciary net assets, beginning of year	185,277	31,740	3,661	-	220,678
Fiduciary net assets, end of year	$ 178,809	$ 37,957	$ 2,927	$ -	$ 219,693
Fiduciary assets					
Cash	$ 173,260	$ -	$ 23	$ 5,194	$ 178,477
Investments	207	59,803	4,250	-	64,260
Other assets	5,342	9,947	200	-	15,489
Less: liabilities	-	(31,793)	(1,546)	(5,194)	(38,533)
Total fiduciary net assets	$ 178,809	$ 37,957	$ 2,927	$ -	$ 219,693

The schedule of fiduciary activity and net assets for the fiduciary funds for the year ended and as of September 30, 2018, is shown below.

(Dollars in thousands)	Wage and Hour and Public Contracts Restitution Fund	Longshore and Harbor Workers' Compensation Act Trust Fund	District of Columbia Workmen's Compensation Act Trust Fund	Davis-Bacon Act Trust Fund	Total Fiduciary Funds
Fiduciary activity					
Assessments	$ 96,461	$ 110,560	$ 6,913	$ -	$ 213,934
Investment earnings	-	621	55	-	676
Administrative and other	-	(2,203)	3	97	(2,103)
Transfer of funds	(29,162)	-	-	-	(29,162)
Disbursements to beneficiaries	(58,847)	(101,480)	(6,991)	(97)	(167,415)
Increase (decrease) in fiduciary net assets	8,452	7,498	(20)	-	15,930
Fiduciary net assets, beginning of year	176,825	24,242	3,681	-	204,748
Fiduciary net assets, end of year	$ 185,277	$ 31,740	$ 3,661	$ -	$ 220,678
Fiduciary assets					
Cash	$ 181,576	$ 6	$ 1	$ 5,194	$ 186,777
Investments	202	63,933	5,621	-	69,756
Other assets	3,499	1,734	131	-	5,364
Less: liabilities	-	(33,933)	(2,092)	(5,194)	(41,219)
Total fiduciary net assets	$ 185,277	$ 31,740	$ 3,661	$ -	$ 220,678

NOTE 22 - FIDUCIARY ACTIVITY - Continued

The FY 2018 audits were performed on the Longshore and Harbor Workers' Compensation Act Trust Fund and the District of Columbia Worker's Compensation Act Trust Fund and are available on DOL's website.

NOTE 23 - SUBSEQUENT EVENTS

Management has determined that there are no subsequent events requiring accrual or disclosure through November 18, 2019.

NOTE 24 - RECLASSIFICATIONS OF DOL'S CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2019 AND CONSOLIDATED STATEMENTS OF NET COST AND CHANGES IN NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2019 PREPARED FOR USE IN TREASURY'S FRUSG COMPILATION PROCESS

The Treasury's FRUSG compilation process requires DOL to submit an adjusted trial balance as of September 30, 2019; the adjusted trial balance is a listing of amounts by U.S. Standard General Ledger account that appear in DOL's FY 2019 consolidated financial statements. Treasury uses the adjusted trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet as of September 30, 2019 and Reclassified Statements of Net Cost and Changes in Net Position for the year ended September 30, 2019 for each component reporting entity, which are accessed using GTAS. Treasury eliminates intragovernmental balances among the component reporting entities' reclassified financial statements and aggregates financial statement lines with the same title to develop the FY 2019 governmentwide financial statements in the FRUSG.

As required by OMB Circular A-136, this note discloses DOL's FY 2019 consolidated financial statements as reclassified financial statements for use in Treasury's FRUSG compilation process; the reclassified financial statements are presented prior to elimination of intragovernmental balances and prior to aggregation of repeated governmentwide financial statement line items. The FY 2018 FRUSG may be found on the Treasury's website; the FY 2019 FRUSG will be posted to the Treasury's website as soon as it is released.

The term "non-Federal" is used in this note to refer to Federal Government amounts that result from transactions with non-Federal entities. These include transactions with individuals, businesses, non- profit entities, and State, local, and foreign governments.

NOTE 24 - RECLASSIFICATIONS OF DOL'S CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2019 AND CONSOLIDATED STATEMENTS OF NET COST AND CHANGES IN NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2019 PREPARED FOR USE IN TREASURY'S FRUSG COMPILATION PROCESS – Continued

A. Reclassification of Balance Sheet Line Items for Use in Treasury's FRUSG Compilation Process for the FY 2019 Balance Sheet

Reclassification of Balance Sheet Line Items for Use in Treasury's FRUSG Compilation Process for the FY 2019 Balance Sheet

FY 2019 DOL Consolidated Balance Sheet		Line Items for Use in Treasury's FRUSG Compilation Process for the FY 2019 Balance Sheet	
(Dollars in thousands)			
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
ASSETS			**ASSETS**
Intra-governmental			**Intra-Governmental Assets**
Funds with U.S. Treasury	$ 13,469,680	$ 13,469,680	FBWT
Investments	85,168,619	*84,669,037*	Federal Investments
		499,582	Interest Receivable - Investments
Total investments	*85,168,619*	*85,168,619*	*Total Reclassified Investments, Net*
Accounts receivable	5,007,944	*96*	Accounts Receivable
		4,991,266	Benefit Program Contributions Receivable
		16,582	Asset for Agency Custodial and Non-Entity Liabilities - Other than the General Fund
Total accounts receivable	*5,007,944*	*5,007,944*	*Total Reclassified A/R*
Advances	4,945	4,945	Advances to Others and Prepayments
Total intra-governmental	**103,651,188**	**103,651,188**	**Total Intra-Governmental Assets**
Accounts receivable, net of allowance	1,531,888	1,531,888	Accounts and Taxes Receivable, Net
General property, plant and equipment, net	1,131,847	1,131,847	PP&E, Net
Advances	1,229,903	1,229,903	Other Assets
Total assets	**$ 107,544,826**	**$ 107,544,826**	**Total Assets**
Liabilities			**LIABILITIES**
Intra-governmental			**Intra-Governmental Liabilities**
Accounts payable	$ 12,708	$ 12,708	Accounts Payable
Debt	5,958,219	5,958,219	Loans Payable
Total Debt	*5,958,219*	*5,958,219*	*Total Reclassified Debt*
Other liabilities	327,411	120,402	Transfers Payable
		13,771	Benefit Program Contributions Payable
		3,807	Advances from Other & Deferred Credits
		185,066	Liability to the GF for Custodial and Other Non-Entity Assets
		4,365	Other Liabilities
Total other liabilities	*327,411*	*327,411*	*Total Reclassified Other – Miscellaneous Liabilities*
Total intra-governmental	**6,298,338**	**6,298,338**	**Total Intra-Governmental Liabilities**
Accounts payable	399,791	399,791	Accounts Payable
Accrued benefits	1,144,396	1,144,396	Benefits Due and Payable
Future workers' compensation benefits	2,852,779	2,855,405	Federal Employee and Veteran Benefits Payable
Energy employees occupational illness compensation benefits	26,676,245	26,673,619	Other Liabilities (1 of 3)
Accrued leave	128,852	128,852	Other Liabilities (2 of 3)
Other liabilities	793,086	35,321	Environmental and Disposal Liabilities
		757,765	Other Liabilities (3 of 3)
Total other liabilities	*793,086*	*793,086*	*Total Reclassified Miscellaneous Liabilities*
Total liabilities	**38,293,487**	**38,293,487**	**Total Liabilities**
Net position			
Cumulative results of operations - Funds from dedicated collections	80,894,470	84,613,317	Net Position - Funds from Dedicated Collections
Unexpended appropriations - All other funds	8,887,126	(15,361,978)	Net Position - Funds Other than those from Dedicated Collections
Cumulative results of operations - All other funds	(20,530,257)		
Total net position	**69,251,339**	**69,251,339**	Total Net Position
Total liabilities & net position	**$ 107,544,826**	**$ 107,544,826**	Total Liabilities & Net Position

NOTE 24 - RECLASSIFICATIONS OF DOL'S CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2019 AND CONSOLIDATED STATEMENTS OF NET COST AND CHANGES IN NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2019 PREPARED FOR USE IN TREASURY'S FRUSG COMPILATION PROCESS - Continued

B. Reclassification of Statement of Net Costs to Line Items for Use in Treasury's FRUSG Compilation Process for the FY 2019 Statement of Net Costs

Reclassification of Statement of Net Costs to Line Items for Use in Treasury's FRUSG Compilation Process for the FY 2019 Statement of Net Costs

FY 2019 DOL Consolidated Statement of Net Costs		Line Items for Use in Treasury's FRUSG Compilation Process for the FY 2019 Statement of Net Costs	
(Dollars in thousands)			
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
			Non-Federal Costs
Gross cost	$ 48,075,972	$ 46,745,681	Non-Federal Gross Cost
		46,745,681	***Total Non-Federal Costs***
			Intragovernmental Costs
		332,294	Benefit Program Costs
		131,279	Imputed Costs
		528,851	Buy/Sell Costs
		2,632	Federal Securities Interest Expense
		230,957	Borrowing and Other Interest Expense
		104,278	Other Expenses (w/o) Reciprocals)
		1,330,291	***Total Intragovernmental Costs***
Total gross cost	*48,075,972*	48,075,972	*Total Reclassified Gross Costs*
Less Earned revenue	3,197,123	13,209	Non-Federal Earned Revenue
			Intragovernmental Revenue
		3,073,163	Benefit Program Revenue
		102,493	Buy/Sell Revenue
		8,131	Federal Securities Interest Revenue Including Associated Gains and Losses
		566	Borrowing and other interest revenue (exchange)
		3,184,353	***Total Intragovernmental Earned Revenue***
Total earned revenue	*3,197,123*	3,197,562	*Total Reclassified Earned Revenue*
Net cost of operations	**$44,878,849**	**$44,878,410**	**Net Cost**

NOTE 24 - RECLASSIFICATIONS OF DOL'S CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2019 AND CONSOLIDATED STATEMENTS OF NET COST AND CHANGES IN NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2019 PREPARED FOR USE IN TREASURY'S FRUSG COMPILATION PROCESS - Continued

C. Reclassification of Statement of Changes in Net Position Line Items for Use in Treasury's FRUSG Compilation Process for the FY 2019 Statement of Operations and Changes in Net Position

Reclassification of Statement of Changes in Net Position Line Items for Use in Treasury's FRUSG Compilation Process for the FY 2019 Statement of Operations and Changes in Net Position

FY 2019 DOL Consolidated Statement of Changes in Net Position		Line Items for Use in Treasury's FRUSG Compilation Process for the FY 2019 Statement of Operations and Changes in Net Position	
		(Dollars in thousands)	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
UNEXPENDED APPROPRIATIONS			
Unexpended appropriations, beginning balance	$ 8,423,410	$ 8,423,410	Net position, Beginning of Year (1 of 2)
Appropriations received	11,173,681	11,173,681	Appropriations Received as Adjusted (1 of 2)
Appropriations transferred in/out	2,196	2,700	Non-expenditure transfers-in of unexpended appropriations and financing sources (Federal)
		(504)	Non-expenditure transfers-out of unexpended appropriations and financing sources (Federal)
Total appropriations: transferred in/out	*2,196*	*2,196*	*Total Reclassified Appropriations Transferred In/Out*
Other adjustments	(393,827)	(393,827)	Appropriations received as adjusted (rescissions and other adjustments) (2 of 2)
Appropriations used	10,318,334	10,318,334	Appropriations Used (Federal)
Total unexpended appropriations	**8,887,126**	**8,887,126**	
CUMULATIVE RESULTS OF OPERATIONS			
Cumulative results of operations, beginning balance	$ 51,477,618	$ 51,477,618	Net Position, Beginning of Year (2 of 2)
Other adjustments	(2,949)	(2,949)	Revenue and Other Financing Source - Cancellations
Appropriations used	10,318,334	10,318,334	Appropriations Used (Federal)
			Non-Federal Non-Exchange Revenue
Non-exchange revenues	43,066,263	33,220,362	Unemployment Taxes
		1,852,356	Other Taxes and Receipts (1 of 2)
		35,072,718	***Total Non-Federal Non-Exchange Revenue***
			Federal Non-Exchange Revenue
		1,843,729	Federal Securities Interest Revenue, including Associated Gains and Losses (Non-Exchange)
		6,392,520	Other Taxes and Receipts (2 of 2)
		16,582	Accruals for Entity amounts to be collected in a TAS Other Than the General Fund of the U.S. Government - Nonexchange
		8,252,831	***Total Intragovernmental Non-Exchange Revenue***
Total non-exchange revenues	*43,066,263*	*43,325,549*	*Total Reclassified Non-Exchange Revenues*
Transfers in/out without reimbursement	268,466	284,977	Appropriation of Unavailable Special/Trust Fund Receipts Transfers-In
		16,582	Appropriation of Unavailable Special/Trust Fund Receipts Transfers-Out
		71	Expenditure transfers-in of financing sources
Total transfers-in/out without reimbursement	*268,466*	*268,466*	*Total Reclassified Transfers-In/Out w/o Reimbursement – Budgetary*
Transfers in/out without reimbursement	(83)	83	Transfers-out w/o reimbursement
Total transfers-in/out without reimbursement	*(83)*	*(83)*	*Total Reclassified Transfers-In/Out w/o Reimbursement – Budgetary*
Imputed financing from costs absorbed by others	131,278	131,278	Imputed Financing Sources (Federal)
Other	(15,865)	258,745	Non-Entity Custodial Collections transferred to the General Fund
		16,845	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund
Total other	*(15,865)*	*(275,590)*	*Total Reclassified Other*
Total financing sources	53,765,444	53,765,005	
Net cost of operations	44,878,849	44,878,410	Net cost of operations
Ending balance - cumulative results of operations	**60,364,213**	**60,364,213**	**Net Position - Ending Balance**
Total net position	**$69,251,339**	**$69,251,339**	**Total Net Position**

Required Supplementary Stewardship Information
(Unaudited)

STEWARDSHIP INVESTMENTS IN HUMAN CAPITAL

Stewardship investments are made by DOL on behalf of the nation, providing long-term benefits that cannot be measured in traditional financial reports. These investments are made for the general public, and are intended to maintain or increase national economic productive capacity. DOL's stewardship investments are in human capital, reported as employment and training expenses in DOL's net cost of operations. Within DOL, the Employment and Training Administration (ETA), including the Office of Job Corps (OJC), and the Veterans' Employment and Training Service (VETS) administer training programs that invest in human capital.

Employment and Training Administration

ETA, including the Office of Job Corps, incurred total net costs of $37 billion in FY 2019. The majority of these costs consisted of unemployment benefits, which totaled $26.6 billion in FY 2019, a decrease of $1 billion (3%) over the previous fiscal year. Also included in ETA's total net costs were investments in human capital of $4.3 billion, which provided services to 2 million participants in FY 2019. These investments were made through job training programs authorized by the Workforce Innovation and Opportunity Act (WIOA) of 2014, previously authorized by the Workforce Investment Act of 1998 (WIA), Title V of the Older Americans Act, as amended, the Trade Act of 1974, as amended, the Health Care and Education Reconciliation Act of 2010, the National Apprenticeship Act of 1937, and other legislation.

Within ETA the Office of Job Corps (OJC) also invests in human capital through WIOA's Job Corps training program. OJC's investment in human capital in FY 2019 was $1.6 billion, providing services to 100.6 thousand participants in primarily residential settings at 121 Job Corps centers. The job training programs authorized by WIOA and other legislation are discussed below.

Adult, Dislocated Worker, Youth, and Job Corps Programs
Training and Employment Services

- **Apprenticeship grants program –** ETA awards grants to states, industry consortia, and other intermediaries to be used to support innovative, job-driven approaches that result in the growth of Apprenticeship programs to train workers with 21st Century skills that meet employer and industry workforce needs. ETA's FY 2019 investment in apprenticeship programs was $64 million.
- **Adult employment and training programs** – ETA awards grants to states to design and operate training and employment assistance programs for disadvantaged adults, including public assistance recipients. ETA's FY 2019 investment in human capital through the WIOA Adult programs was $895 million.
- **Dislocated worker employment and training programs** – ETA awards grants to states to provide reemployment services and retraining assistance to individuals laid-off from their employment. ETA's FY 2019 investment in human capital through the WIOA Dislocated Worker programs was $1.3 billion
- **Youth programs –** ETA awards grants to states to support a wide range of program activities and services to prepare low-income youth for academic and employment success, including summer jobs, by linking academic and occupational learning with youth development activities. ETA's FY 2019 investment in human capital through the WIOA Youth programs was $1 billion.
- **Job Corps program** – ETA's Office of Job Corps awards contracts to support a system of primarily residential centers providing academic education, career technical training, service-learning, and social skills training for low-income young people. Large and small corporations manage and operate 97 Job Corps centers under these contractual arrangements. The remaining 24 centers are operated through interagency agreements between DOL and the U.S. Department of Agriculture. In addition, 21 operators are contracted to provide outreach and admissions and/or career transition services. OJC's FY 2019 investment in human capital through the Job Corps program was $1.6 billion.

- **National programs** – ETA's National programs provide evaluation resources and program support for WIOA activities, including nationally administered programs providing employment and training services to segments of the population that have special disadvantages in the labor market, including grants to federally recognized Indian tribes and other Native American governments or non-profit organizations and to Migrant and Seasonal Farmworker service organizations. ETA's FY 2019 human capital investment in WIOA National Programs was $147 million.

Community Service Employment for Older Americans (CSEOA) Program

ETA also invests in human capital through the Community Service Employment for Older Americans program, authorized under Title V of the Older Americans Act, as amended in 2006. Known as the Senior Community Service Employment Program (SCSEP), the SCSEP is a federally sponsored community service employment and training program that provides part-time training through on-the-job work experience in community service activities for unemployed, low-income individuals ages 55 and older, so that they can prepare to enter or re-enter the workforce. ETA's FY 2019 investment in human capital through the CSEOA's SCSEP was $410 million.

Trade Adjustment Assistance for Workers Program

Trade Adjustment Assistance (TAA) for Workers (TAA Program) was first established at the Department of Labor by the Trade Act of 1974 and has been amended several times. The Trade Adjustment Assistance Reauthorization Act of 2015 and Title IV of the Trade Preferences Extension Act of 2015 (Public Law 114-27), both amended and reauthorized the TAA Program. Individual workers who are members of the certified worker group apply for benefits and services through the American Job Centers. Individual workers who meet the qualifying criteria may receive: job training; income support in the form of Trade Readjustment Allowances (TRA); job search and relocation allowances; Health Coverage Tax Credit (HCTC), as determined by the Internal Revenue Service (IRS); and, for workers age 50 and older, a wage supplement in the form of Reemployment Trade Adjustment Assistance (RTAA). In addition, all workers covered by a certification are eligible for employment and case management services including Career Services either through the TAA Program or through and in coordination with WIOA and the Wagner-Peyser Act. Only TAA training costs are considered investments in human capital; these costs were $181 million for FY 2019.

Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant Fund

Implemented in cooperation with the Department of Education, the TAACCCT program provides grants to eligible institutions of higher learning to improve education and employment outcomes for students. Authorized by the Trade Act of 1974 and Health Care and Education Reconciliation Act of 2010, the program enables educational institutions to prepare students to succeed in growing occupations by acquiring the skills necessary for high-wage, in-demand jobs. ETA's FY 2019 human capital investment in the TAACCCT Grant Fund was $9 million.

National Apprenticeship Program

Apprenticeship is a leader in preparing American workers to compete in today's economy. The program has trained millions of America's workers through a network of 23,000 Registered Apprenticeship programs across the nation consisting of at least an estimated 100,000 employers. Modern apprenticeships are now on the cutting edge of innovation in preparing a skilled workforce for today's industries, including expanding into industries like health care, information technology, transportation, telecommunications, and advanced manufacturing, as well as in industries like construction, where apprenticeships have a long and successful history. The National Apprenticeship Act of 1937 established the foundation for development of the nation's skilled workforce through Apprenticeship programs, which combine on-the-job learning with related technical instruction to teach workers the theoretical aspects of skilled occupations. ETA's FY 2019 investment in Apprenticeship programs was $40 million.

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION
(Unaudited)

Program Costs and Outputs

The cost of ETA investments in human capital and the participants served are shown in the chart below, for the five year period FY 2015 through FY 2019.

ETA Investments in Human Capital
Program Costs (in Millions) and Participants Served [(1)] (in Thousands)
For The Five Year Period FY 2015 through FY 2019

	2019		2018		2017		2016		2015	
Program	**Costs**	***Part. Served***	**Costs**	***Part. Served***	**Costs**	***Part. Served***	**Costs**	***Part. Served***	**Costs**	***Part. Served***
WIOA										
Apprenticeship Programs	$64	*24.8*	$54	*23.2*	$34	*11.3*	—	—	—	—
Adult	895	*584.3*	883	*699.8*	856	*1,108.2*	$868	*6,124.1*	$852	*6,520.8*
Dislocated Worker[(2)]	1,265	*403.5*	1,175	*446.0*	1,241	*489.4*	1,172	*561.7*	1,165	*655.3*
Youth[(3)]	1,034	*158.7*	954	*164.8*	923	*157.2*	912	*163.6*	878	*200.3*
Job Corps	1,630	*100.6*	1,575	*101.4*	1,595	*104.7*	1,638	*110.8*	1,605	*109.5*
Reentry Employment Opportunities Programs	89	*18.2*	86	*17.2*	83	*11.4*	77	*14.9*	69	*11.2*
National Programs[(4)]	147	*48.3*	135	*55.7*	137	*51.7*	140	*83.0*	140	*49.2*
CSEOA										
SCSEP	410	*55.0*	413	*56.4*	424	*60.0*	431	*65.2*	436	*67.4*
TAA for Workers	181	*29.9*	224	*36.3*	211	*45.9*	208	*44.0*	232	*51.1*
TAACCCT[(5)]	9	*0.0*	98	*136.5*	206	*175.7*	382	*181.4*	413	*140.9*
Apprenticeship	40	*620.7*	38	*577.1*	37	*539.5*	36	*504.8*	34	*430.4*
Other[(6)]	154	*23.1*	208	*20.6*	158	*115.5*	140	*105.9*	130	*87.3*
TOTAL	$5,918	*2,067.1*	$5,843	*2,335*	$5,905	*2,870.5*	$6,004	*7,959.4*	$5,954	*8,323.4*

(1) Participant numbers are from grantee reports submitted for the Program Year (PY) ending on June 30 of the corresponding fiscal year, unless otherwise noted.
(2) Dislocated Worker programs include the National Dislocated Worker Grants program.
(3) Youth programs include the YouthBuild program.
(4) National Programs include the Native American and Migrant and Seasonal Farmworker programs.
(5) TAACCCT participants served data is reported on a fiscal year basis which causes a one year lag in annual reporting. All TAACCCT participant counts are finalized January of the current fiscal year for the prior year ended. TAACCCT ended as of FY19, therefore there is no participant served data to report.
(6) Other includes training programs for highly skilled occupations funded through H-1B fees.

Program Outcomes

Outcomes for training programs comprising ETA's investment in human capital will be presented in the Department's Annual Performance Report for FY 2019, available in February 2020 on the DOL website at https://www.dol.gov/general/aboutdol#budget

Veterans' Employment and Training Service (VETS)

VETS administers four major programs to meet the employment and training needs of veterans and eligible spouses, especially those with significant barriers to employment, and connect employers across the country with work-ready veterans. VETS' mission is to prepare America's veterans, service members and their spouses for meaningful careers, provide them with employment resources and expertise, protect their employment rights, and promote their employment opportunities. VETS' four major program activities and program costs and outputs are described below.

Program Activities

Jobs for Veterans State Grants (JVSG)

In accordance with 38 U.S.C. Chapter 41, JVSG provides funding to 54 states and U.S. territories for Disabled Veterans' Outreach Program (DVOP) specialists and Local Veterans' Employment Representative (LVER) staff, located in American Job Centers and other locations. DVOP specialists provide intensive services to veterans with significant barriers to employment, including disabled veterans and other eligible populations. LVER staff promotes the hiring of veterans in communities through outreach activities that build relationships with local employers, and provide training to workforce center staff to facilitate the provision of services to veterans.

Transition Assistance Program (TAP)

TAP, authorized under 10 U.S.C. 1144, is for separating and retiring service members and their spouses. The program is a cooperative effort among VETS; the U.S. Departments of Defense, Homeland Security, Veterans Affairs, and Education; and the U.S. Small Business Administration. VETS offers a total of three days of instruction on employment preparation as a component of TAP, both domestically and at overseas installations. The Workshop provides employment assistance to transitioning service members and their spouses by providing tools for a successful transition from the military to the civilian workforce.

Homeless Veterans' Reintegration Program (HVRP)

HVRP, authorized under 38 U.S.C. 2021, addresses the needs of the most vulnerable population of veterans, those who are homeless or at risk of homelessness. HVRP provides employment and training services to homeless veterans, equipping them with the skills to gain meaningful employment. Funds are awarded to eligible applicants through a competitive grant process outlined in an annual Funding Opportunity Announcement. In addition to the main HVRP grants, funding is used to serve specific subsets of the homeless veteran population:

- The **Homeless Female Veterans and Veterans with Families Program** specifically targets the subpopulation of female veterans experiencing homelessness and veterans with families experiencing homelessness.

- The **Incarcerated Veterans' Transition Program** provides employment services to incarcerated veterans at risk of becoming homeless.
- **Stand Down Grants** are awarded to public and private organizations for local events typically held for one to two days, during which a variety of social services are provided to veterans experiencing homelessness.

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION
(Unaudited)

The Honoring Investments in Recruiting and Employing (HIRE) American Military Veterans Act of 2017 required DOL to establish a program to recognize employer efforts to recruit, employ, and retain veterans.

On November 13, 2017, VETS published the Final Rule Establishing the HIRE Vets Medallion Program. The program was launched for full implementation in January 2019. All award recipients will be acknowledged and presented the Medallion award in November 2019.

Federal Administration, including the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Veterans' Preference

VETS is responsible for administering USERRA, 38 U.S.C. 4301-4335, which protects civilian job rights and benefits for active service members, veterans, and members of the National Guard and Reserves. USERRA also prohibits discrimination in employment against any current or prospective employee, due in part to those individuals' past, present, or future military service, status, or obligations. Additionally, under the Veterans' Employment Opportunities Act (5 U.S.C. 3330a-3330c) VETS is responsible for investigating claims alleging a Federal agency's failure to apply Veterans' Preference in hiring or during a reduction-in-force and claims from veterans alleging a lack of access to a Federal agency's covered employment opportunities.

Program Costs and Outputs

The full cost of VETS programs is presented in the Consolidated Statement of Net Cost. The costs of VETS investments in human capital, and the participants served by this investment, are presented below, by major program.

VETS Investments in Human Capital
Program Costs and Participants Served (in Thousands)
For FY 2015 through FY 2019

	2019		2018		2017		2016		2015	
Program	Cost	Part. Served	Cost	Part. Served	Cost	Part. Served	Cost	Part. Served	Cost	Part. Served
JVSG[1]	$ 199,032	62.8	$ 192,810	99.2	$ 172,000	113.1	$ 174,996	154.0	$ 173,453	185.6
TAP[2]	21,801	126.0	20,521	156.4	16,600	155.8	14,100	140.2	13,917	180.8
USERRA[3]	12,072	5.2	12,304	7.0	13,538	9.0	12,734	7.6	12,782	7.6
HVRP	51,197	13.8	52,897	18.0	45,000	16.2	38,056	16.6	38,146	17.0
TOTAL[4], [5], [6], [7]	**$ 284,102**	**207.8**	**$ 278,532**	**280.6**	**$ 247,138**	**294.1**	**$ 239,886**	**318.4**	**$ 238,298**	**391.0**

(1) Source: Employment Workshop facilitator participation count, October 2018 - June 2019.

(2) The funding for the Career Exploration and Planning Track (CEPT) workshops is included in TAP for 2017 through 2019.

(3) USERRA Participants (USERRA Outreach Measure) reflects the number of people VETS connects with each year (service members, spouses, and employers) to inform them of their rights and responsibilities under the law.

(4) Source: PY 2018 4th quarter grantee reports.

(5) FY 2019 costs for Labor, employment and pension standards are not reported as human capital investments.

(6) FY 2019 costs reflect administrative costs, per FASAB SFFAS 8, Supplementary Stewardship Reporting.

(7) FY 2019 participants served numbers will be revised when 4th quarter data is available.

Program Outcomes

Outcomes for the programs comprising VETS' investment in human capital will be presented in the Department's Annual Performance Report for FY 2019, available in February 2020 on the DOL website at: https://www.dol.gov/general/aboutdol#budget

Required Supplementary Information
(Unaudited)

DEFERRED MAINTENANCE AND REPAIRS (DM&R)

DOL reports as general-purpose property, plant and equipment (PP&E), Structures, facilities and improvements on which maintenance and repair activities may be deferred. Over 99.3 percent of these buildings and other structures (based on net book value) are owned by DOL's ETA, and located at one hundred twenty-one (121) Job Corps centers throughout the United States. The remaining 0.7 percent is owned by the Department's MSHA. Periodic maintenance is performed to keep these properties in acceptable condition, as determined by DOL management. It is DOL policy to evaluate PP&E regardless of recorded values and the asset management system does not make any distinction between capitalized and non-capitalized PP&E when it comes to maintenance and repairs. Therefore, DM&R estimates reported relate to PP&E, whether capitalized or not or fully depreciated. Management has not noted any PP&E which is not included in the DM&R estimates reported below.

Defining and Implementing Maintenance and Repairs (M&R) Policies in Practice

Condition assessment surveys are conducted every three years at each property to determine the current condition of buildings and structures (constructed assets) and the estimated maintenance cost to correct deficiencies. The method of assessment used has not changed from previous years. Surveys conducted during years one and two of the three year cycle are updated to reflect maintenance and repairs performed, and rolled up with current assessments to provide a condition assessment for the entire DOL portfolio of constructed assets. Condition assessment surveys are based on methods and standards consistently applied, including descriptions of the facility condition; standardized condition codes, classifications and categories; estimated costs of maintenance and repair actions and recommended maintenance schedules. As a part of these condition assessment surveys, deficiencies are identified in terms of architectural, mechanical, electrical, structural, and civil areas. Each deficiency is assigned a Facilities Condition Index (FCI) score [(1)] based on classification and categorization.

Ranking and Prioritizing M&R Activities

Life Safety and Health deficiencies are funded shortly following the condition assessment surveys for correction. The remaining deficiencies are classified, categorized, and assigned an FCI score. In each construction, rehabilitation, and acquisition (CRA) budget, funding is allocated to accomplish the highest priority deficiencies based upon the FCI score and programmatic considerations. These deficiencies are funded for correction, while any remaining deficiencies become candidates for funding in a future CRA budget.

Factors Considered in Setting Acceptable Condition

Condition assessment surveys are used to estimate the current plant replacement value and DM&R backlog for each constructed asset. Plant replacement value and repair backlog are used to calculate an FCI score for each building and structure. These FCI scores determine the asset condition and contribute to the overall FCI score for the portfolio. Job Corps and MSHA have set the goal of achieving and maintaining an FCI score of 90 percent or greater for its portfolio of constructed assets (the standard used by the National Association of College and University Business Offices) as a level of acceptable condition for the periods reported. In 2018, the portfolio's aggregate FCI score for 4,703 constructed assets was 91 percent, and deferred maintenance and repair costs to return the portfolio to an acceptable condition were estimated at $347.3 million, as adjusted for SFFAS 42, Deferred Maintenance and Repairs: *Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32*. In FY 2019, the portfolio's aggregate FCI score for 4,670 constructed assets was 90 percent, and DM&R costs to return the portfolio to an acceptable condition are estimated at $370.2 million. Factors considered in determining acceptable condition standards include health and life safety aspects, as well as certain environmental and building code compliance elements. These deficiencies are prioritized and corrected first as they lead to unacceptable conditions.

[(1)] FCI = 1 – (Repair Backlog / Plant Replacement Value). In general, an FCI score closer to 100 percent would indicate a more positive asset condition.

Deferred Maintenance and Repairs Costs
(Dollars in Thousands)

Asset Category	FY 2019 Ending Balance	FY 2019 Beginning Balance
Funded:		
Structures, facilities and improvements		
Active	$46,175	$50,179
Inactive	305	293
Subtotal, funded	46,480	50,472
Unfunded:		
Structures, facilities and improvements		
Active	322,572	295,520
Inactive	1,195	1,348
Subtotal, unfunded	323,767	296,868
Total	**$370,247**	**$347,340**

Significant Changes from Prior Year

For reporting purposes, DOL has determined that changes of 10 percent and $25 million between fiscal year beginning and ending balances are significant. Management has determined that the FY 2019 increase of $23 million in deficiency costs from FY 2018 is not significant.

SOCIAL INSURANCE PROGRAMS

The Federal Accounting Standards Advisory Board (FASAB) has classified certain government income transfer programs as social insurance programs. Recognizing that these programs have complex characteristics that do not fit traditional accounting models, the FASAB has developed accounting standards for social insurance programs which require the presentation of supplementary information to facilitate the assessment of the program's long-term sustainability.

DOL operates two programs classified under Federal accounting standards as social insurance programs: the UI Program and the Black Lung Disability Benefits Program. Presented below is the supplementary information for the two programs.

Unemployment Insurance Program

The UI Program was created in 1935 to provide income assistance to unemployed workers who lose their jobs generally through no fault of their own, and are unemployed due to a lack of suitable work. The program protects workers during temporary periods of unemployment through the provision of UC benefits. These benefits replace part of the unemployed worker's lost wages and, in so doing, stabilize the economy during recessionary periods by increasing the unemployed worker's purchasing power. The UI program operates counter cyclically, with benefits exceeding tax collections during recessionary periods and UI tax revenues exceeding benefit payments during periods of recovery.

Program Administration and Funding

The UI program is administered through a unique system of Federal-state partnerships, established in Federal law but executed through conforming state laws by state officials. The Federal government provides broad policy guidance and program direction through the oversight of DOL, while program details are established through individual state UI statutes, administered through state UI agencies.

Federal and State Unemployment Taxes

The UI program is financed through the collection of Federal and state unemployment taxes levied on subject employers and deposited in the UTF and Federal appropriations. The UTF was established to account for the receipt, investment, and disbursement of unemployment taxes. Federal unemployment taxes are used to pay for the administrative costs of the UI program, including grants to each state to cover the costs of state UI operations and the Federal share of extended UI benefits. Federal unemployment taxes are also used to fund an account within the UTF, to make advances to state UI accounts that are unable to make benefit payments because the state UI account balance has been exhausted. State UI taxes are used exclusively for the payment of regular UI benefits, as well as the state's share of EB.

Federal Unemployment Taxes

Under the provisions of the FUTA, a Federal tax is levied on covered employers, at a current rate of 6.0 percent of the first $7,000 in annual wages paid to each employee. This Federal tax rate is reduced by a credit of up to 5.4 percent, granted to employers paying state UI taxes under conforming state UI statutes. Accordingly, in conforming states, employers pay an effective Federal tax of 0.6 percent; employers in states with advances from the fund may pay a higher effective Federal tax rate because the Federal tax rate credit of 5.4 percent may be decreased in increments of 0.3 percent if a state has had an outstanding advance for more than two years. Additional Federal unemployment taxes collected as a result of the reduced Federal tax rate credit are used to pay down the state's outstanding advance balance. Federal unemployment taxes are collected by the Internal Revenue Service.

State Unemployment Taxes

In addition to the Federal tax, individual states finance their UI programs through state tax contributions from subject employers based on the wages of covered employees. (Three states also collect contributions from employees.) Within Federal confines, state tax rates are assigned in accordance with an employer's experience with unemployment. Actual tax rates vary greatly among the states and among individual employers within a state. At a minimum, these rates must be applied to the Federal tax base of $7,000; however, states may adopt a higher wage base than the minimum established by FUTA. State UI agencies are responsible for the collection of state unemployment taxes.

Unemployment Trust Fund

Federal and state UI taxes are deposited into designated accounts within the UTF. The UTF was established under the authority of Title IX, Section 904 of the Social Security Act of 1935, as amended, to receive, hold, invest, loan, and disburse Federal and state UI taxes. The U.S. Department of the Treasury acts as custodian over monies deposited into the UTF, investing amounts in excess of disbursing requirements in Treasury securities. The UTF is comprised of the following accounts:

Federal Accounts

The Employment Security Administration Account (ESAA) was established pursuant to Section 901 of the Act. Tax receipts collected under the FUTA are appropriated to the ESAA and used to pay the costs of Federal and state administration of the UI program and veterans' ES and 97 percent of the costs of the state ES; and, amounts collected due to FUTA credit reductions are transferred to the FUA and are used to pay down balances of state advances that have been outstanding for more than two years. Excess balances in ESAA, as defined under the Act, are transferred to other Federal accounts within the Fund, as described below.

The Federal Unemployment Account was established pursuant to Section 904 of the Act. FUA is funded by any excesses from the ESAA as determined in accordance with Section 902 of the Act. Title XII, Section 1201 of the Act authorizes the FUA to loan Federal monies to state accounts that are unable to make benefit payments because the state UI account balance has been exhausted. Title XII loans must be repaid with interest. The FUA may borrow from the ESAA or EUCA, without interest, or may also receive repayable advances, with interest, from the general fund of the U.S. Treasury when the FUA has a balance insufficient to make advances to the states.

The Extended Unemployment Compensation Account was established pursuant to Section 905 of the Act. EUCA provides for the payment of extended unemployment benefits authorized under the Federal-State Extended Unemployment Compensation Act of 1970, as amended. Under the EB program, extended unemployment benefits are paid to individuals who have exhausted their regular unemployment benefits. These EB are financed one-half by State unemployment taxes and one-half by FUTA taxes from the EUCA. The EUCA is funded by a percentage of the FUTA tax transferred from the ESAA in accordance with

Section 905(b)(1) and (2) of the Act. The EUCA may borrow from the ESAA or the FUA, without interest, or may also receive repayable advances from the General Fund of the U.S. Treasury when the EUCA has a balance insufficient to pay the Federal share of EB. During periods of sustained high unemployment, the EUCA may also receive payments and non-repayable advances from the General Fund of the Treasury to finance EUC benefits. Emergency unemployment benefits require Congressional authorization.

The Federal Employees Compensation (FEC) Account was established pursuant to Section 909 of the Act. The FEC account provides funds to States for unemployment compensation benefits paid to eligible former Federal civilian personnel and ex-service members. Generally, benefits paid are reimbursed to the Federal Employees Compensation Account by the various Federal agencies. Any additional resources necessary to assure that the account can make the required payments to States, due to the timing of the benefit payments and subsequent reimbursements, will be provided by non-repayable advances from the General Fund of the U.S. Treasury.

State Accounts

Separate state accounts were established for each state and territory depositing monies into the Fund, in accordance with Section 904 of the Act. State unemployment taxes are deposited into these individual accounts and may be used only to pay state unemployment benefits. States may receive repayable advances from the FUA when their balances in the Fund are insufficient to pay benefits.

Railroad Retirement Accounts

The Railroad UI Account and Railroad UI Administrative Account were established under Section 904 of the Act to provide for a separate UI program for railroad employees. This separate UI program is administered by the Railroad Retirement Board, an agency independent of DOL. DOL is not responsible for the administrative oversight or solvency of the railroad UI system. Receipts from taxes on railroad payrolls are deposited in the Railroad UI Account and the Railroad UI Administrative Account to meet benefit payment and related administrative expenses.

UI Program Benefits

The UI program provides regular and extended benefit payments to eligible unemployed workers. Regular UI program benefits are established under state law, payable for a period not to exceed a maximum duration. In 1970, Federal law began to require states to extend this maximum period of benefit duration by 50 percent during periods of high unemployment. These extended benefit payments are paid equally from Federal and state accounts.

Regular UI Benefits

The UI program is a cooperative Federal and state program with the federal government providing oversight. Eligibility requirements, as well as benefit amounts and benefit duration are determined under state law. Under state laws, worker eligibility for benefits depends on experience in covered employment during a past base period, which attempts to measure the workers' recent attachment to the labor force. Three factors are common to state eligibility requirements: (1) a minimum duration of recent employment and earnings during a base period prior to unemployment, (2) unemployment not the fault of the unemployed, and (3) availability of the unemployed for work.

Benefit payment amounts under all state laws vary with the worker's base period wage history. Generally, states compute the amount of weekly UI benefits as a percentage of an individual's average weekly base period earnings, within certain minimum and maximum limits. Most states set the duration of UI benefits by the amount of earnings an individual has received during the base period. Currently, most states have established the maximum duration for regular UI benefits at 26 weeks. Regular UI benefits are paid by the state UI agencies from monies drawn down from the state account within the UTF.

Extended UI Benefits

The Federal/State Extended Unemployment Compensation Act of 1970 provides for the extension of the duration of UI benefits during periods of high unemployment. When the insured unemployment level within a state, or in some cases total unemployment, reaches certain specified levels, the state must extend benefit duration by 50 percent, up to a combined maximum of 39 weeks; certain states voluntarily extended the benefit duration up to a combined maximum of 46 weeks. Fifty percent of the cost of extended unemployment benefits is paid from the EUCA within the UTF, and 50 percent by the state, from the state's UTF account. The ARRA of 2009 began temporary 100 percent Federal funding of EB. Subsequent legislation, most recently P.L. 112-240, the American Taxpayer Relief Act of 2012, authorized continuing 100 percent Federal funding of extended unemployment benefits to December 31, 2013.

Emergency UI Benefits

During prolonged periods of high unemployment, Congress may authorize the payment of emergency unemployment benefits to supplement extended UI benefit payments. Emergency benefits began in July 2008, authorized under the Supplemental Appropriations Act, 2008 (previously authorized in 1991 and 2002). This emergency program was temporarily extended and additionally funded by the ARRA and has been subsequently modified several times, most recently by P.L. 112-240, the American Taxpayer Relief Act of 2012, which extended the emergency unemployment insurance program to January 1, 2014.

Although the programs for emergency unemployment benefits and 100 percent Federal funding of extended unemployment benefits expired in FY 2014, the UI program continues to process residual transactions for benefit costs incurred prior to the programs' expiration.

Federal UI Benefits

Unemployment benefits to unemployed Federal civilian personnel and ex-service members are paid from the Federal Employees Compensation Account within the UTF. These benefit costs are reimbursed by the responsible Federal agency and are not considered to be social insurance benefits. Federal UC benefits are not included in this discussion of social insurance programs.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974, as amended, authorizes the President to provide benefit assistance to individuals unemployed as a direct result of a major disaster. The Disaster Unemployment Assistance (DUA) program provides financial assistance to individuals whose employment or self-employment has been lost or interrupted as a direct result of a major disaster declared by the President of the United States and who are not eligible for regular UI benefits. DOL oversees the DUA program and coordinates with the Federal Emergency Management Agency (FEMA) to provide the funds to the state UI agencies for payment of DUA benefits and payment of state administration costs under agreements with the Secretary of Labor. DUA program activity increased in FYs 2018 and 2019 as a result of natural disasters such as hurricanes, flooding, and wildfires.

Program Finances and Sustainability

As of September 30, 2019, total assets within the UTF exceeded total liabilities by $87.7 billion. At the present time there is a surplus; any surplus of tax revenues and earnings on these revenues over benefit payment expenses is available to finance benefit payments in future periods when tax revenues may be insufficient. Treasury invests any accumulated surplus in Federal securities. The net value of these securities, including interest receivable, as of September 30, 2019 was $84.9 billion. This interest is distributed to eligible state and Federal accounts within the UTF. Interest income from these investments and income from Title XII advances to states during FY 2019 was $1.8 billion. Federal and state UI tax and reimbursable revenues of $42.0 billion and regular, extended, emergency, and disaster unemployment benefit payment expense of $26.6 billion were recognized for the year ended September 30, 2019.

As discussed in Note 1-K.1 to the consolidated financial statements, DOL recognized a liability for regular, extended, emergency, and disaster unemployment benefits to the extent of unpaid benefits applicable to the current period and for benefits paid by states that have not been reimbursed by the UTF. Accrued unemployment benefits payable as of September 30, 2019 were $867.4 million.

During FY 2019, the FUA did not incur additional borrowing from the General Fund of the U.S. Treasury in the form of repayable advances; the FUA had repaid all its outstanding repayable advances as of September 30, 2015. During FY 2019, the EUCA did not incur additional borrowing and repaid all its outstanding repayable advances as of September 30, 2018.

Subsequent Events

Management has determined that there are no UI or UTF subsequent events requiring accrual or disclosure through November 18, 2019.

<u>Effect of Projected Cash Inflows and Outflows on the Accumulated Net Assets of the UTF, in Constant Dollars</u>

The ability of the UI program to meet a participant's future benefit payment needs depends on the availability of accumulated taxes and earnings within the UTF. The Department measures the effect of projected benefit payments on the accumulated net assets of the UTF, under an open group scenario, which includes current and future participants in the UI program. Future estimated cash inflows and outflows of the UTF are tracked by the Department for budgetary purposes. These projections allow the Department to monitor the sensitivity of the UI program to differing economic conditions, and to predict the program's sustainability under varying economic assumptions.

The significant assumptions used in the projections include total unemployment rates, civilian labor force levels, percent of unemployed receiving benefits, total wages, distribution of benefit payments by state, state tax rate structures, state taxable wage bases, interest rates on UTF investments, and the Consumer Price Index-Urban (CPI-U) for goods and services. The use of CPI-U factors allows the projections to be presented in constant dollars with FY 2019 as the base year. The valuation date for the projections is September 30, 2019. Cash projections depend on the assumptions used and actual experience may differ materially from the projections.

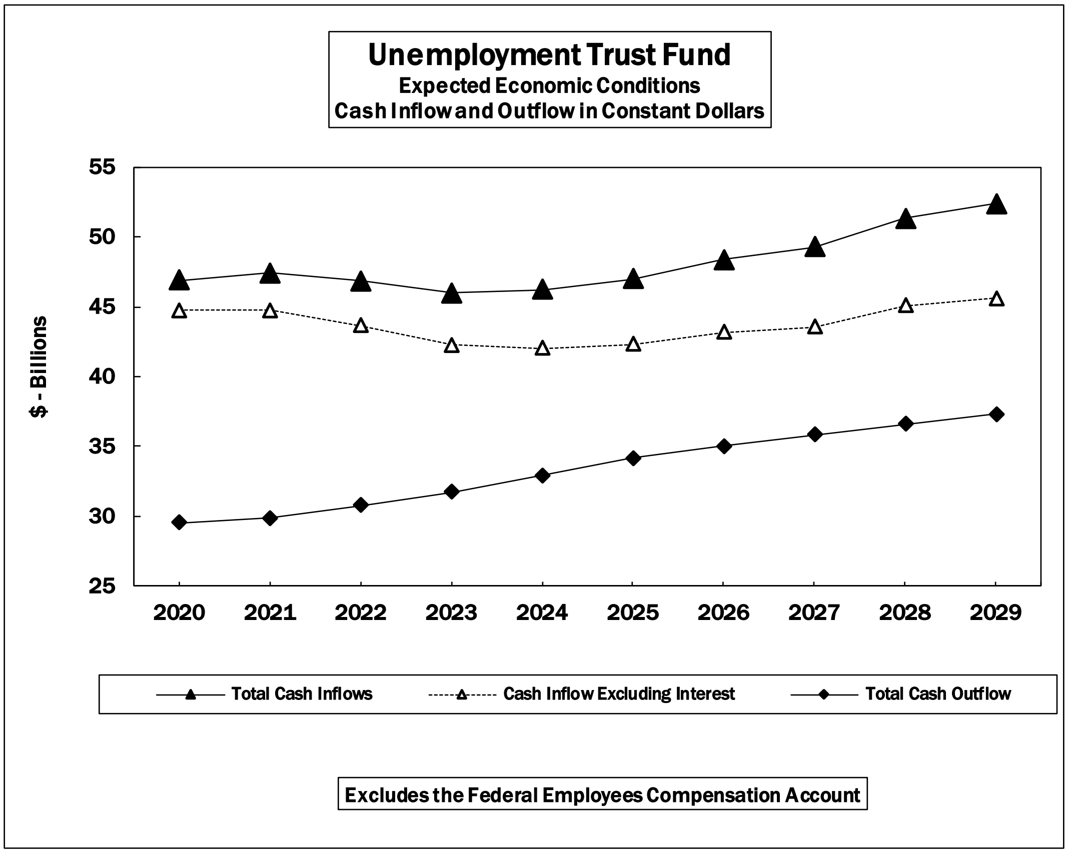
Presented on the following pages is the effect of projected economic conditions on the net assets of the UTF, in constant dollars, excluding the Federal Employees Compensation Account. Amount totals for the expected economic conditions analysis and the two sensitivity analyses may differ due to rounding.

Expected Economic Conditions

Charts I and II graphically depict the effect of expected economic conditions on the UTF, in constant dollars, over the next ten years.

<u>Projected Cash Inflows and Outflows, in Constant Dollars, Under Expected Economic Conditions</u>
Chart I depicts projected cash inflows and outflows of the UTF, in constant dollars, over the next ten years under expected economic conditions. Both cash inflows and cash inflows excluding interest earnings are displayed. Current estimates by the Department are based on an expected unemployment rate between 3.60 and 4.08 percent during FYs 2020 through 2024 and remains at 4.20 percent in FYs 2025 through 2029. Total cash inflows exceed total cash outflows in FY 2020 and through the end of the projected period. As presented in table (1) Expected Economic Conditions, the net inflow (excluding interest) decreases steadily from $15.2 billion in FY 2020 to $8.3 billion in FY 2029. The decrease in net inflow is primarily due to an increase in payments for State unemployment benefits.

Chart I

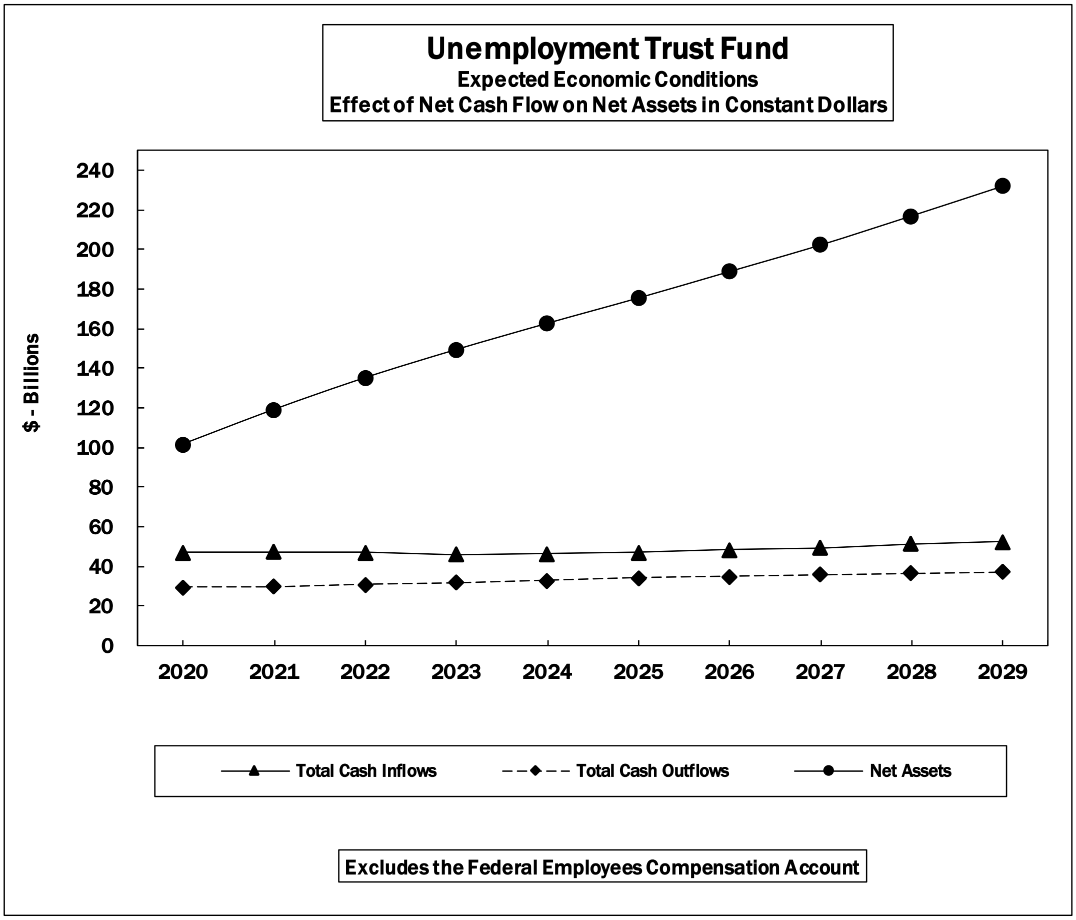


<u>Effect of Expected Cash Flows on UTF Assets in Constant Dollars</u>
Chart II demonstrates the effect of these expected cash inflows and outflows on the net assets of the UTF, in constant dollars, over the ten-year period ending September 30, 2029. Yearly projected total cash inflows, including interest earnings, and total cash outflows, including interest payments, are depicted as well as the net effect of these cash flows on UTF assets.

As depicted in Chart II, total cash inflows exceed total cash outflows in FY 2020 and all other years in the projected period. The excess of total cash inflows over total cash outflows is highest in FY 2021 at $17.5 billion. As presented in table (1) Expected Economic Conditions, starting at an $84.3 billion fund balance at the beginning of FY 2020, net UTF assets increase nearly $147.8 billion over the next ten years to $232.1 billion fund net assets balance by the end of FY 2029. Chart II depicts the increase in the net assets of the fund.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Chart II



Sensitivity Analyses in Constant Dollars

Charts III (Sensitivity Analysis I) and IV (Sensitivity Analysis II) demonstrate the effect on accumulated UTF assets of projected total cash inflows and total cash outflows of the UTF, in constant dollars, over the ten-year period ending September 30, 2029, in two sensitivity analyses. Each sensitivity analysis uses an open group, which includes current and future participants in the UI program. Sensitivity Analysis I assumes higher rates of unemployment and Sensitivity Analysis II assumes even higher rates of unemployment when compared to the expected economic conditions as shown in Charts I and II. Table I below summarizes the unemployment rates for expected conditions, Sensitivity Analysis I, and Sensitivity Analysis II.

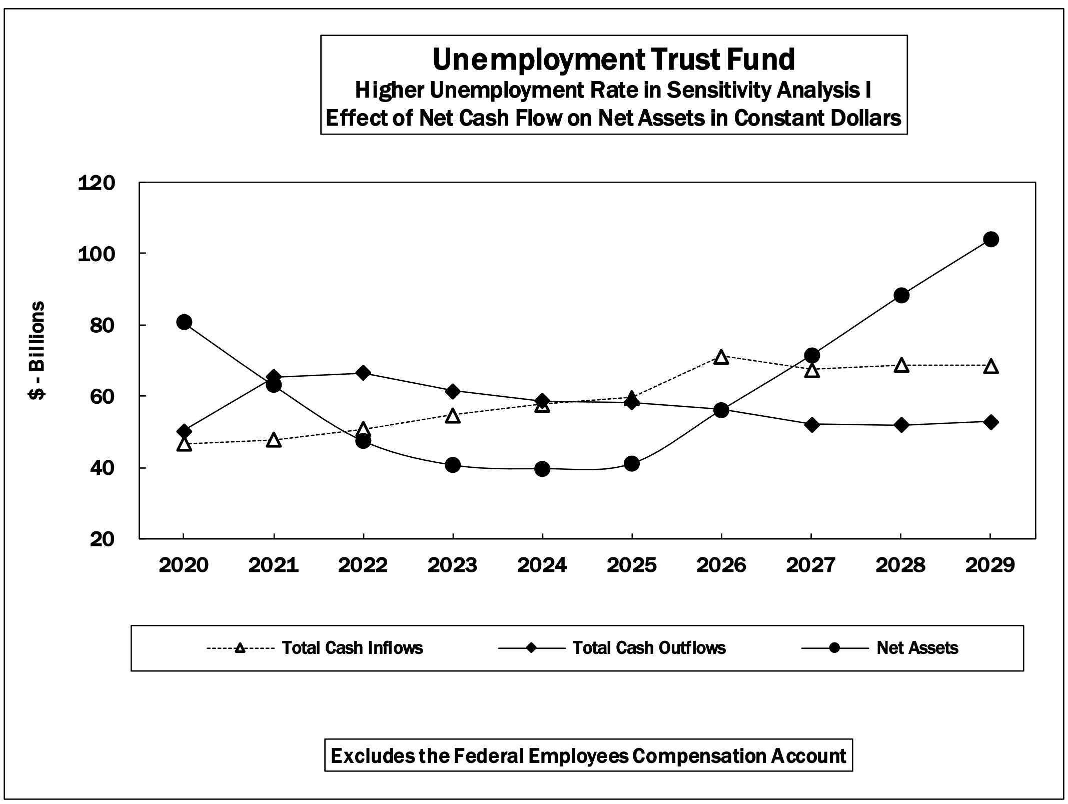
Table I

Total Unemployment Rate for the Ten-Year Period Ending September 30, 2029										
Conditions	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Expected	3.60%	3.68%	3.83%	3.95%	4.08%	4.20%	4.20%	4.20%	4.20%	4.20%
Sensitivity Analysis I	5.35%	7.43%	7.11%	6.38%	5.69%	5.56%	5.20%	4.36%	4.20%	4.20%
Sensitivity Analysis II	5.15%	8.51%	9.72%	9.16%	8.28%	7.59%	6.47%	5.44%	4.59%	4.20%

Effect on UTF Assets, in Constant Dollars, in Sensitivity Analysis I

In this sensitivity analysis, which utilizes a higher unemployment rate of 5.35 percent beginning in FY 2020, as presented in table (2) Sensitivity Analysis I Higher Unemployment Rate, net cash inflows are negative in FYs 2020 through 2024, but become positive in FY 2025 and continue to be positive through 2029. Chart III depicts the cross-over point where cash outflows exceed cash inflows until FY 2025 and cash inflows exceed cash inflows afterward. Starting at a nearly $84.3 billion fund balance at the beginning of FY 2020, net UTF assets first decrease by about $44.6 billion until 2024; then net UTF assets increase by $64.4 billion over the next five years to about a $104.1 billion fund balance by the end of FY 2029 Chart III depicts the decrease in net assets until 2024 and then the increase in net assets thereafter.

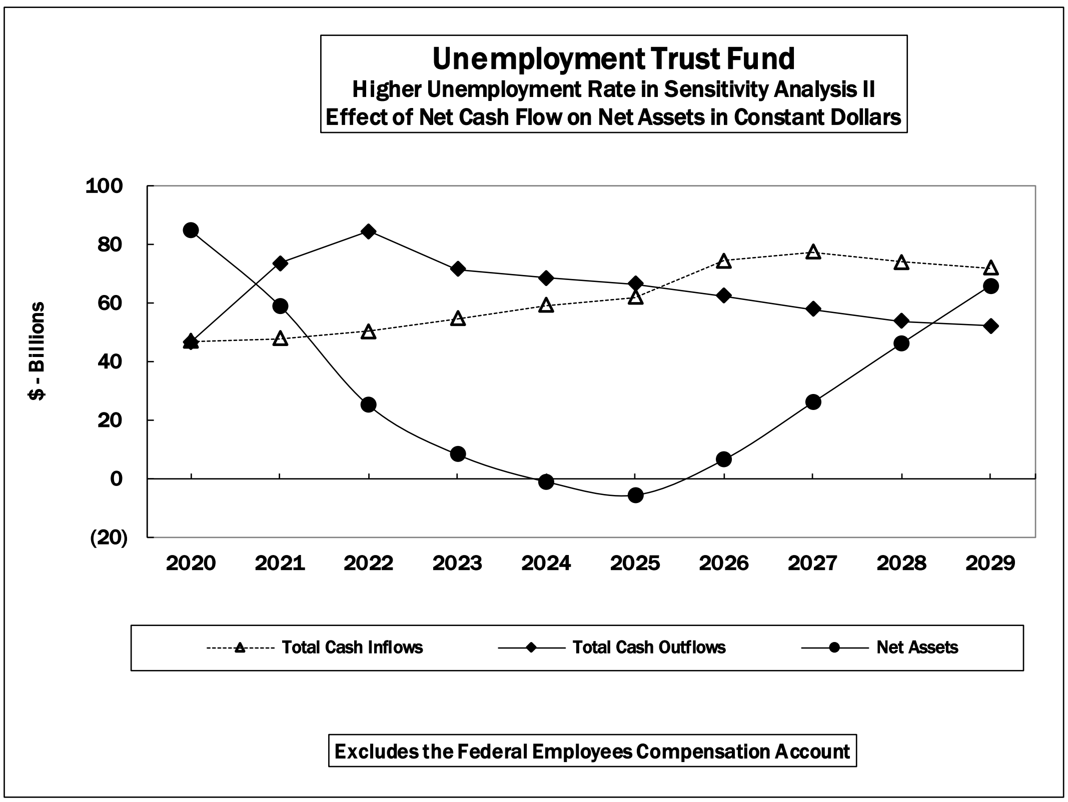
Chart III



Effect on UTF Assets, in Constant Dollars, in Sensitivity Analysis II

In this sensitivity analysis, as presented in the table (3) Sensitivity Analysis II Higher Unemployment Rate, net cash outflows including interest earnings and expenses are projected in FYs 2020 through 2025 by amounts between $(33.9) billion and below $1.0 billion, but inflows exceed outflows in FYs 2026 through 2029 by amounts between $12.1 billion and $20.2 billion. Net cash inflows are reestablished in FY 2026 and peak in FY 2028 with a decrease in the unemployment rate to below 8.0 percent in FY 2025 and then steadily downward for FYs 2026 through 2029. Chart IV depicts the cross-over points where outflows exceed inflows until FY 2025 and inflows exceed outflows until FY 2029. The fund net assets decrease $18.5 billion from an $84.3 billion fund balance at the beginning of FY 2020 to a $65.7 billion fund balance in FY 2029. Chart IV depicts the low point in the fund's financial position at a fund deficit of $(5.7) billion in FY 2025 and then the steadily increasing fund surplus through 2029. At the end of the projection period of Sensitivity Analysis II, net assets are about $166.3 billion less than under expected economic conditions.

Chart IV



The example of expected economic conditions and two sensitivity analyses, in constant dollars, demonstrate the counter cyclical nature of the UI program, which experiences net cash inflows during periods of low unemployment that are depleted by net cash outflows during periods of increased unemployment. During the expected conditions and two sensitivity analyses, state accounts without sufficient reserve balances to absorb negative cash flows are forced to obtain advances from the FUA in order to meet benefit payment requirements. Advances to states also deplete the FUA, which borrows from the ESAA and the EUCA until they are depleted. The FUA then requires advances from the General Fund of the U.S. Treasury to provide borrowings to states. (See following discussion of solvency measures for state UI programs.)

U.S. DEPARTMENT OF LABOR
SUPPLEMENTARY SOCIAL INSURANCE INFORMATION IN CONSTANT DOLLARS
CASH INFLOW AND OUTFLOW OF THE
UNEMPLOYMENT TRUST FUND EXCLUDING THE FEDERAL EMPLOYEES COMPENSATION ACCOUNT
FOR THE TEN-YEAR PERIOD ENDING SEPTEMBER 30, 2029
(1) EXPECTED ECONOMIC CONDITIONS

(Dollars in millions)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Balance, start of year	$ 84,260	$ 101,597	$ 119,104	$ 135,160	$ 149,380	$ 162,662	$ 175,474	$ 188,839	$ 202,291	$ 217,034
Cash inflow										
State unemployment taxes	37,818	37,893	36,758	35,374	35,167	35,511	36,360	36,703	38,234	38,759
Federal unemployment taxes	6,825	6,778	6,766	6,752	6,742	6,722	6,719	6,716	6,711	6,710
Interest on loans	-	1	1	-	-	-	-	-	-	-
Deposits by the Railroad Retirement Board	89	85	141	159	138	102	103	134	147	129
Total cash inflow excluding interest	44,732	44,757	43,666	42,285	42,047	42,335	43,182	43,553	45,092	45,598
Interest on Federal securities	2,152	2,636	3,167	3,689	4,154	4,657	5,181	5,728	6,243	6,758
Total cash inflow	46,884	47,393	46,833	45,974	46,201	46,992	48,363	49,281	51,335	52,356
Cash outflow										
State unemployment benefits	25,775	26,061	26,921	27,814	28,845	30,032	30,803	31,629	32,415	33,153
State administrative costs	3,506	3,553	3,584	3,672	3,808	3,884	3,933	3,938	3,917	3,894
Federal administrative costs	179	178	176	173	172	170	168	167	165	163
Interest on tax refunds	2	2	2	2	2	2	2	2	2	2
Interest on advances	-	-	-	-	-	-	-	-	-	-
Railroad Retirement Board withdrawals	85	92	94	93	92	92	92	93	93	93
Total cash outflow	29,547	29,886	30,777	31,754	32,919	34,180	34,998	35,829	36,592	37,305
Excess of total cash inflow excluding interest over total cash outflow	15,185	14,871	12,889	10,531	9,128	8,155	8,184	7,724	8,500	8,293
Excess of total cash inflow over total cash outflow	17,337	17,507	16,056	14,220	13,282	12,812	13,365	13,452	14,743	15,051
Balance, end of year	$ 101,597	$ 119,104	$ 135,160	$ 149,380	$ 162,662	$ 175,474	$ 188,839	$ 202,291	$ 217,034	$ 232,085
Total unemployment rate	3.60%	3.68%	3.83%	3.95%	4.08%	4.20%	4.20%	4.20%	4.20%	4.20%

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

U.S. DEPARTMENT OF LABOR
SUPPLEMENTARY SOCIAL INSURANCE INFORMATION IN CONSTANT DOLLARS
CASH INFLOW AND OUTFLOW OF THE
UNEMPLOYMENT TRUST FUND EXCLUDING THE FEDERAL EMPLOYEES COMPENSATION ACCOUNT
FOR THE TEN-YEAR PERIOD ENDING SEPTEMBER 30, 2029
(2) SENSITIVITY ANALYSIS I HIGHER UNEMPLOYMENT RATE

(Dollars in millions)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Balance, start of year	$ 84,260	$ 80,734	$ 63,173	$ 47,518	$ 40,723	$ 39,702	$ 41,107	$ 56,173	$ 71,555	$ 88,318
Cash inflow										
State unemployment taxes	38,026	39,536	42,413	45,545	47,496	48,070	48,514	48,401	48,470	47,778
Federal unemployment taxes	6,612	6,382	6,339	6,631	7,443	8,520	19,512	15,582	16,617	17,056
Interest on loans	-	53	295	569	759	884	787	612	402	187
Deposits by the Railroad Retirement Board	89	85	141	159	138	102	103	134	147	129
Total cash inflow excluding interest	44,727	46,056	49,188	52,904	55,836	57,576	68,916	64,729	65,636	65,150
Interest on Federal securities	1,990	1,823	1,701	1,759	1,893	2,103	2,376	2,719	3,095	3,457
Total cash inflow	46,717	47,879	50,889	54,663	57,729	59,679	71,292	67,448	68,731	68,607
Cash outflow										
State unemployment benefits	46,471	61,615	62,623	57,289	54,265	53,609	51,531	47,604	47,713	48,672
State administrative costs	3,506	3,553	3,584	3,672	3,808	3,884	3,933	3,938	3,917	3,894
Federal administrative costs	179	178	176	173	172	170	168	167	165	163
Interest on tax refunds	2	2	2	2	2	3	6	5	6	6
Interest on advances	-	-	65	229	411	516	496	259	74	-
Railroad Retirement Board withdrawals	85	92	94	93	92	92	92	93	93	93
Total cash outflow	50,243	65,440	66,544	61,458	58,750	58,274	56,226	52,066	51,968	52,828
Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow	(5,516)	(19,384)	(17,356)	(8,554)	(2,914)	(698)	12,690	12,663	13,668	12,322
Excess (deficiency) of total cash inflow over (under) total cash outflow	(3,526)	(17,561)	(15,655)	(6,795)	(1,021)	1,405	15,066	15,382	16,763	15,779
Balance, end of year	$ 80,734	$ 63,173	$ 47,518	$ 40,723	$ 39,702	$ 41,107	$ 56,173	$ 71,555	$ 88,318	$ 104,097
Total unemployment rate	5.35%	7.43%	7.11%	6.38%	5.69%	5.56%	5.20%	4.36%	4.20%	4.20%

U.S. DEPARTMENT OF LABOR
SUPPLEMENTARY SOCIAL INSURANCE INFORMATION IN CONSTANT DOLLARS
CASH INFLOW AND OUTFLOW OF THE
UNEMPLOYMENT TRUST FUND EXCLUDING THE FEDERAL EMPLOYEES COMPENSATION ACCOUNT
FOR THE TEN-YEAR PERIOD ENDING SEPTEMBER 30, 2029
(3) SENSITIVITY ANALYSIS II HIGHER UNEMPLOYMENT RATE

(Dollars in millions)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Balance, start of year	$ 84,260	$ 84,464	$ 58,839	$ 24,892	$ 8,084	$ (1,191)	$ (5,742)	$ 6,335	$ 25,853	$ 46,013
Cash inflow										
State unemployment taxes	37,974	39,434	41,938	45,483	48,545	49,641	50,298	50,229	49,725	48,594
Federal unemployment taxes	6,627	6,273	6,133	6,398	7,474	8,716	20,518	23,208	20,191	19,165
Interest on loans	-	41	489	930	1,300	1,578	1,547	1,319	1,042	748
Deposits by the Railroad Retirement Board	89	85	141	159	138	102	103	134	147	129
Total cash inflow excluding interest	44,690	45,833	48,701	52,970	57,457	60,037	72,466	74,890	71,105	68,636
Interest on Federal securities	2,042	1,893	1,534	1,510	1,582	1,732	1,923	2,257	2,654	3,073
Total cash inflow	46,732	47,726	50,235	54,480	59,039	61,769	74,389	77,147	73,759	71,709
Cash outflow										
State unemployment benefits	42,756	69,526	80,130	66,754	63,292	60,939	56,812	52,386	48,690	47,435
State administrative costs	3,506	3,553	3,584	3,672	3,808	3,884	3,933	3,938	3,917	3,894
Federal administrative costs	179	178	176	173	172	170	168	167	165	163
Interest on tax refunds	2	2	2	2	2	3	7	8	7	7
Interest on advances	-	-	196	594	948	1,232	1,300	1,037	727	392
Railroad Retirement Board withdrawals	85	92	94	93	92	92	92	93	93	93
Total cash outflow	46,528	73,351	84,182	71,288	68,314	66,320	62,312	57,629	53,599	51,984
Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow	(1,838)	(27,518)	(35,481)	(18,318)	(10,857)	(6,283)	10,154	17,261	17,506	16,652
Excess (deficiency) of total cash inflow over (under) total cash outflow	204	(25,625)	(33,947)	(16,808)	(9,275)	(4,551)	12,077	19,518	20,160	19,725
Balance, end of year	$ 84,464	$ 58,839	$ 24,892	$ 8,084	$ (1,191)	$ (5,742)	$ 6,335	$ 25,853	$ 46,013	$ 65,738
Total unemployment rate	5.15%	8.51%	9.72%	9.16%	8.28%	7.59%	6.47%	5.44%	4.59%	4.20%

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

***States with Minimally Solvent UTF Account Balances**

Each state's accumulated UTF net assets or reserve balance should provide a defined level of benefit payments over a defined period. To be minimally solvent, a state's reserve balance should provide for one year's projected benefit payment needs based on the highest levels of benefit payments experienced by the state over the last twenty years. A ratio of 1.00 or greater indicates that the state UTF account balance is minimally solvent. States below this level are vulnerable to exhausting their funds in a recession. States exhausting their reserve balance must borrow funds from FUA to make benefit payments. In FY 2015 the FUA repaid all its outstanding borrowings.

Chart V presents the state by state results of this analysis at September 30, 2019 in descending order by ratio. As the chart below illustrates, 22 state UTF accounts were below the minimal solvency ratio of 1.00 at September 30, 2019. Some states borrow from the FUA and then issue bonds to repay their FUA borrowings; the ratios do not reflect a state's debt to bondholders.

Chart V

Minimally Solvent			
State	Ratio	State	Ratio
Vermont	2.53	North Carolina	1.35
Oregon	2.48	Arkansas	1.33
Wyoming	2.33	Maine	1.32
Mississippi	1.93	Hawaii	1.28
South Dakota	1.81	Georgia	1.26
Nebraska	1.77	District of Columbia	1.20
Oklahoma	1.76	Washington	1.20
Utah	1.69	Michigan	1.17
Alaska	1.66	New Mexico	1.16
Idaho	1.52	North Dakota	1.14
Kansas	1.52	Virginia	1.11
Montana	1.52	Florida	1.09
Nevada	1.47	South Carolina	1.08
Iowa	1.46	Alabama	1.04
Puerto Rico	1.44	New Hampshire	1.03
Louisiana	1.35		

Not Minimally Solvent	
State	Ratio
Tennessee	0.99
Wisconsin	0.97
Minnesota	0.94
Arizona	0.93
Maryland	0.90
Rhode Island	0.90
Missouri	0.86
Colorado	0.79
Delaware	0.77
New Jersey	0.72
Pennsylvania	0.68
Kentucky	0.60
West Virginia	0.57
Connecticut	0.54
Indiana	0.51
Illinois	0.46
Massachusetts	0.44
Ohio	0.44
Texas	0.41
New York	0.40
California	0.23
Virgin Islands	0.00

*Includes the District of Columbia, Puerto Rico, and the Virgin Islands.

Black Lung Disability Benefit Program

The Black Lung Disability Benefit Program provides for compensation, medical, and survivor benefits for eligible coal miners who are totally disabled due to pneumoconiosis (black lung disease) arising out of their coal mine employment and the BLDTF provides benefit payments when no responsible mine operator can be assigned the liability or when the liability is adjudicated to the BLDTF, which may occur as a result of, among other things, bankruptcy of the RMO. Other information about the BLDTF and social insurance reporting is also presented in Notes 1-W and 1-Y of the financial statements.

Program Administration and Funding

The Federal Coal Mine Health and Safety Act sets Black Lung benefits at 37.5 percent of the base salary of a Federal employee at level GS-2, Step 1. Black lung disability benefit payments are funded by excise taxes from coal mine operators based on the domestic sale of coal, as are the program's administrative costs. These taxes are collected by the Internal Revenue Service and transferred to the BLDTF, which was established under the authority of the Black Lung Benefits Revenue Act, and administered by the U.S. Department of the Treasury.

P.L. 110-343, Division B-Energy Improvement and Extension Act of 2008, enacted on October 3, 2008, in section 113, (1) allowed for the temporary increase in coal excise tax rates to continue an additional five years beyond the statutory limit (the temporary increase ended December 31, 2018) and (2) restructured the BLDTF debt by refinancing the outstanding repayable advances (which had higher interest rates) with discounted debt instruments similar in form to zero-coupon bonds (which had lower interest rates), plus a one-time appropriation. This Act also allowed that any subsequent debt issued by the BLDTF may be used to make benefit payments, other authorized expenditures, or to repay debt and interest from the initial refinancing. All debt issued by the BLDTF was effected as borrowing from the Treasury's Bureau of the Fiscal Service. (See Notes 1-J and 8)

Program Finances and Sustainability

At September 30, 2019, total liabilities of the BLDTF exceeded assets by $5.85 billion This net position deficit represents the accumulated shortfall of excise taxes necessary to meet benefit payments, administrative costs, and interest expense incurred prior to and subsequent to the debt refinancing pursuant to P.L. 110-343. Prior to enactment of P.L. 110-343, this shortfall was funded by repayable advances to the BLDTF, which were repayable with interest. Pursuant to P.L. 110-343, any shortfall will be financed with debt instruments similar in form to zero-coupon bonds, with a maturity date of one year and bear interest at the Treasury 1-year rate. Outstanding debt at September 30, 2019 was $5.96 billion, bearing interest rates ranging from 1.747 percent to 4.556 percent. Excise tax revenues of $216.6 million, benefit payment expense of $129.7 million, and interest expense of $228.7 million were recognized for the year ended September 30, 2019. The interest expense is accrued and capitalized to the principal of the debt until the debt reaches its face value at the time of maturity. On September 30, 2019, the BLDTF issued debt in the amount of $1.87 billion, bearing interest at 1.747 percent and maturing on September 30, 2020. At September 30, 2019, there were 22 debt instruments with staggered maturities of September 30 for years 2020 through 2040, with a total carrying value of nearly $5.96 billion and a total face value at maturity of nearly $8.57 billion. Of these 22 debt instruments, 21 are from the October 2008 refinancing and one debt instrument was issued on September 30, 2019.

Subsequent Events

As of November 18, 2019, management has determined that there are no subsequent events requiring disclosure for the social insurance financial statements or required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Projected Cash Inflows and Outflows, in Constant Dollars, for the Open Group

In FY 2015, the beneficiary population was assumed to be a nearly closed universe in which attrition by death exceeded new entrants by a ratio of more than ten to one; projections for new participants were included in the overall projections and were considered immaterial. Therefore, in FY 2015, the difference between the closed group population and the open group population due to new participants was immaterial and the same values were presented for both the open group and the closed group.

During FY 2016, the number of participants who joined the rolls increased due to, among other things, adjudicated liability as a result of responsible mine operator bankruptcy; projections for the number of new participants increased for similar reasons and the BLDTF management determined that the difference between the size of the closed group population and the open group population merited separate reporting for new participants. Accordingly, since FY 2016 the SOSI presents values for the closed group, new participants, and open group.

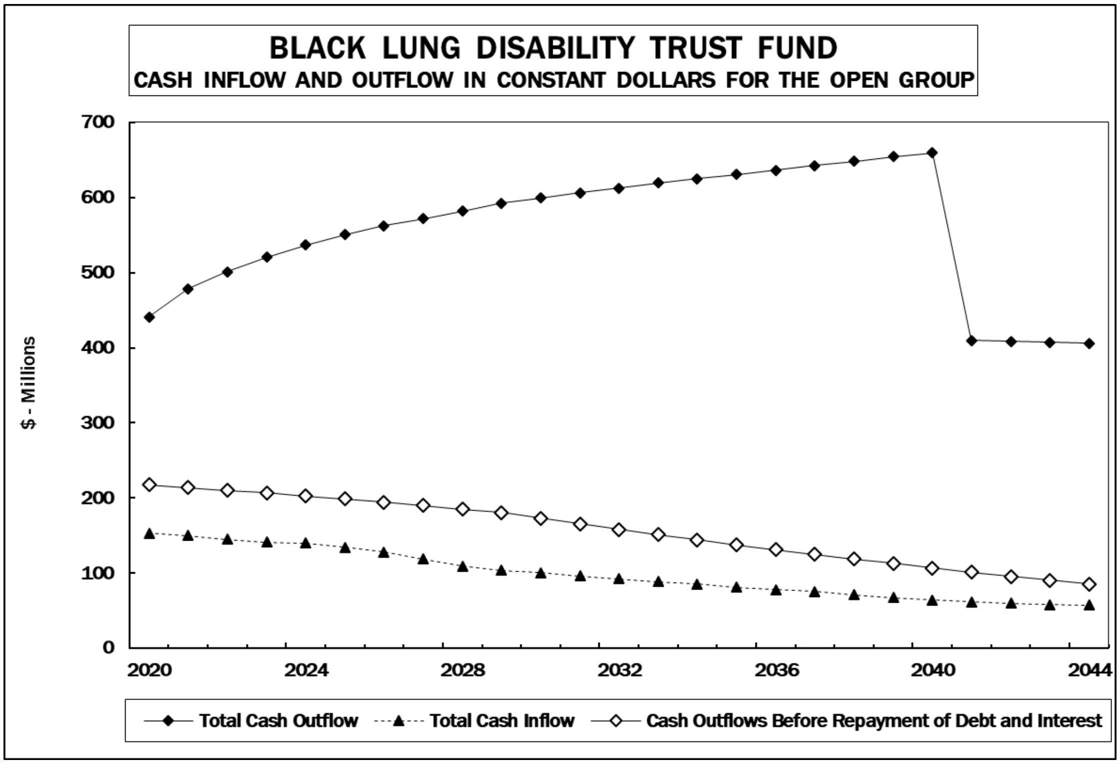
The significant assumptions used in the projections, in constant dollars, are the coal excise tax revenue estimates, tax rate structure, number of beneficiaries, life expectancy, Federal civilian pay raises, medical cost inflation, interest rate on new debt issued by the BLDTF, and the CPI-U for goods and services. The use of CPI-U factors allows the projections to be presented in constant dollars with FY 2019 as the base year. The valuation date for the projections is September 30, 2019. Effective for FY 2017 reporting DOL revised its projection period from a fixed terminus of FY 2040 to a rolling 25-year period beginning on the valuation date. The FY 2019 25-year projection period ends on September 30, 2044. Cash projections depend on the assumptions used and actual experience may differ materially from the projections.

In order to be consistent with Executive Branch policy on regulations pursuant to the Clean Power Plan (CPP), DOL's estimates of future excise tax income were based on, among other things, Energy Information Administration (EIA) projections that do not reflect CPP regulation; effective September 6, 2019, the CPP regulation was repealed and the EPA issued the Affordable Clean Energy (ACE) regulation. As of September 30, 2019, litigation pursuant to the ACE regulation was before the U.S. Court of Appeals (USCA); DOL's estimates of future excise tax income continued to be based on, among other things, EIA projections that do not reflect CPP regulation. The EIA projections reflect the continuing trend of lower coal production which would lead to lower future excise tax income. The effects of the significant decrease in projected cash inflows from excise taxes are also reflected in the Statement of Social Insurance as of September 30, 2019 and are the largest change reported in the Statement of Changes in Social Insurance Amounts for the year ended September 30, 2019.

The projections, in constant dollars for the open group, made over the 25-year period ending September 30, 2044, indicate that cash outflows for benefit payments and administrative expenses will exceed cash inflows from excise taxes for all years in the projection period. Cumulative net cash outflows are projected as $1.44 billion by FY 2044. When payments from the BLDTF's maturing debt are added to the net cash outflows, the BLDTF's net cash outflows after payments on maturing debt are projected to reach $11.44 billion by the end of FY 2044, resulting in a projected deficit of nearly $15.27 billion at September 30, 2044. (See Chart I and Table I).

The net present value of future projected benefit payments and other cash inflow and outflow activities for the closed group and the open group together with the fund's deficit positions as of September 30, 2019, 2018, 2017, 2016, and 2015 are presented in the SOSI.

Chart I



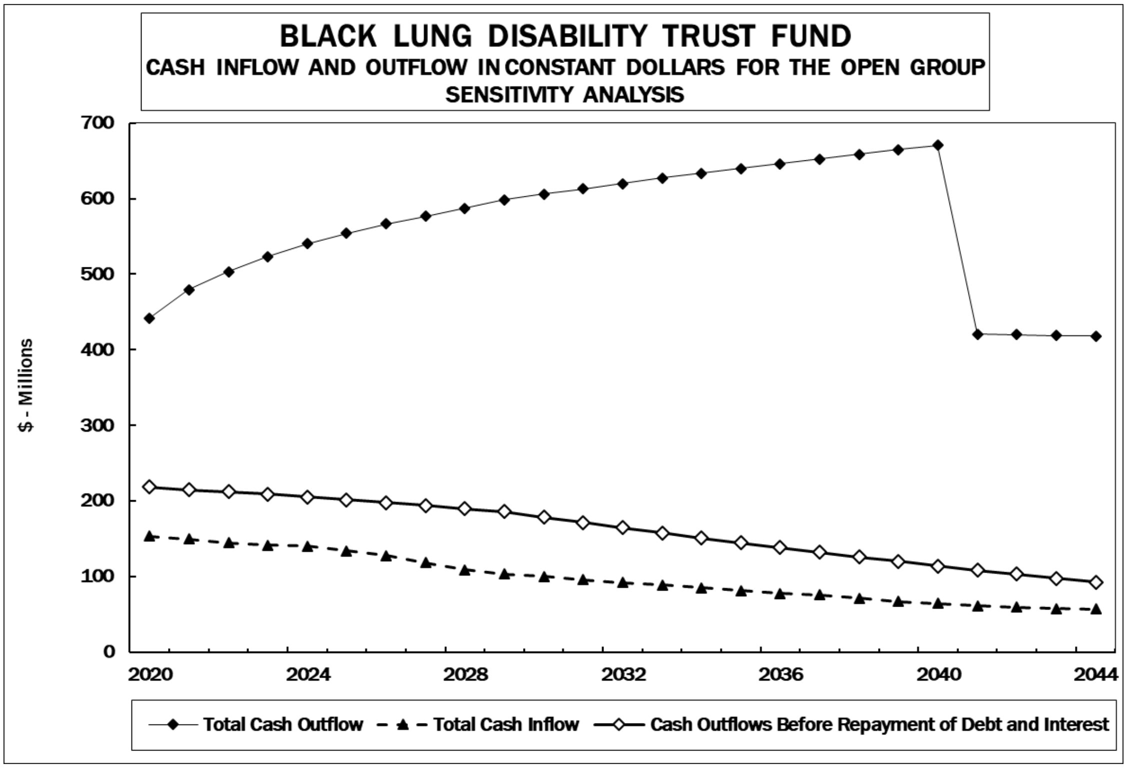
Projected Cash Inflows and Outflows with Sensitivity Analysis, in Constant Dollars, for the Open Group

For the projected cash inflows and outflows with sensitivity analysis, in constant dollars for the open group, the significant assumption for medical cost inflation was increased 1.00 percent. For the sensitivity analysis, the other significant assumptions (coal excise tax revenue estimates, tax rate structure, number of beneficiaries, life expectancy, Federal civilian pay raises, interest rate on new debt issued by the BLDTF, and CPI-U for goods and services) were left unchanged. Cash projections depend on the assumptions used and actual experience may differ materially from the projections.

These projections with sensitivity analysis, in constant dollars for the open group, made over the 25-year period ending September 30, 2044, indicate that cash outflows for benefit payments and administrative expenses will exceed cash inflows from excise taxes for all years in the projection period. Cumulative net cash outflows would be projected to reach $1.57 billion by the year 2044. When payments from the BLDTF's maturing debt are added to the net cash outflows, the BLDTF's net cash outflows after payments on maturing debt would be projected to reach $11.62 billion by the end of the year 2044, and would result in a projected deficit of more than $15.45 billion at September 30, 2044. (See Chart II and Table II)

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Chart II



Closed Group, New Participants, and Open Group with Sensitivity Analysis

For the closed group, new participants, and open group with sensitivity analysis, we modified the significant assumptions as described above (see Projected Cash Inflows and Outflows with Sensitivity Analysis, in Constant Dollars for the Open Group) for the medical cost inflation but the other significant assumptions were left unchanged.

For the Sensitivity Analysis, the changes that we made in the assumptions as described above (see projected Cash Inflows and Outflows with Sensitivity Analysis, in Constant Dollars for the Open Group) had the following effects (in thousands of dollars):

(a) In the SOSI, for the closed group:

(1) the present value of estimated future excise tax income during the projection period would decrease $52,904 from $1,375,529 to $1,322,625;
(2) the present value of estimated future administrative costs during the projection period would decrease $29,647 from $770,833 to $741,186;
(3) the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period would increase $35,374 from $1,389,113 to $1,424,487; and
(4) the closed group measure would decrease $58,631 from $(784,417) to $(843,048).

(b) In the SOSI, for the new participants:

(1) the present value of estimated future excise tax income during the projection period would increase $52,905 from $1,269,720 to $1,322,625;
(2) the present value of estimated future administrative costs during the projection period would increase $29,648 from $711,538 to $741,186;
(3) the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period would increase $112,289 from $1,285,242 to $1,397,531; and

(4) the excess of present value of estimated future excise tax income over present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period would decrease $89,032 from $(727,060) to $(816,092).

(c) In the SOSI, for the open group:

(1) the present value of estimated future excise tax income during the projection period of $2,645,249 would remain unchanged;
(2) the present value of estimated future administrative costs during the projection period of $1,482,371 would remain unchanged;
(3) the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period would increase $147,663 from $2,674,355 to $2,822,018; and
(4) the open group measure would decrease $147,663 from $(1,511,477) to $(1,659,140).

(d) In the SOSI, the trust fund net position deficit at start of the projection period of $(5,846,618) would remain unchanged.

(e) In the SOSI Summary Section, for the closed group:

(1) the closed group measure would decrease $58,631 from $(784,417) to $(843,048);
(2) the Funds with U.S. Treasury and receivables from benefit overpayments of $124,826 would remain unchanged; and
(3) the total of closed group measure plus fund assets would decrease $58,631 from $(659,591) to $(718,222).

(f) In the SOSI Summary Section, for the open group:

(1) the open group measure would decrease $147,663 from $(1,511,477) to $(1,659,140);
(2) the Funds with U.S. Treasury and receivables from benefit overpayments of $124,826 would remain unchanged; and
(3) the total of open group measure plus fund assets would decrease $147,663 from $(1,386,651) to $(1,534,314).

Cash projections depend on the assumptions used and actual experience may differ materially from the projections.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Table I

U.S. DEPARTMENT OF LABOR

SUPPLEMENTARY SOCIAL INSURANCE INFORMATION

CASH INFLOW AND OUTFLOW OF THE BLACK LUNG DISABILITY TRUST FUND IN CONSTANT DOLLARS

FOR THE 25-YEAR PERIOD ENDING SEPTEMBER 30, 2044

OPEN GROUP

(Dollars in thousands)	2020	2021	2022	2023	2024	2025 - 2044	Total
Balance, start of year	$ (5,846,618)	$ (6,017,949)	$ (6,231,622)	$ (6,474,043)	$ (6,740,114)	$ (7,024,996)	$ (5,846,618)
Cash inflow							
Excise taxes	153,546	150,092	144,925	141,670	140,358	1,736,104	2,466,695
Total cash inflow	153,546	150,092	144,925	141,670	140,358	1,736,104	2,466,695
Cash outflow							
Disabled coal miners benefits	147,555	144,143	140,866	137,314	133,586	1,802,120	2,505,584
Administrative costs	70,197	69,821	69,685	69,513	69,384	1,048,468	1,397,069
Cash outflows before repayment of debt and interest	217,752	213,964	210,551	206,827	202,970	2,850,588	3,902,653
Cash inflow over cash outflow (cash outflow over cash inflow) before repayment of debt and interest	(64,206)	(63,872)	(65,626)	(65,157)	(62,612)	(1,114,484)	(1,435,958)
Maturity of obligations refinanced October 2008	191,367	200,936	210,382	219,461	227,394	4,055,400	5,104,940
Interest on annual borrowings	32,037	63,599	80,283	94,481	106,557	4,518,148	4,895,105
Total cash outflow	441,156	478,499	501,216	520,769	536,921	11,424,136	13,902,698
Total cash outflow over total cash inflow	(287,610)	(328,407)	(356,291)	(379,099)	(396,563)	(9,688,032)	(11,436,003)
Reduction of debt refinanced October 2008	116,279	114,734	113,870	113,028	111,682	1,444,015	2,013,608
Balance, end of year	$ (6,017,949)	$ (6,231,622)	$ (6,474,043)	$ (6,740,114)	$ (7,024,996)	$ (15,269,013)	$ (15,269,013)

Table II

U.S. DEPARTMENT OF LABOR

SUPPLEMENTARY SOCIAL INSURANCE INFORMATION SENSITIVITY ANALYSIS

CASH INFLOW AND OUTFLOW OF THE BLACK LUNG DISABILITY TRUST FUND IN CONSTANT DOLLARS

FOR THE 25-YEAR PERIOD ENDING SEPTEMBER 30, 2044

OPEN GROUP

(Dollars in thousands)	2020	2021	2022	2023	2024	2025 - 2044	Total
Balance, start of year	$ (5,846,618)	$ (6,018,854)	$ (6,233,925)	$ (6,478,279)	$ (6,746,853)	$ (7,034,828)	$ (5,846,618)
Cash inflow							
Excise taxes	153,546	150,092	144,925	141,670	140,358	1,736,104	2,466,695
Total cash inflow	153,546	150,092	144,925	141,670	140,358	1,736,104	2,466,695
Cash outflow							
Disabled coal miners benefits	148,460	145,504	142,715	139,667	136,449	1,928,667	2,641,462
Administrative costs	70,197	69,821	69,685	69,513	69,384	1,048,468	1,397,068
Cash outflows before repayment of debt and interest	218,657	215,325	212,400	209,180	205,833	2,977,135	4,038,530
Cash inflow over cash outflow (cash outflow over cash inflow) before repayment of debt and interest	(65,111)	(65,233)	(67,475)	(67,510)	(65,475)	(1,241,031)	(1,571,835)
Maturity of obligations refinanced October 2008	191,367	200,936	210,382	219,461	227,394	4,055,400	5,104,940
Interest on annual borrowings	32,037	63,636	80,367	94,631	106,788	4,561,132	4,938,591
Total cash outflow	442,061	479,897	503,149	523,272	540,015	11,593,667	14,082,061
Total cash outflow over total cash inflow	(288,515)	(329,805)	(358,224)	(381,602)	(399,657)	(9,857,563)	(11,615,366)
Reduction of debt refinanced October 2008	116,279	114,734	113,870	113,028	111,682	1,444,015	2,013,608
Balance, end of year	$ (6,018,854)	$ (6,233,925)	$ (6,478,279)	$ (6,746,853)	$ (7,034,828)	$ (15,448,376)	$ (15,448,376)

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

COMBINING STATEMENTS OF BUDGETARY RESOURCES

The principal Combined Statements of Budgetary Resources present the budgetary resources available to DOL and net outlays of budgetary resources for the years ended September 30, 2019 and 2018, respectively; and the status of these resources as of September 30, 2019 and 2018, respectively. Presented on the following pages is the disaggregation of this combined information for each of the Department's major budget agencies.

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

COMBINING STATEMENT OF BUDGETARY RESOURCES

For the Year Ended September 30, 2019

(Dollars in thousands)	Employment and Training Administration	Office of Workers' Compensation Programs	Office of Job Corps	Occupational Safety and Health Administration
BUDGETARY RESOURCES				
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	$ 1,498,430	$ 1,621,232	$ 1,297,806	$ 14,970
Appropriations (discretionary and mandatory)	35,942,791	2,203,793	1,736,159	557,233
Borrowing Authority (discretionary and mandatory)	-	51,484	-	-
Spending authority from offsetting collections (discretionary and mandatory)	3,353,394	2,945,902	-	2,070
Total budgetary resources	$ 40,794,615	$ 6,822,411	$ 3,033,965	$ 574,273
STATUS OF BUDGETARY RESOURCES				
New obligations and upward adjustments (total)	$ 39,143,147	$ 5,215,462	$ 1,618,469	$ 560,342
Unobligated balance, end of year				
Apportioned, unexpired accounts	932,685	1,577,469	1,328,645	96
Exempt from apportionment, unexpired accounts	-	25,980	-	-
Unapportioned, unexpired accounts	59,248	1,316	400	-
Unexpired unobligated balance, end of year	991,933	1,604,765	1,329,045	96
Expired unobligated balance, end of year	659,535	2,184	86,451	13,835
Unobligated balance, end of year (total)	1,651,468	1,606,949	1,415,496	13,931
Total budgetary resources	$ 40,794,615	$ 6,822,411	$ 3,033,965	$ 574,273
OUTLAYS, NET				
Outlays, net (total) (discretionary and mandatory)	35,283,327	2,302,601	1,539,734	551,037
Distributed offsetting receipts	(380,429)	(2,699)	-	-
Agency outlays, net (discretionary and mandatory)	$ 34,902,898	$ 2,299,902	$ 1,539,734	$ 551,037

Bureau of Labor Statistics	Mine Safety and Health Administration	Employee Benefits Security Administration	Veterans' Employment and Training Service	Wage and Hour Division	Other Program Agencies	TOTAL
$ 9,034	$ 5,337	$ 6,426	$ 13,117	$ 13,101	$ 116,235	$ 4,595,688
550,000	373,816	181,000	50,000	281,110	630,112	42,506,014
-	-	-	-	-	-	51,484
96,454	1,692	7,366	250,041	2,800	472,501	7,132,220
$ 655,488	$ 380,845	$ 194,792	$ 313,158	$ 297,011	$ 1,218,848	$ 54,285,406
$ 647,764	$ 376,284	$ 190,553	$ 300,514	$ 279,987	$ 1,097,577	$ 49,430,099
575	97	288	1,582	256	97,955	3,939,648
-	-	-	-	-	-	25,980
-	5	87	-	11,037	9,554	81,647
575	102	375	1,582	11,293	107,509	4,047,275
7,149	4,459	3,864	11,062	5,731	13,762	808,032
7,724	4,561	4,239	12,644	17,024	121,271	4,855,307
$ 655,488	$ 380,845	$ 194,792	$ 313,158	$ 297,011	$ 1,218,848	$ 54,285,406
538,422	362,481	178,787	30,126	280,176	662,724	41,729,415
-	-	-	-	-	(14,088)	(397,216)
$ 538,422	$ 362,481	$ 178,787	$ 30,126	$ 280,176	$ 648,636	$ 41,332,199

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

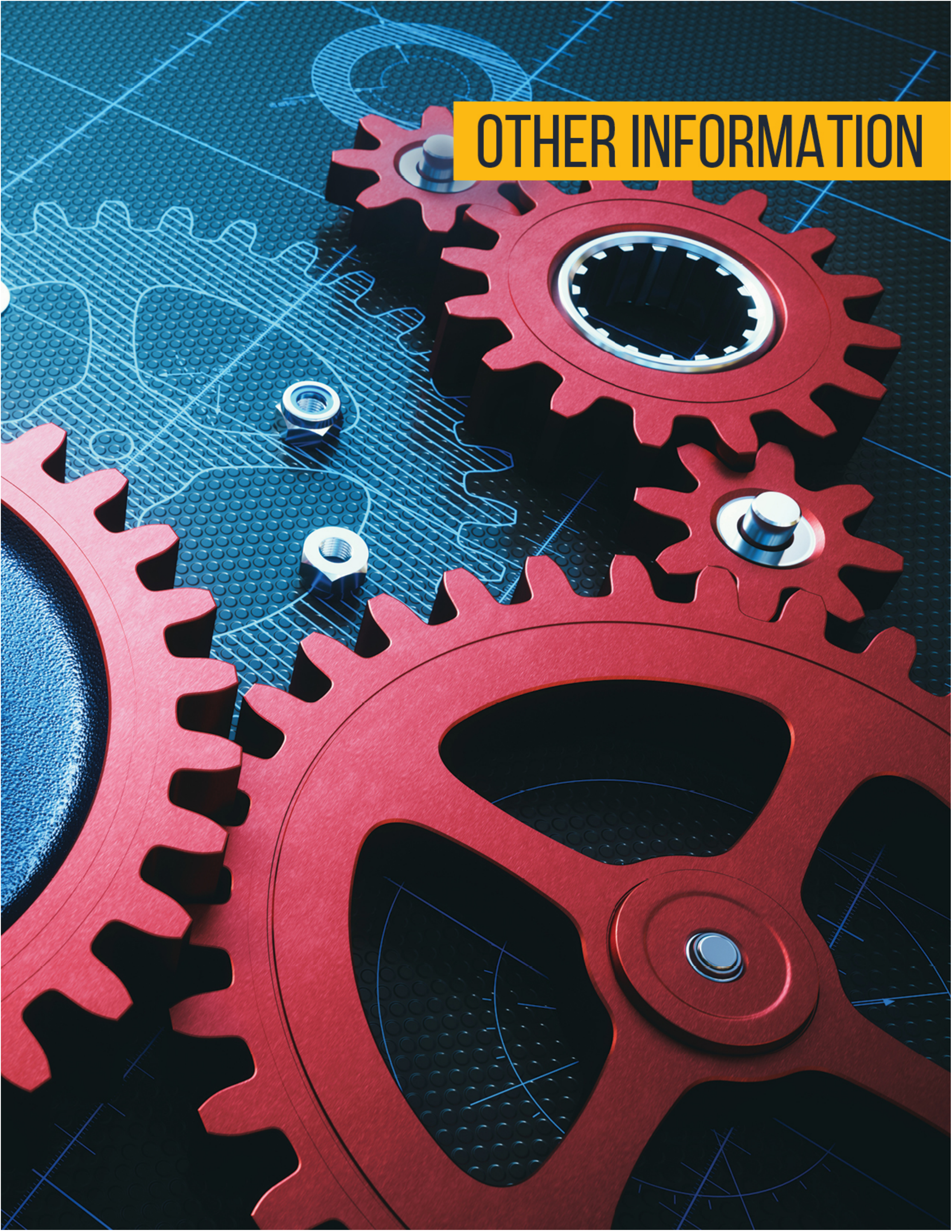
COMBINING STATEMENT OF BUDGETARY RESOURCES

For the Year Ended September 30, 2018

(Dollars in thousands)	Employment and Training Administration	Office of Workers' Compensation Programs	Office of Job Corps	Occupational Safety and Health Administration
BUDGETARY RESOURCES				
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	$ 1,025,656	$ 1,664,413	$ 1,046,837	$ 13,109
Appropriations (discretionary and mandatory)	36,872,257	2,264,848	1,762,818	552,787
Borrowing Authority (discretionary and mandatory)	-	29,942	-	-
Spending authority from offsetting collections (discretionary and mandatory)	3,441,327	2,972,896	-	1,701
Total budgetary resources	$ 41,339,240	$ 6,932,099	$ 2,809,655	$ 567,597
STATUS OF BUDGETARY RESOURCES				
New obligations and upward adjustments (total)	$ 40,001,360	$ 5,315,090	$ 1,527,073	$ 555,450
Unobligated balance, end of year				
Apportioned, unexpired account	829,202	1,583,090	1,202,946	220
Exempt from apportionment, unexpired accounts	-	29,354	-	-
Unapportioned, unexpired accounts	73,396	2,620	2,004	-
Unexpired unobligated balance, end of year	902,598	1,615,064	1,204,950	220
Expired unobligated balance, end of year	435,282	1,945	77,632	11,927
Unobligated balance, end of year (total)	1,337,880	1,617,009	1,282,582	12,147
Total budgetary resources	$ 41,339,240	$ 6,932,099	$ 2,809,655	$ 567,597
OUTLAYS, NET				
Outlays, net (total) (discretionary and mandatory)	36,474,829	2,157,710	1,543,120	539,732
Distributed offsetting receipts	(437,644)	(2,662)	-	-
Agency outlays, net (discretionary and mandatory)	$ 36,037,185	$ 2,155,048	$ 1,543,120	$ 539,732

Bureau of Labor Statistics	Mine Safety and Health Administration	Employee Benefits Security Administration	Veterans' Employment and Training Service	Wage and Hour Division	Other Departmental Programs	TOTAL
$ 7,635	$ 5,031	$ 4,590	$ 10,540	$ 13,388	$ 114,577	$ 3,905,776
547,000	373,882	181,000	50,000	279,894	636,347	43,520,833
-	-	-	-	-	-	29,942
94,703	1,436	5,965	245,041	2,800	451,159	7,217,028
$ 649,338	$ 380,349	$ 191,555	$ 305,581	$ 296,082	$ 1,202,083	$ 54,673,579
$ 643,576	$ 375,481	$ 185,024	$ 295,140	$ 284,796	$ 1,107,917	$ 50,290,907
614	761	2,358	186	2,702	74,752	3,696,831
-	-	-	-	-	-	29,354
-	5	-	-	4,424	7,673	90,122
614	766	2,358	186	7,126	82,425	3,816,307
5,148	4,102	4,173	10,255	4,160	11,741	566,365
5,762	4,868	6,531	10,441	11,286	94,166	4,382,672
$ 649,338	$ 380,349	$ 191,555	$ 305,581	$ 296,082	$ 1,202,083	$ 54,673,579
545,547	368,798	176,974	29,466	280,577	650,749	42,767,502
-	-	-	-	-	(19,485)	(459,791)
$ 545,547	$ 368,798	$ 176,974	$ 29,466	$ 280,577	$ 631,264	$ 42,307,711

OTHER INFORMATION



Inspector General's Top Management and Performance Challenges

U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210

October 16, 2019

MEMORANDUM FOR THE SECRETARY

FROM: SCOTT S. DAHL
Inspector General

SUBJECT: Top DOL Management and Performance Challenges

As required by the Reports Consolidation Act of 2000, we have identified the most serious management and performance challenges facing the Department of Labor (DOL). The Department plays a vital role in the nation's economy and in the lives of workers and retirees and, therefore, must remain vigilant in its important stewardship of taxpayer funds, particularly in an era of shrinking resources.

In this report, we summarize the challenges, significant DOL progress to date, and what remains to be done to address them. The challenges we identified are:

- Helping Adults and Youth Succeed in the Labor Market
- Providing a Safe Learning Environment at Job Corps Centers
- Protecting the Safety and Health of Workers
- Managing Medical Benefits in OWCP, Including Opioids
- Integrity of DOL Rulemaking Processes
- Maintaining the Integrity of Foreign Labor Certification Programs
- Protecting Retirement, Health, and Other Benefit Plans for Workers, Retirees, and Their Families
- Identifying and Reducing Unemployment Insurance Improper Payments
- Securing and Managing Information Systems

I would be pleased to meet with you concerning any aspect of this report.

Attachment

cc: Rachel E. Mondl, Chief of Staff
James E. Williams, Chief Financial Officer

Working for America's Workforce

TOP MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE U.S. DEPARTMENT OF LABOR

Office of Inspector General, November 2019

CHALLENGE: Helping Adults and Youth Succeed in the Labor Market

BACKGROUND

In Fiscal Year (FY) 2019, the Department of Labor's (DOL) Employment and Training Administration (ETA) received $3.5 billion under the Workforce Innovation and Opportunity Act (WIOA) to operate a system of education, skill-based training, and employment services primarily for low-income and dislocated adults, as well as at-risk and out-of-school youth.

CHALLENGE FOR THE DEPARTMENT

The Department is challenged to ensure its job training programs provide participants the education, skill-based training, and employment services they need to succeed in the labor market. Past Office of Inspector General (OIG) audits have found that participants were often placed into jobs unrelated to their training or jobs that required little-to-no training. This challenge includes: (1) helping job seekers, businesses, and career counselors better understand the availability and value of skill-based training and credentials; (2) helping employers to recognize the benefit of hiring and training apprentices for their middle- and high-skilled job vacancies; and (3) ensuring outcome data received from all training programs are reliable and accurate.

An emerging challenge for the Department is developing an effective strategy for helping people who have previously abused opioids to become and remain employable. Recent studies have reported that opioid abusers commonly drop out of the labor market and are less productive and dependable, making it difficult for them to obtain and retain employment and for employers to find workers in opioid-affected areas.

DEPARTMENT'S PROGRESS

With regard to credentials, ETA officials informed us that over the last year, they have continued to provide resources through CareerOneStop.org to help job seekers, businesses, and career counselors better understand which credentials were available; the quality and labor market value of those credentials; and the licenses, education, and training required for specific credentials and occupations. ETA also stated it has continued to emphasize the importance of credential attainment in its grant competitions.

As for state outcome data, in December 2018, ETA issued Training and Employment Guidance (TEG) Letter 07-18[1], in collaboration with the Department of Education, to provide joint guidance to states and grantees on the performance accountability system set forth in section 116 of WIOA, which requires states to develop procedures for ensuring the WIOA data they submit are valid and reliable. ETA is developing guidance for validating required performance data submitted by grantees of workforce development programs administered by the Department.

The Department has also been assessing grantee performance under its American Apprenticeship Initiative program through a set of measures that include participant employment, industry sector and occupation for which training was received, completion of education/job training activities, credential attainment, job placement, and wage progression from entry until exit from the program. These measures should improve the Department's ability to analyze the relationship between services provided through grants and the outcomes achieved. The Department stated it has provided, and will continue to provide, technical assistance on sector strategies and performance reporting based on its analysis of the performance measures.

Concerning opioids, in FY 2019, ETA awarded 11 states up to $42 million in opioid disaster recovery grants to create temporary employment opportunities aimed at alleviating humanitarian and other needs created by the opioid crisis. These funds may also be used to provide reintegration services to workers affected by the crisis and to train individuals to work in mental health treatment, addiction treatment, and pain management.

[1] This guidance provides information about the guidelines States must use in developing procedures for ensuring the data submitted are valid and reliable.

WHAT REMAINS TO BE DONE

The Department needs to continue developing programs that support investments in training and education, leading to improved job skills. In addition, it must continue developing complete and accurate performance information that allows it to make evidence-based and data-driven decisions about job training programs. Furthermore, Congress needs insightful performance reports to ensure the WIOA program is working and to make any necessary adjustments. As such, the Department needs to continue its data validation efforts as well as provide technical assistance to states on accessing and reporting performance information in the WIOA performance management system. Moreover, the Department needs to continue its monitoring efforts to ensure state data used to calculate performance measures are complete and accurate.

Finally, the Department needs to monitor the performance of discretionary grants it has awarded for delivering services to employers and workers impacted by the opioid crisis. ETA supports discretionary grant programs in Workforce Integrated Performance System (WIPS) and provides policy/reporting support through technical assistance and standardized reporting procedures. This includes providing WIPS technical assistance for the opioid demonstration grants.

CHALLENGE: Providing a Safe Learning Environment at Job Corps Centers

BACKGROUND

The Job Corps program annually provides education, training, and support services to nearly 50,000 disadvantaged, at-risk youth, ages 16–24, at 121 Job Corps centers nationwide, both residential and nonresidential. OIG audits over the past several years found a wide range of security and safety issues at Job Corps centers, from failure to report and investigate serious misconduct to security staff shortages.

CHALLENGE FOR THE DEPARTMENT

Job Corps faces the challenge of continually providing safe learning environments for its students and staff. To accomplish this, Job Corps must ensure center operators and regional office personnel fully enforce Job Corps safety and security policies and improve campus security to control violence. Funding plays a significant role in this challenge, particularly as it relates to the procurement, installation, ongoing maintenance, and upgrade of physical security equipment needed to adhere to safety and security policies.

DEPARTMENT'S PROGRESS

According to Department officials, in 2019, Job Corps finalized standard operating procedures for its center oversight activities, including monitoring and identifying trends and using a risk-based oversight approach to contractor compliance. In addition, Job Corps stated it continues to enhance security at centers by implementing its multi-year, comprehensive center safety and security strategic plan, which it finalized in March 2019. At the close of FY 2019, Job Corps had invested approximately $56 million and equipped centers with more than 10,000 cameras, more than 5,000 physical access control systems, walk-through and hand-held metal detectors, centralized security radio networks, "Informacast" emergency notification systems, and 229 intercom systems.

WHAT REMAINS TO BE DONE

Going forward, Job Corps needs to continue to execute its safety and security plan, train employees and contractors on new policies and procedures, and ensure that existing policies and procedures are periodically reviewed with Job Corps employees and center staff. Job Corps must monitor compliance with applicable safety and security policies and procedures to identify and remediate noncompliance issues in a timely manner. In addition, expanded data collection, analysis, and dissemination of information to stakeholders is necessary to inform agency decision making and to assess the impact of proposed, planned, and implemented security reforms.

CHALLENGE: Protecting the Safety and Health of Workers

BACKGROUND

The Department's Occupational Safety and Health Administration (OSHA) is responsible for the safety and health of 136 million workers employed at more than nine million establishments, while the Department's Mine Safety and Health Administration (MSHA) is responsible for the safety and health of approximately 320,000 miners who work at more than 13,000 mines.

CHALLENGE FOR THE DEPARTMENT

OSHA and MSHA face challenges in determining how to best use their resources to help protect the safety and health of workers, particularly in high-risk industries such as agriculture, construction, fishing, forestry, manufacturing, and mining. Employers who underreport injuries exacerbate these challenges. Without reliable data regarding workplace injuries, OSHA and MSHA lack the information they need to focus inspection and compliance efforts effectively on the most hazardous workplaces.

Verifying the abatement of construction hazards remains a challenge for OSHA. The agency closed many citations for safety violations because the construction project ended and not because employers corrected the cited hazards. As a result, OSHA received no assurances employers would use improved safety and health practices at subsequent construction sites. Furthermore, the updated reporting requirements for work-related severe injuries encourage employers to investigate incidents and abate the hazards to prevent future accidents. However, OSHA had only limited assurance employers abated hazards properly because OSHA did not monitor investigations conducted by employers.

MSHA is specifically challenged by a 25-year high in the number of cases of Black Lung disease, as reported by the American Journal of Public Health, and needs to develop strategies for addressing it. MSHA is currently soliciting comments, data, and information for a study to assess the impact of the August 2014 Coal Dust Rule on the health of miners, which reduced allowable exposure levels for harmful coal dust. However, because of the latency period between exposure to coal dust and development of black lung disease, it will likely take a decade or more to complete the study.

MSHA and OSHA both regulate the amount of exposure workers can have to quartz/silica dust, but the standards for permissible exposure differ between the two agencies. MSHA is challenged to develop better protections for miners against other airborne contaminants, such as diesel particulate emissions and respirable quartz dust. Quartz dust can cause silicosis, a deadly and incurable disease, along with chronic obstructive pulmonary disease and a number of other chronic conditions. Similarly, OSHA is challenged with targeting the highest risk workplaces specifically for silica dust with its limited resources. Employers are required to limit worker exposures to respirable crystalline silica and to take other steps to protect workers. Employers can either use a control method or they can measure workers' exposure to silica and independently decide which dust controls work best to limit exposures in their workplaces. About 2.3 million people in the U.S. are exposed to silica at work.

MSHA is further challenged to reduce the number of powered-haulage accidents, which accounted for almost 50% of all fatalities in 2017 and 2018.

DEPARTMENT'S PROGRESS

OSHA states that it encourages employers to comply with illness and injury reporting requirements through a variety of enforcement, outreach, and compliance assistance efforts. Furthermore, OSHA plans to implement the monitoring aspect of the severe injury reporting program and assess the need for continued monitoring based on the results of monitoring inspections.

MSHA reported it has increased sampling of mines for silica, quartz, and diesel particulate emissions and has ordered additional sampling devices for its inspectors and testing equipment for its lab. Further, on August 29, 2019, MSHA published a request for information (RFI) soliciting information and data on technologically feasible best practices to protect coal and metal and nonmetal miners' health from exposure to quartz, including a reduced standard, utilizing protective respiratory technologies and technical and educational assistance. MSHA will also hold a public meeting on October 17, 2019. The comment period for the RFI closes on October 28, 2019. This regulatory action complements the solicitation of information and data on MSHA's 2014 coal dust rule.

MSHA also launched a powered-haulage safety initiative in 2018, which included a website, mine-site visits (particularly for mines with large trucks), training videos, and other safety materials, such as pamphlets and stickers. MSHA announced in the Agency's Spring 2019 agenda that it would publish a proposed rule that would require mine operators to develop a safety program for mobile equipment (which include powered-haulage equipment) at surface mines and surface areas of underground mines. MSHA officials stated they expect to publish the proposed rule in March 2020.

WHAT REMAINS TO BE DONE

OSHA needs to complete its initiatives to improve employer reporting of severe injuries and illnesses and enhance staff training on abatement verification, especially of smaller and transient construction employers.

MSHA needs to identify methods for improving mine operators' reporting of accidents, injuries, and illnesses. To ensure mine operators comply with the Respirable Coal Dust rule, MSHA needs to evaluate the effectiveness and implementation of the rule as new information becomes available. MSHA must also identify ways to better protect miners from highly toxic respirable quartz, potentially by increasing testing and enforcement for other airborne contaminants.

Finally, MSHA needs to continue its existing efforts to decrease powered-haulage accidents by targeting mines for enforcement, enhancing training, and increasing and sharing its knowledge of available technology.

CHALLENGE: Managing Medical Benefits in OWCP, Including Opioids

BACKGROUND

OWCP provides compensation and medical benefits to workers for employment-related injuries and occupational diseases. During FY 2018, OWCP paid medical benefits in the amounts of $950 million under the Federal Employees' Compensation Act (FECA), $740 million under the Energy Employees Occupational Illness Compensation Program Act (EEOICPA), and $46 million under the Black Lung Benefits Act.

CHALLENGE FOR THE DEPARTMENT

OWCP is challenged to effectively manage the use and cost of pharmaceuticals in the FECA program. Given the high risk of fraud related to prescription payments, OWCP needs to conduct comprehensive analyses and monitoring of FECA costs to promptly detect and address such problems. In one case alone involving compound drug services, OIG identified potential fraud involving nearly $158 million. Coordination and collaboration between OWCP and OIG on anti-fraud matters are key to reducing the amount of fraud impacting the FECA program.

For opioids in particular, it is critical that OWCP develop comprehensive analyses to help ensure prescription drugs reimbursed by the program are medically necessary, safe, and obtained at a fair price. OWCP needs to develop quality information to identify claimants at risk of addiction and determine the associated costs of treatment.

Previous OIG work has shown OWCP allowed prior increases in billings for compounded drugs to go undetected and failed to identify the overuse of opioids. Further, OWCP allowed physicians to prescribe opioids to new users for up to 60 days without establishing a medical necessity, while the Centers for Disease Control reported that prescribing opioids for three days or less was often sufficient and that more than seven days was rarely needed for treatment of acute pain.

OWCP told us it is also challenged to effectively manage home health care costs in the EEOICPA program, which has amounted to $3 billion since its inception in October 2000. According to OWCP, there has been a significant increase in home health care services requested in the past five years. Providers could have conflicts of interest and employ tactics that are legal but unethical, such as inappropriately bundling or unbundling services. With an aging claimant population, providers can take advantage of the increased demand for home health care services and exploit unknown weaknesses in OWCP's existing controls.

DEPARTMENT'S PROGRESS

According to OWCP, the agency has reviewed questionable providers potentially acting in a fraudulent or abusive manner, implemented procedures to identify prescribers of prescription drugs, imposed quantity limits on initial fills and refills for compounded drugs and opioids, performed an initial analysis of generic drug prescriptions, and implemented drug exclusion lists for drugs and drug ingredients.

Regarding opioids, OWCP stated it is already analyzing prescription data, reaching out to physicians when claimants have long-term prescriptions and high Morphine Equivalent Dose (MED) levels and taking a tailored approach with these claimants/physicians. In June 2017, OWCP developed a similar authorization requirement for opioid prescriptions, resulting in a decrease in the cost of non-compounded opioids from $58 million to $44 million between FY 2016 and FY 2018. Effective September 23, 2019, even stricter controls were imposed for all newly prescribed opioids. Restrictions on all initial opioids fills are now limited to seven days. Three subsequent seven-day fills can be obtained, but prior authorization is required to obtain opioids beyond 28 days.

Regarding compounded drugs, OWCP stated it developed controls including an authorization process that requires physicians to certify medical necessity. As a result of the FECA program's actions, significant decreases in compound expenditures have been achieved, from $263 million in FY 2016 to $19 million in FY 2018.

OWCP stated it has taken additional actions to better manage pharmaceuticals in the FECA program, which include: (1) implementing new policies related to the review and approval of pharmacy claims; (2) providing information to claimants and doctors regarding the risks of opioid use and the availability of alternate treatment options; (3) focusing data analytics on the population of opioid users, with the purpose of predicting their future behavior; (4) improving the detection of fraudulent medical providers and risky opioid prescribers; and (5) applying non-procurement suspension and debarment procedures to stop payments to medical providers criminally convicted of or indicted for defrauding FECA.

OWCP stated it is continuing to analyze and audit home health care billing practices in the EEOICPA program for the purpose of modifying billing rules and policies when it uncovers abusive practices. It has also moved the adjudication of home health care into a national-office unit that focuses exclusively on medical benefits adjudication and it has provided internal training to that unit. OWCP officials stated that they also implemented a program integrity unit and increased the number of referrals to OIG for investigation. In addition, OWCP has requested that OIG conduct an audit focusing on home health care providers to help identify potential areas for fraud, waste, or abuse.

WHAT REMAINS TO BE DONE

OWCP needs to follow through on its planned actions, including full implementation according to the schedule in the recently completed contract for a Pharmacy Benefit Manager, a third-party administrator of prescription drug programs that will address the options identified below. After completing these planned actions, OWCP needs to measure their impact on use and cost of prescription drugs, as well as consider additional options for monitoring and managing medical costs. For the FECA program, these options include the following:

- Conducting drug utilization reviews to prevent potentially harmful drug interactions,
- Implementing drug exclusion and formulary lists for all drugs and drug ingredients,
- Ensuring continued use of the best methods for calculating fair and reasonable pharmaceutical pricing,
- Requiring the use of preferred pharmacy providers, and
- Improving edit checks to identify high drug prices requiring additional review and authorization.

OWCP should continue its efforts to identify what insurance providers and other federal, state, and local agencies are doing to manage medical costs and determine which best or promising practices may be transferable.

OWCP should also continue its efforts to analyze home health care billings for abusive practices and to identify and refer allegations involving potential fraud or abuse to OIG for further investigation. Finally, OWCP needs to expand its use of data analytics to monitor payments for pharmaceuticals, particularly opioids, and identify trends, risks, and appropriate treatment plans.

CHALLENGE: Integrity of DOL Rulemaking Processes

BACKGROUND

DOL issues rules and guidance to promote the welfare of workers, job seekers, and retirees by helping them improve their skills, find work, and recover after job loss, injury, or illness and by safeguarding their working conditions, health and retirement benefits, and wages. Rules are government agency statements that either (1) implement, explain, or prescribe law or policy; or (2) describe an agency's organization, procedure, or practice requirements. By contrast, guidance documents explain the rules for stakeholders including agency staff, workers, job seekers, retirees, and employers.

CHALLENGE FOR THE DEPARTMENT

DOL faces challenges in ensuring transparency during the rulemaking process. OIG has received Congressional requests to review a wide range of DOL's rulemaking activities. The requests involve the transparency of information provided to the public, delaying safety standard effective dates, and relaxing child labor standards in health care occupations. Based on concerns with recently proposed and finalized rules, DOL must issue rules that are transparent to the American taxpayer and comply with the requirements of the Administrative Procedure Act (APA) and other applicable executive orders.

We recently reviewed OSHA's process for issuing guidance documents and have two ongoing audits reviewing DOL rulemaking processes to address many of the concerns received. With regard to our OSHA audit, we found between 2014 and 2016 DOL may have issued guidance that could be construed as changing rules in violation of the APA and other federal laws. While OSHA developed procedures to provide reasonable assurance that guidance accurately reflected its rules and policies, it lacked a procedure to determine the appropriateness of issuing a document as guidance rather than as a rule. As a result, OSHA risked issuing guidance that would create new rules or change existing rules in violation of laws requiring public notice and comment during agency rulemaking.

DEPARTMENT'S PROGRESS

DOL is aware of the concerns facing its rulemaking process, and has initiated a comprehensive review and analysis of the process, to include evaluating enforcement and compliance assistance materials to ensure they are current, accessible, and easy to understand.

DOL's Office of the Assistant Secretary for Policy is responsible for overseeing DOL's regulatory activities, and is working to: 1) resolve policy discrepancies and clarify methodologies prior to drafting rules; 2) communicate efficiently and timely with drafters regarding decisions; and 3) ensure internal SOPs are followed to the extent practicable.

OSHA also stated it was developing a training webinar for staff and managers to describe the steps necessary for issuing guidance documents. OSHA expects the revised policy and webinar to be completed by the end of FY 2020.

WHAT REMAINS TO BE DONE

In response to our audit work over the past year, the Department informed us it will seek to use notice and comment rulemaking as its exclusive means of altering the rights and obligations of regulated persons, and cease the use of sub regulatory guidance to alter rights and obligations. To accomplish this goal, the Department needs to complete its review and analysis of guidance and rulemaking, and implement any recommendations to ensure DOL's guidance and rulemaking materials are current, accessible, and easy to understand. DOL also needs to establish a monitoring function to ensure internal SOPs are followed to the extent practicable.

In addition, OSHA informed us it intended to revise its guidance issuance policy, and that the Office of the Solicitor of Labor would consider any possible legal risks and ensure adherence to the requirements of the APA and the Occupational Safety and Health Act. DOL needs to ensure OSHA issues its revised policy and rolls out its training webinar for staff and managers. Finally, DOL needs to ensure all agencies that issue guidance have similar policies and training to prevent DOL from issuing guidance that changes rules.

CHALLENGE: Maintaining the Integrity of Foreign Labor Certification Programs

BACKGROUND

The Immigration and Nationality Act and related laws assign certain responsibilities to the Secretary of Labor for employment-based immigration and guest worker programs. These responsibilities include determining whether there are able, willing, and qualified U.S. workers available for the job and whether there would be any adverse impact on similarly-employed U.S. workers if a labor certification allowing the admission of a foreign worker were granted. To carry out these responsibilities, the Secretary has delegated to ETA's Office of Foreign Labor Certification (OFLC) the processing of prevailing wage determinations and applications from employers seeking to hire (1) immigrant workers for permanent jobs, (2) non-immigrant workers for temporary specialty jobs, and (3) non-immigrant workers for temporary or seasonal agricultural and non-agricultural jobs.

The Department's Wage and Hour Division conducts civil investigations to enforce Foreign Labor Certification (FLC) labor protections involving wages and working conditions, making sure similarly employed U.S. workers are not adversely affected in terms of hours, shifts, vacation periods, benefits, etc.

CHALLENGE FOR THE DEPARTMENT

The Department is challenged with balancing the thorough review of FLC applications to protect workers with the timely processing of applications to meet employer workforce demands. In the H-2B program, for example, which is used to hire foreign workers for temporary, non-agricultural jobs, rising application levels and seasonal spikes in employer workforce demands have resulted in periodic application processing delays.

Over the last decade, OIG, along with other federal partners, conducted more than 70 criminal investigations related to fraud in the H-2B program. These investigations have shown OFLC programs are susceptible to fraud and abuse by dishonest immigration attorneys, employers, labor brokers, and organized criminal enterprises. OIG investigations have also uncovered instances of unscrupulous employers misusing OFLC programs to engage in human trafficking, with victims often exploited for economic gain.

Further, the Department's limited statutory authority to act on potentially fraudulent H-1B foreign labor applications has been a challenge, at times leading to unscrupulous employers misusing FLC programs for labor and human trafficking. OIG investigations have shown that the H-1B program, which allows U.S. employers to employ foreign workers temporarily in specialty occupations, is susceptible to significant fraud and abuse, often by dishonest immigration attorneys, employers, labor brokers, and organized criminal enterprises. One of the reasons for this abuse is that the Department is statutorily required to certify H-1B applications within seven days unless it determines them to be "incomplete or obviously inaccurate."

OIG continues to investigate various fraud schemes within the H-1B program, including labor leasing[2], benching of foreign workers[3], and wage kickbacks[4]. In a recent investigation, a university entered into a criminal plea agreement with the U.S. Attorney's Office for obtaining H-1B visas for its employees and paying their respective salary and benefits as employees of the university although they actually worked for a privately held company. In the agreement, the board of the university accepted responsibility for visa fraud offenses on behalf of the university and agreed to pay the federal government $1 million in restitution.

DEPARTMENT'S PROGRESS

The Department recently updated its procedures for processing H-2B applications to better handle high volumes of activity and implemented a procedure on July 3, 2019, to randomly assign H-2B applications based on the date of filing and the requested start date of work instead of using a receipt date and time stamp approach. OFLC now randomly assigns for processing all H-2B applications requesting the earliest start date of work permitted under the semi-annual visa allocation (i.e., October 1 or April 1) and filed during the first three calendar days of the regulatory time period for filing H-2B applications. Once first actions are issued, OFLC then randomly assigns for processing all other H-2B applications filed on a single calendar day.

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[2] Labor leasing - The provision of labor to a third party, usually providing limited or no benefits to the workers and for a limited time. Most commonly used to describe agricultural and construction contract labor arrangements.

[3] Benching of foreign workers - Benching of foreign workers occurs when an employer, during a time of low productivity or otherwise slow business, refuses to pay foreign workers their wages, a.k.a. "benching" them.

[4] Wage kickbacks - The third-party placement firms that obtain H-1B workers pay a lower wage than what the U.S. employer would have paid.

Additionally, partly due to a recent OIG investigative advisory report, the Department updated its H-2B Application for Temporary Employment Certification (Form ETA-9142B) and appendices to: (1) better align information collection requirements with the Department's regulations; (2) provide greater clarity to employers on regulatory requirements; (3) streamline information collection to reduce employer burden in preparing applications; and (4) promote greater transparency in OFLC's labor certification decisions.

The Department further stated it has implemented amendments to its attestation-based Labor Condition Application (Form ETA-9035/9035E), which now requires H-1B employers to provide more detailed information about worksites, including the specific number of sponsored H-1B workers and the legal names of end-user entities operating any third-party worksites. Additionally, H-1B dependent employers and willful violators claiming an educational exemption from additional attestations on displacement and recruitment of U.S. workers must provide evidence that all H-1B workers employed under the application have attained a Master's degree or higher.

According to Department officials, every year since FY 2016, the Department has requested authorization, through its annual budget formulation process, to establish and retain fees to cover the operating costs for FLC programs. This proposal aligns the Department with the funding structures used by the Department of Homeland Security and the Department of State to finance their application-processing activities related to these programs. Employing a similar model for foreign labor certifications would eliminate the need for Congressional appropriations and create a funding structure responsive to market conditions.

WHAT REMAINS TO BE DONE

The Department needs to continue its efforts to ensure H-2B applications are processed in time for employers to hire foreign workers by their dates of need while at the same time ensuring the review process protects the interests of U.S. workers.

Further, the Department needs to seek statutory and regulatory authority to strengthen its ability to debar those who abuse the H-1B program. Department officials also need to refer all potentially criminal violations to OIG in a timely manner and enhance the reporting and application of suspensions and debarments government wide. In the H-1B program, the Department needs to seek statutory authority to verify the accuracy of information provided on labor condition applications.

Because OIG is the only agency within the Department that is statutorily authorized to investigate criminal fraud within FLC programs, OIG is concerned over its ability to respond to increases in criminal referrals that result from greater coordination among Departmental agencies. To mitigate this concern, OIG has requested authorization to access funds received from visa fees to conduct necessary criminal investigations and audits to combat threats against FLC programs.

CHALLENGE: Protecting Retirement, Health, and Other Benefit Plans for Workers, Retirees, and Their Families

BACKGROUND

The Employee Benefits Security Administration (EBSA) is responsible for protecting the integrity of pensions, health, and other employee benefits for about 149 million people. This responsibility includes enforcement authority over approximately 703,000 private retirement plans, 2.3 million health plans, and millions of welfare benefit plans, which together hold approximately $10.6 trillion in assets. It also includes interpretive and regulatory responsibilities for Individual Retirement Accounts, which hold about $8.8 trillion in assets.

EBSA also provides oversight of the federal Thrift Savings Plan (TSP), the largest defined-contribution plan in the United States, with nearly 5.7 million participants and $600 billion in assets as of June 2019.

CHALLENGE FOR THE DEPARTMENT

EBSA is challenged to allocate its limited resources in a way that will maximize the positive impact of its efforts as a small organization with oversight of a large plan universe. This is especially significant given the potential expansion of the health and retirement marketplaces that will likely result from recently issued final rules on association health plans (AHP) and multiple employer retirement plans (MEPs). EBSA needs to maximize its resources to conduct the number of investigations, audits, reviews, and compliance assistance activities needed to best protect workers' pensions, health, and other benefits.

One specific challenge EBSA faces is finding an effective way to protect the public from fraud and mismanagement in connection with Multiple Employer Welfare Arrangements (MEWAs). While a minority of MEWAs are fraudulent or mismanaged, they are hard to detect until it is too late, and, by the time the violations are detected, tens of thousands of plan participants may have been deprived of promised health benefits.

EBSA is further challenged because it has no legal authority to force certain plans to conduct full-scope audits, which would provide significantly stronger assurances to participants than limited-scope audits. Past OIG work revealed that as much as $3.3 trillion in pension assets, including an estimated $800 billion in hard-to-value alternative investments, received limited-scope audits. Independent public accountants performing these limited-scope audits generally did not need to audit investment information already certified by certain banks or insurance carriers, which meant the independent public accountants expressed "no opinion" on the valuation of these assets. These limited-scope audits weaken assurances to stakeholders and put retirement plan assets at risk because they provide little-to-no confirmation regarding the existence or value of plan assets.

Finally, EBSA is challenged to obtain compliance with its TSP audit recommendations given its limited legal authority to compel the TSP Board to act on its recommendations.

DEPARTMENT'S PROGRESS

In June 2018, EBSA issued regulatory guidance regarding AHPs and MEWAs, as well as other related reforms in the health care market. In July 2019, EBSA released a final rule expanding the availability of MEPs, along with a request for information on "open MEPs," which would allow unrelated employers to band together in forming a retirement plan.

EBSA also stated it has: (1) requested an increase of 45 FTEs and $10 million in additional funding for enforcement and administration of its responsibilities with respect to MEWAs and AHPs; (2) made efforts to place the repeal of the limited-scope audit exemption on the Department's legislative agenda, as well as worked to increase the information it collects from plans which take advantage of this exemption; and (3) taken a number of steps to improve its TSP audit risk assessment and encourage the TSP Board to implement audit recommendations.

WHAT REMAINS TO BE DONE

EBSA needs to develop new outreach, education, and enforcement strategies for AHPs and the expanded MEPs to accommodate the new diversity of plans now available in the market. Given the new regulations enabling AHPs and the expansion of MEPs likely to result from those new regulations, EBSA will have to determine how best to allocate its resources to oversee the expansion both in numbers of plans as well as the increased numbers of types of plans it has to regulate. In addition, given the dollar amounts involved, EBSA should continue to pursue legislative repeal of the limited-scope audit exemption to ensure better security for retirement plans. Limited-scope audits offer participants significantly reduced assurances of plan asset values as compared to full-scope audits, and the proliferation of plan assets subject only to limited-scope audits greatly increases the risk of loss to participants.

Finally, EBSA needs to consistently apply its newly-developed audit risk assessment for the TSP to improve the usefulness of its TSP audits, as well as seeking amendments to the Federal Employee Retirement Security Act to improve its ability to ensure TSP audit recommendations are implemented.

CHALLENGE: Identifying and Reducing Unemployment Insurance Improper Payments

BACKGROUND

In FY 2019, the Department continued to identify the Unemployment Insurance (UI) benefit program as susceptible to improper payments (IP). The UI program provides unemployment benefits to eligible workers who are unemployed through no fault of their own and who meet other eligibility requirements of state law.

The UI program paid benefits totaling $26.91 billion during the period July 1, 2018, to June 30, 2019. Of this, estimated IP totaled $2.86 billion, making the estimated improper payment rate 10.61%. Although this estimate remained above the $2 billion threshold established by the Office of Management and Budget under the authority of the Improper Payment Elimination and Recovery Improvement Act of 2012 for designation as a "high priority" program, the new estimate represents a 23% percent reduction from this time last year.

CHALLENGE FOR THE DEPARTMENT

The Department continues to face challenges in ensuring UI improper payments are detected, prevented, and reported in a timely and accurate manner.

The UI program is required to make timely benefit payments on a weekly basis while ensuring claimants meet eligibility requirements. A payment may later be determined improper as a result of the receipt of information that was not available at the time the payment was required to be made or as a result of the requirement that claimants be provided with due process prior to stopping payment of benefits.

Inadequate information at the time initial eligibility is determined and the need to reassess payment eligibility each week contribute to the Department's challenges in helping states address the leading causes of UI improper payments:

- *Work Search* - Claimants who fail to meet active work search requirements,
- *Benefit Year Earnings* - Overpayment to claimants who continue to claim benefits after they return to work, and
- *Separation* - Failure of employers or their third-party administrators to provide timely and adequate information on the reason for an individual's separation from employment.

Fraud also continues to be a significant threat to the integrity of the UI program, as identity thieves and organized criminal groups have found ways to exploit program weaknesses. For example, the payment of benefits using non-state-issued, prepaid debit cards provides anonymity to those who are submitting fraudulent claims.

DEPARTMENT'S PROGRESS

The Department stated that the DOL Deputy Secretary personally sent "call to action" letters to the Governor and State Workforce Administrator in each state requesting their leadership in addressing UI improper payments. Further, the Department provided technical assistance to 10 states with high IP rates that significantly affected the national rate. The technical assistance included support from the UI Integrity Center of Excellence's (Integrity Center) State Intensive Services to help states with the reduction of their improper payment rates attributable to specific root causes.

Department officials also stated they have continued to develop an Integrity Data Hub to serve as a secure portal for states to cross match public and private sources of data, including new identity verification tools that will help prevent improper payments before they occur. One component of the Integrity Data Hub is the Suspicious Actor Repository, a tool now used in 18 states to share specific data elements associated with fraudulent UI claims for cross-matching purposes. An additional 11 states have completed usage agreements to implement the repository. The Department is currently working with the Integrity Center to further enhance state participation with and use of the Integrity Data Hub.

To improve the effectiveness of states' use of the National Directory of New Hires (NDNH) and to identify claimants who have returned to work and yet continue to claim benefits, the Department issued letters to six states encouraging them to actively promote employer compliance with new hire reporting and to impose and enforce sanctions for employers that fail to comply. Additionally, the Department issued guidance to states on enhanced recommended operating procedures (ROPs) for the use of NDNH and State Directory of New Hires cross-matching activity.

The Department has also taken corrective actions to address OIG's recommendations aimed at reducing UI improper payments related to two of the three top causes: (1) Separation, and (2) Benefit Year Earnings.

According to Department officials, the following legislative proposals were included in the FYs 2018, 2019, and 2020 President's Budget requests:

- Requiring states to implement certain improper payment reduction strategies, such as the State Information Data Exchange System, to improve timely and accurate receipt of the reason for a claimant's separation from employment;
- Requiring states to use tools to better identify individuals who continue to claim benefits after returning to work, such as the NDNH;

- Requiring states to cross match with Social Security Administration's prisoner database and other prisoner information repositories;
- Providing the Secretary of Labor greater authority to require corrective actions by state UI agencies;
- Allowing states to retain up to five percent of UI overpayment recoveries for program integrity use;
- Requiring states to use penalty and interest collections solely for UI administration; and
- Requiring states to use the UI Integrity Center's Integrity Data Hub (included in the FY 2020 President's Budget request only).

WHAT REMAINS TO BE DONE

The Department needs to continue its ongoing work with states to implement strategies designed to reduce the UI improper payment rate, which would include sharing best practices identified among states. According to Department officials, they will work with the Integrity Center to expand the functionality of the Integrity Data Hub to include a new front-end claimant identity verification tool as well as other resources to assist states in reducing Benefit Year Earnings overpayments.

The Department will also work with states in supporting UI claimants' ability to meet their responsibilities to be available for work, actively seek work, and become reemployed in suitable work as quickly as possible as conditions of UI eligibility. As part of this effort, ETA is seeking OMB's approval for its work search guidance that addresses states "formal warnings" policies that underestimate improper payment rates. Further, the Department needs to continue pursuing the UI program integrity legislative proposals included in the Department's FY 2018, 2019, and 2020 budget proposals.

CHALLENGE: Securing and Managing Information Systems

BACKGROUND

The Department's major information systems contain sensitive information central to its mission and programs. For instance, Departmental systems are used to analyze and house some of the nation's leading economic indicators, such as the unemployment rate and the Consumer Price Index. Departmental systems also maintain critical and sensitive data related to financial activities, enforcement actions, job training services, pensions, welfare benefits, and workers safety and health. In FY 2020, the Department's Chief Information Officer (CIO) will have oversight of information technology investments estimated at $756 million, used in implementing the Department's services and functions to safeguard the American workforce.

CHALLENGE FOR THE DEPARTMENT

The Department remains challenged with safeguarding its data and information systems. For more than 10 years, OIG has identified the security of DOL's information technology systems and data as a top management challenge. Although DOL has made progress in this area, we remain concerned about the Department's information technology governance; its modernization efforts; and its ability to identify, protect, and recover information systems and data.

OIG continues to identify information security deficiencies in the areas of configuration management, third-party oversight, risk management, and continuous monitoring. While the Department has made improvements in these areas, these deficiencies continue to exist and represent ongoing risks to the confidentiality, integrity, and availability of the Department's information.

The Department also faces management challenges in maintaining its current systems, modernizing or replacing legacy systems, and moving additional systems into secure cloud services.

DEPARTMENT'S PROGRESS

Department officials stated they have acquired new programs and systems designed to strengthen security operations. They also stated that the Office of the CIO (OCIO) re-organized to better manage projects for modernizing, securing, and consolidating information technology. These improvements helped the OCIO to increase its FISMA maturity results. In addition, the Department has begun enhancing the CIO oversight capability of IT systems and resources through: (1) an Enterprise-wide Shared Services initiative that is bringing all DOL information technology functions under the supervision of the OCIO; and (2) a requirement that the OCIO approve any system Authority to Operate.

WHAT REMAINS TO BE DONE

Consistent with the intent of the Clinger-Cohen Act, we continue to recommend the Department realign the position of the CIO to provide greater independence and authority for implementing and maintaining an effective information security program. Under the Department's current organizational structure, the CIO reports to the Assistant Secretary of Administration and Management, who is the CIO's largest customer.

Additionally, the CIO needs to: (1) address information security deficiencies, some of which are in control areas that have been the source of recurring issues since FY 2003; (2) ensure agencies adhere to the Department's information security policies, procedures, and controls; and (3) enhance implementation of tools to improve its FISMA maturity posture.

Summary of Financial Statement Audit and Management Assurances

The following tables provide a summary of the Department's FY 2019 financial statement audit and its management assurances.

Summary of Financial Statement Audit					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0
Significant Deficiency	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Lack of Sufficient Information Technology General Controls over Key Financial Feeder Systems	1	0	1	0	0
Total Significant Deficiencies	1	0	1	0	0

Summary of Management Assurances						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0					0
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0					0
Conformance with financial management system requirements (FMFIA § 4)						
Statement of Assurance	Systems conform to financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-Conformances	0					0
Compliance with Federal Financial Management Improvement Act (FFMIA)						
	Agency			Auditor		
1. System Requirements	No lack of compliance noted.			No lack of compliance noted.		
2. Accounting Standards	No lack of compliance noted.			No lack of compliance noted.		
3. United States Standard General Ledger (USSGL) at Transaction Level	No lack of compliance noted.			No lack of compliance noted.		

Payment Integrity

The Improper Payments Information Act of 2002 (IPIA), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payment Elimination and Recovery Improvement Act of 2012 (IPERIA), requires federal agencies to identify and reduce improper payments (IP) and report annually on their efforts according to guidance promulgated by the Office of Management and Budget (OMB): OMB Circular A-123 Appendix C and OMB Circular A-136. For more information on IP, please see: https://paymentaccuracy.gov/

Program Summaries

UI Program:

The Federal-State Unemployment Insurance (UI) Program is administered by the Department's Employment Training Administration (ETA). UI provides unemployment benefits to eligible workers who are unemployed through no fault of their own (as determined under state law), and meet other eligibility requirements of state law.

- UI payments (benefits) are intended to provide temporary financial assistance to unemployed workers who meet the requirements of state law.
- Each State administers a separate unemployment insurance program within guidelines established by Federal law.
- Eligibility for UI, benefit amounts and the length of time benefits are available are determined by the state law under which UI claims are established.
- In the majority of States, benefit funding is based solely on a tax imposed on employers. Three States require minimal employee contributions.
- For additional information, please see link https://oui.doleta.gov/unemploy/aboutui.asp.

The UI program reports that considerable progress was made in Fiscal Year (FY) 2019 with the prevention, detection, and recovery of Improper Payments (IP). The UI program cites the following success stories as examples of this progress:

- The overall estimated UI IP rate decreased between FY 2018 and FY 2019 from 13.05% of UI benefits paid to 10.61% (-2.44 percentage points, a 19% reduction).
- The leading root cause of UI overpayments decreased in 2019. As a percent of total outlays, Work Search errors (-1.7 percentage points, a 34% reduction from the 2018 root cause rate) experienced the most significant one year decrease for this root cause since the inception of IPIA. In February 2019, ETA identified High-Rate/High-Impact states (those with high improper payment rates that also significantly affect the national UI improper payment rate) to receive targeted and intensive technical assistance from the UI Integrity Center of Excellence (UI Integrity Center) to reduce their IP rates.
- The other leading root causes of UI overpayments (see **Root Causes** section below for details) have decreased over the past nine years. As a percent of total dollars overpaid, Benefit Year Earnings (BYE) errors (-0.2 percentage points, a 6% reduction), Separation issues (-0.5 percentage points, a 22% reduction), and Employment Service (ES) Registration errors (-0.88 percentage points, an 85% reduction) experienced reductions between 2011 and 2019.
- The federal-state UI program reports a high rate of overpayment recovery of IP. During 2019, the UI program reported over $875 million in established recoverable overpayments and recovered approximately $680 million of those overpayments (a 77.76% recovery rate).

FECA Program:

The Federal Employees Compensation Act (FECA) program provides workers' compensation coverage to approximately 2.6 million Federal and postal workers around the world for employment-related injuries and occupational diseases.

FECA is committed to reducing IP by focusing on identifying questionable medical billing practices and implementing improved policies to reduce areas of vulnerabilities. In FY 2019, FECA significantly increased activities in its Program Integrity Unit. Specifically, FECA closely monitored medical billing data to identify potential fraud, including; incentivized prescribing, kickbacks, and other possible schemes, which resulted in over 70 referrals to the Department's Office of Inspector General (OIG) in the past fiscal year. Expanded the use of dashboards and data exploration tools allowed the program to identify potential fraud, waste, and abuse in billing trends.

I. PAYMENT REPORTING

Two DOL programs - Unemployment Insurance (UI) and the Federal Employees' Compensation Act (FECA) - are considered susceptible to significant IP because they report an IP rate above the legal threshold in IPERA, and are required to report detailed information related to IP.

DOL Programs Required to Submit Improper Payments Estimates ($ in millions) [1]

Program	Requirement Based on…	Measure	Estimated Rate (% of total outlays & total $)[6] FY19 [2]		FY18 [3]	
Unemployment Insurance (UI)	IP rate exceeds threshold	**Total Outlays**	**$26,910.00**		**$28,690.00**	
		Proper Payments	**89.39%**	**$24,054.85**	**86.95%**	**$24,946.53**
		Improper Payments:	10.61%	$2,855.15	13.05%	$3,743.47
		…Overpayments	10.21%	$2,747.51	12.63%	$3,623.55
		…Underpayments	0.40%	$107.64	0.42%	$119.92
		IP Made Directly by the Federal Government	0.00%	$0.00	0.00%	$0.00
		IP Made By Recipients of Federal Money [4]	10.61%	$2,855.15	13.05%	$3,743.47
		Net IP (IP Minus Amounts Recovered by States)	8.08%	$2,174.69	10.45%	$2,997.77
		IP Minus "Work Search" Errors	7.44%	$2,002.10	8.24%	$2,365.20
Federal Employees' Compensation Act (FECA)	IP rate exceeds threshold	**Total Outlays**	**$3,013.59**		**$3,047.10**	
		Proper Payments	**97.56%**	**$2,940.03**	**97.56%**	**$2,972.74**
		Improper Payments:	2.44%	$73.56	2.44%	$74.37
		…Overpayments	1.79%	$54.06	2.06%	$62.64
		…Underpayments	0.65%	$19.50	0.39%	$11.73
		IP Made Directly by the Federal Government	2.43%	$73.27	2.38%	$72.58
		IP Made By Recipients of Federal Money [5]	0.01%	$0.29	0.06%	$1.78

Notes: [1] Covers the 12-month period from July 1, 2018 through June 30, 2019.
[2] FY 2019 UI outlays are based on the Unemployment Insurance Outlook for the President's FY 2020 Budget Midsession Review. The FY19 IP rate is estimated from the results of the Benefit Accuracy Measurement (BAM) survey. The rate reflects the population amounts of UI benefits paid reported by BAM.
[3] FY 2018 UI outlays are based on the Unemployment Insurance Outlook for the President's FY 2019 Budget. The FY18 IP rate is estimated from the results of the BAM survey. The rate reflects the population amounts of UI benefits paid reported by BAM.
[4] These figures represent the IP amounts and percentages made by the UI agencies in the 53 states and territories. Although the significant majority of these payments are funded by taxes collected by the states and territories on employers in their jurisdictions, the funds are deposited in the Unemployment Trust Fund and have been considered federal funds for reporting purposes.
[5] These payments encompass those made from the OWCP's bill payment contractor.
[6] Rates and dollars have been rounded to two decimal places. Rounding may account for imprecise totals.

ROOT CAUSES

The following chart describes IP root causes as described in OMB Circular A-123 Appendix C for programs found susceptible to significant IP, the amount of total overpayments and underpayments estimated to be attributable to those root causes, describes forward looking corrective actions, and actions taken, results, and completion dates. The root cause model provided in OMB Circular A-136 is highly generalized for application across the Federal government. DOL programs found susceptible to IP have developed program specific root cause models to improve payment integrity efforts.

UI has a highly mature root cause category model, which varies slightly from the model provided in Appendix C to OMB Circular A-123. The models are melded in the **UI Program Improper Payment Root Cause Category Matrix** and narrative below by inserting the UI model root causes into the most appropriate generalized OMB root cause category.

UI Program:

UI Program Improper Payment Root Cause Category Matrix ($ in millions)

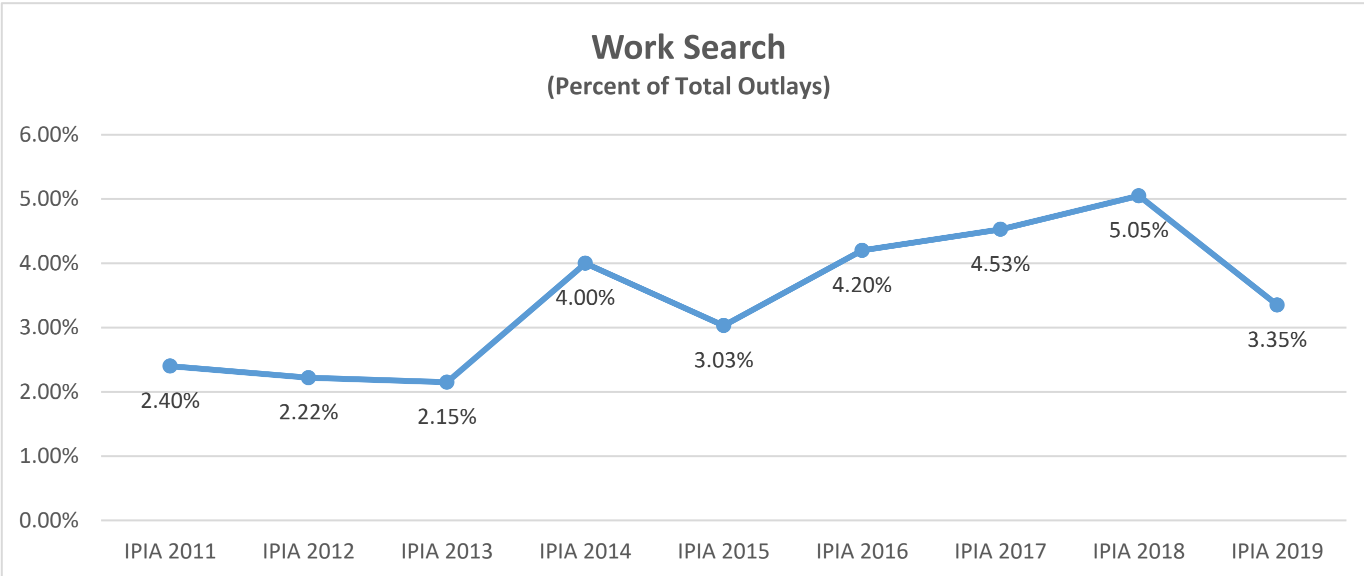
OMB Root Cause		Overpayments	Underpayments
Program Design or Structural Issue		$1,529.12	$90.67
Inability to Authenticate Eligibility:	Inability to Access Data	$763.40	
	Data Needed Does Not Exist		
Failure to Verify:	Death Data		
	Financial Data		
	Excluded Party		
	Prisoner Data		
	Other Eligibility Data	$79.66	$4.33
Administrative or Process Error Made by:	Federal Agency		
	State or Local Agency	$186.69	$4.24
	Other Party		
Medical Necessity			
Insufficient Documentation to Determine		$63.17	
Other: [1]		$125.48	$8.39
Total [2]		**$2,747.52**	**$107.63**

Notes: [1] The "Other" category includes 1) IP which the state agency was in the process of resolving prior to the BAM sample being selected or state had correctly resolved the issue between the time of the original payment and the time the BAM sample was selected thereby resulting in the correct action being taken and all issues resolved before the BAM investigation was completed; and 2) IP which the state agency had detected as a result of cross-match with the State or National Directory of New Hires or state wage record files and had taken official action to establish overpayment for recovery before the BAM investigation was completed.
[2] Dollars have been rounded to two decimal places. Rounding may contribute to imprecise totals.

Program Design or Structural Issue: Federal UI law includes structural, but essential, program features that substantially contribute to the UI IP rate as currently defined. These factors are, therefore, outside the control of states to prevent. A policy foundation of the UI program is that benefits need to be quickly provided to unemployed workers to ensure they can sustain their livelihood while finding a new job and, in times of recession, to ensure they still have purchasing power to help stabilize the economy. Section 303(a)(1) of the Social Security Act requires UI benefit payments to be made "when due" and prohibits states from suspending payments until an official determination has been made that payments are no longer due. This statutory structural feature legally requires states to make payments that may be later detected as improper as a result of obtaining new information that was not available at the time the claim was required to be paid. When a claimant has been initially determined eligible and is in continued claims status, there is a presumption of continued eligibility until a claimant is provided legal due process that requires notice and the opportunity to be heard prior to stopping payment of benefits – this process generally takes longer than when the payment must be made to meet the "when due" requirement. This structural feature of the UI program is the primary driver of the leading root cause of UI improper payments - Work Search errors. These errors occur when claimants fail to meet weekly work search requirements, a condition of eligibility as defined in Federal and state law. Work search errors make up approximately 33% of all estimated UI improper payments.

Despite the structural difficulty states experience in preventing work search errors before they occur, the UI program continues to take proactive steps to help states to address this root cause and states continue to detect and recover these IP. Over the past five years, the Work Search root cause has increased as a percent of total dollars paid.

However, as additional proactive steps were implemented by targeting High-Rate/High-Impact states in 2019 (see corrective actions for **Administrative or Process Error Made by – State or Local Agency)**, the estimated work search rate decreased 1.7 percentage points, a 34% reduction for this root cause from the 2018 rate.



<u>Corrective Action:</u> Reasons for the increase in work search errors appear to be correlated with states enacting more rigorous work search laws following the Great Recession. To better understand the reasons behind the increase in the work search IP rate, ETA partnered with the Department's Chief Evaluation Office (CEO) to conduct a research study to capture information on state laws and policies, how states communicate work search requirements to claimants and enforce these work search requirements, and strategies states have implemented to improve compliance with work search requirements.

<u>*FY 2019 Results:*</u> ETA and CEO have completed the following activities:

- In February 2019, CEO secured a research firm and developed a workplan to complete this study.
- In March 2019, ETA issued UI Program Letter (UIPL) No. 26-13, Change 3 to request states to provide information pertaining to their work search requirements in support of this strategy.
- The UI Integrity Center (discussed later) developed an assessment of state practices related to work search (messaging, enforcement, support for compliance, etc.) to support the research firm that the CEO engaged to complete the study.
- In June 2019, CEO and its research firm presented preliminary study results from a sample of states to ETA.
- In September 2019, ETA, CEO, and the UI Integrity Center finalized the assessment of state practices and transmitted it to states.

<u>*Next Steps:*</u> CEO will provide ETA an interim research report for review in FY 2020, Q1. In addition, the results of the assessment of state work search practices will assist CEO and its research firm in completing the work search study in the FY 2020, Q2.

<u>*Corrective Action:*</u> To prevent work search IP, claimants must comply with state work search requirements. New messaging approaches using behavioral science techniques have proven successful in Department of Labor trials with other workforce programs conducted by the CEO. The UI program is working with the CEO and the UI Integrity Center to develop and implement work search compliance strategies using behavioral science techniques.

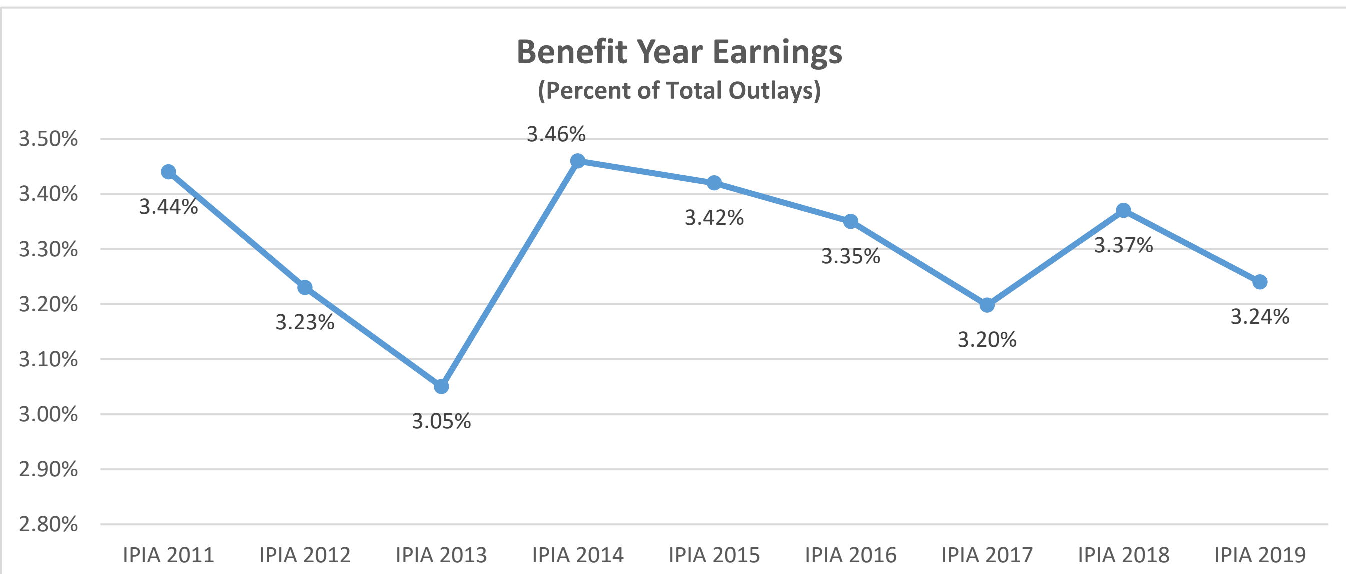
<u>FY 2019 Results:</u> ETA, CEO, and the UI Integrity Center identified two states to participate in trials to implement work search compliance strategies using behavioral science techniques. CEO joined the UI Integrity Center as part of its State Services visits to these states and provided interventions to test in these participating states.

<u>Next Steps:</u> ETA and CEO will continue working with the two selected states to pilot and evaluate these work search behavioral strategies and share results in FY 2020.

<u>Corrective Action:</u> ETA developed a model state work search law and framework that builds on the Pathway to Reemployment Framework that encourages state workforce agencies to consider the adoption of the broader array of work search activities that support rapid reemployment and encourages states to support claimant compliance with work search requirements, including documentation.

<u>Next Steps:</u> ETA will finalize and promote the model state work search law as an effective strategy for states to consider implementing in FY 2020.

Inability to Authenticate Eligibility – Inability to Access Data: Benefit Year Earnings (BYE) errors are payments to individuals who continue to claim benefits after they have returned to work and have unreported earnings. To address this root cause, it is critical for states to identify as quickly as possible that a UI claimant has returned to work and to ensure that claimants understand their responsibility to report when they return to work. Since 2011, the estimated BYE root cause has decreased 0.20 percentage points, a 6% reduction for this root cause.



The primary tools that states use to prevent and detect BYE IP are the State and National Directories of New Hires which help states identify when a claimant has returned to work and still claiming benefits. Unfortunately, there is an inherent and significant data lag in states having access to the data – as much as six (6) weeks or more. Without a more real-time data source, states are handicapped in not detecting these IP as quickly as is desirable. The UI Integrity Center of Excellence serves as a state-driven source of innovative program integrity strategies to prevent and detect IP, reduce fraud, and bring the UI program into compliance with the requirements of IPERA. The Integrity Center provides states with technical assistance to improve their program operations so as to detect IP sooner. In FY 2019, both the ETA and the Integrity Center have focused on ways to improve states' use of State Directory of New Hires (SDNH) and National Directory of New Hires (NDNH).

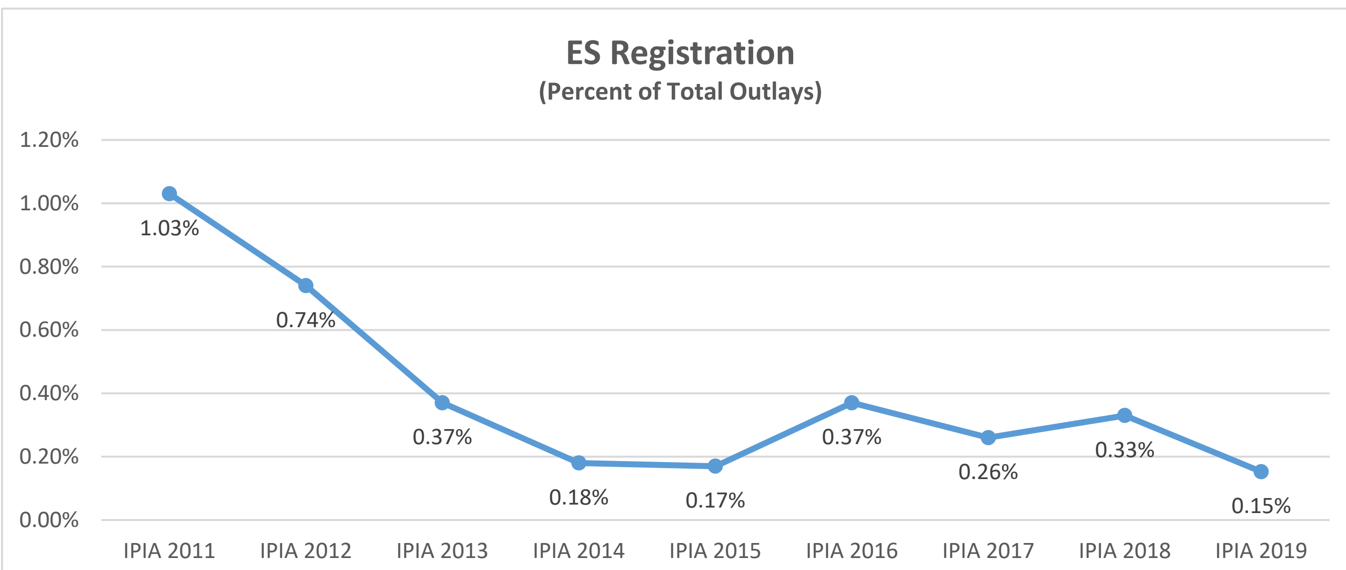
<u>Corrective Action:</u> States can successfully reduce BYE overpayments by operating effective cross-matching programs, such the use of cross-matching with the SDNHs and NDNH, and the immediate notification to claimants that the state agency is aware they may have returned to work while still claiming benefits.

<u>FY 2019 Results:</u> ETA issued UIPL No. 13-19, to provide enhanced recommended operating procedures (ROPs) for SDNHs and NDNH cross-matching activity.

- As of June 2019, 51 out of the 53 state UI agencies are using the NDNH in their integrity operations. Puerto Rico and the U.S. Virgin Islands are currently not permitted to use NDNH due to their inability to meet the Department of Health and Human Services (HHS) system security audit. ETA will continue to work with both state UI agencies to rebuild their capacity to enable them to use NDNH.
- In June 2019, ETA and the UI Integrity Center convened a call with the HHS's Office of Child Support Enforcement to begin exploring ways to improve employer reporting of new hire data.
- In September 2019, the UI Integrity Center hosted a webinar series for states to review ROPs for new hire cross-matching and present promising state NDNH investigation techniques.

<u>Next Steps:</u> In FY 2020, ETA will continue to implement a technical assistance plan, in partnership with the Integrity Center, to address the underutilization of NDNH in targeted states.

Failure to Verify - Other Eligibility Data: Employment Service (ES) Registration errors result when UI claimants are not registered for services with the public workforce system and accessing a public jobs bank as required in state law. Since 2011, the estimated ES Registration root cause has decreased 0.88 percentage points, an 85% reduction for this root cause.



<u>Corrective Action:</u> ES Registration errors are often the result of information technology system errors that exit a UI claimant from their required registration with the state Employment Service or job bank after a set period. As a corrective action, ETA provides customized technical assistance to states with the highest error rates for this cause.

<u>FY 2019 Results</u>: The customized technical assistance provided to states has resulted in an 85% reduction in the 2019 estimated ES Registration error rate versus the 2011 baseline rate.

<u>Next Steps:</u> On an ongoing basis, states with high ES Registration error rates are required to submit specific corrective action plans to address this root cause and will be monitored by ETA.

Administrative or Process Error Made by – State or Local Agency: The UI program continues to work aggressively to identify strategies that will improve program integrity controls that are under the purview of state workforce agencies, and reduce IP resulting from state errors, including identifying and supporting state implementation of model integrity operations, sharing promising practices, and developing and providing training to address these issues.

Corrective Action: In February 2019, ETA selected High-Rate/High-Impact states (those with high IP rates that also significantly affect the national UI improper payment rate) to receive targeted and intensive technical assistance from the UI Integrity Center to reduce their IP rates.

FY 2019 Results: ETA implemented the following actions to assist states in preventing IPs and reduce the national IP rate:

- In February 2019, the Deputy Secretary of Labor sent a letter to the state governors of selected High-Rate/High-Impact states informing them of their designation, and to focus attention on the state's high improper payment rate and to reinforce the need for IP rate reduction.
- In March 2019, the Deputy Secretary of Labor sent a letter to all remaining state governors as a "call to action" requesting their leadership in helping to reduce IP.
- In April 2019, the Deputy Secretary of Labor sent a letter to each State Workforce Development Board (SWDB) chair requesting their leadership in addressing UI IP.
- The UI Integrity Center offered intensive technical assistance services to the High-Rate/High-Impact states that included examining current strategies/milestones for IP reduction, identifying opportunities for improvement, developing additional action strategies as part of the state's integrity action plan, and identifying an IP rate reduction target.
- ETA staff conducted quarterly calls with each of the designated High-Rate/High-Impact states to monitor their performance.
- In August 2019, the Deputy Secretary of Labor sent a follow-up letter to each state workforce agency to provide an update on the state's progress in reducing their IP rate.
- As of September 2019, over 50% of the High-Rate/High-Impact states reduced their estimated IP rate by 5 or more percentage points.

Next Steps: The UI Integrity Center will continue to provide intensive technical assistance services to each of the designated states. ETA staff will continue to provide monitoring and technical assistance to these states until they achieve and sustain an IP rate below 10% for at least two consecutive quarters.

Corrective Action: ETA redesigned its UI Payment Accuracy by State webpage at DOL.gov that clearly identifies each state's improper payment rate. This redesigned webpage provides a color-coded U.S. map depicting UI improper payment performance for all states, as well as historical IP data.

FY 2019 Results: In April 2019, ETA published Training and Employment Notice (TEN) No. 25-18, announcing the launch of this redesigned webpage. ETA is updating state data on the Data sub-page for each quarter (February, May, August, and November).

Next Steps: ETA will update the color-coded Payment Accuracy by State map on DOL.gov to reflect each state's 2019 improper payment rate and to coincide with the annual IPERA reporting in the annual DOL Agency Financial Report in November 2019.

Corrective Action: The UI Integrity Center's Integrity Knowledge Exchange offers multiple strategies aimed at improving state IP control efforts. These strategies include: State Services (UI subject matter experts providing integrity-focused business process analyses directly to states); a State Practices Portal containing a "model" integrity blueprint highlighting integrity practices that should be part of state UI modernization efforts; and a Library for the exchange of promising state practices and integrity information.

FY 2019 Results: The Integrity Knowledge Exchange currently offers the following resources to state UI programs:

- The UI Integrity Center provided targeted and intensive services to selected states designated as High-Rate/High Impact states.
- As of September 2019, the State Practices Portal includes 93 "model blueprint" state practices and the Library contains over 1,500 published resources.
- The UI Integrity Center worked closely with states to identify 13 practices that have the greatest impact on program integrity and reducing IP.

Next Steps: The UI Integrity Center will continue to provide intensive services to the High-Rate/High-Impact states, as well as to other states upon request. The UI Integrity Center is also updating the Digital Library and State Practices Portal with information to assist states on an ongoing basis.

Corrective Action: The UI Integrity Center offers a UI National On-Line Training Academy that provides program integrity training for state agencies' staff via online modules and instructor-led courses leading to credentials.

FY 2019 Results: The UI National On-line Training Academy offers curricula aimed at improving state control efforts in certificate tracks focused on fraud investigation, UI program leadership, operations integrity, and UI tax integrity.

- The Academy has completed the development of four certificate programs for UI professionals; which include 122 lessons and over 130 hours of training.
- As of September 2019, 3,243 state staff members have enrolled in the Academy across 51 states, and 1,008 state staff members have earned one or more certificates.
- In FY 2019, new integrity-related online training modules were finalized and made available through the UI National Online Training Academy.

Next Steps: The UI Integrity Center will continue to offer and support online training to state UI agencies on an ongoing basis.

Corrective Action: ETA has developed a package of proposed statutory changes to provide much-needed tools and resources to provide the UI program with support to lower its IP rate.

FY 2019 Results: These legislative proposals were initially transmitted to Congress on October 7, 2016. The proposals were also included in the FYs 2018, 2019, and 2020 President's Budget requests. These statutory proposals would:

- Require states to use the State Information Data Exchange System (SIDES) to exchange information with employers about a claimant's separation from employment.
- Require states to use the NDNH in their claims to better identify individuals continuing to claim unemployment compensation after returning to work, one of the leading root causes of UI improper payments.
- Allow the Secretary of Labor to require states to implement corrective action measures for poor state performance in the UI program, helping to reduce IP in states with the highest IP rates.
- Require states to cross-match with the Social Security Administration's (SSA) Prisoner Update Processing System (PUPS) or other repositories of prisoner information.
- Allow states to retain five percent of UI overpayments for program integrity use.
- Require states to use penalty and interest collections solely for UI administration.

In addition, the FY 2020 President's Budget included additional statutory proposals that would support state access to more effective data sources and tools to prevent and detect IP. The new proposals include a requirement for states to use the Integrity Data Hub developed by the UI Integrity Center.

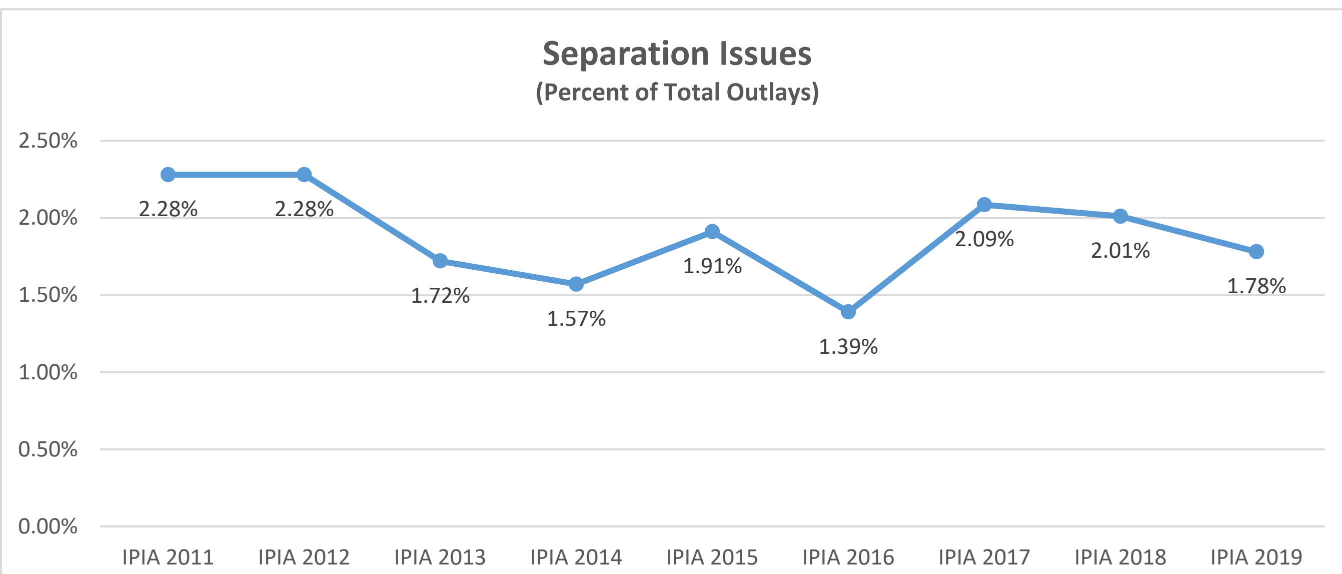
Next Steps: ETA will continue its efforts to educate Congress about its strong belief that enactment of these proposals is necessary to provide the UI program with support to lower its IP rate.

Corrective Action: ETA developed a State UI Benefits Operations Self-Assessment tool to assist states in identifying and correcting operational control issues affecting performance and integrity.

FY 2019 Results: In April 2019, states completed the first results of the comprehensive self-assessment reviews of key functional and program areas, including functions associated with preventing, detecting, and recovering IP.

Next Steps: The results of the Self-Assessment will assist ETA in assessing risks to program integrity. They will also inform ETA's state specific and national technical assistance strategies. In FY 2020, ETA will be making improvements to the Self-Assessment tool and its processes based on feedback from the states.

Insufficient Documentation to Determine: Separation errors result from the failure of employers, or their third party administrators (TPAs), to provide timely and adequate information on the reason for an individual's separation from employment, which can affect the claimant's eligibility. Since 2011, the Separation root cause has decreased 0.5 percentage points, a 22% reduction for this root cause. Separation IP are also the result, in part, to the structural issues in the UI program discussed above and the requirement for states to pay benefits "when due." If states are unable to get timely and accurate information from employers on the claimant's reason for separation from employment, the state is required to make a determination with available information and make UI benefit payments.



Corrective Action: SIDES was developed to enable the electronic communication of separation and other UI information between states and employers, in order to improve the timeliness and accuracy of information from employers on the reason for a UI applicant's separation at the point of eligibility determinations.

FY 2019 Results: Currently, 50 state UI agencies are using SIDES for the exchange of separation information with employers or employers' third party administrators (TPAs).

- In April 2019, National Association of State Workforce Agencies' Center for Employment Security Education and Research (NASWA-CESER) conducted a national seminar that brought together states, employers, and TPAs – all users of SIDES – to provide training and host a dialogue on ways to improve state and employer usage of SIDES. The event had 156 attendees, representing 44 states and 19 employers/TPAs.
- The UI Integrity Center included SIDES marketing best practices and the SIDES marketing toolkit as part of its Integrity Knowledge Exchange Services to help states identify gaps in SIDES marketing and employer use.

Next Steps: While a vast majority of states have implemented SIDES, the current emphasis is on promoting employer use of SIDES. The NASWA-CESER SIDES team is developing a new timeline to conduct additional outreach to the employer community. ETA continues to seek full implementation of SIDES by all 53 state UI agencies and included a proposed requirement in its Integrity Act package for states to implement it as part of its submission to Congress in the FYs 2018, 2019, and 2020 President's Budget requests.

The following **UI Program Percent of Total Dollars Overpaid by Cause** supplementary table describes root causes determined by the UI Program and percent of total overpayments attributable to each cause. The causes, described at https://oui.doleta.gov/unemploy/pdf/Overpayment_CauseDefinitions.pdf, more appropriately correlate to the IP in the UI program.

UI Program Percent (%) of Total Dollars Overpaid by Cause

% of Total Dollars Overpaid by Cause	% of Overpayments (2019 IPIA Rate)	% of Overpayments (2018 IPIA Rate)	Relative Change
Work Search: (Failure to actively seek employment)	32.77%	39.97%	-7.20
Benefit Year Earnings: (Continuing to claim benefits after returning to work)	31.71%	26.65%	5.06
Separation: (Ineligible due to voluntarily quitting or discharge for cause)	17.42%	15.89%	1.53
Able and Available: (Ineligible due to not being able to work or available for work)	6.36%	6.11%	0.25
Employer Service Registration: (Failing to register for referral to work or reemployment services)	1.50%	2.59%	-1.09
Other Eligibility Issues: (Refusal of work, self-employment, failure to report for agency review or report requested information, citizenship status, and claiming benefits using a false identity)	2.72%	2.76%	-0.04
Base Period Wages: (Error in calculating claimant's benefit based on wages earned prior to period of unemployment)	2.92%	2.59%	0.33
All Other Issues: (Adjustments to dependents' allowance, adjustments to benefits due to claimant receipt of income from severance pay, vacation pay, Social Security, or employer pension, back pay awards, payment during a period of disqualification, or agency redetermination of eligibility)	4.60%	3.44%	1.16

Note: Totals may not add up to 100% due to rounding.

FECA Program:

The **FECA Program Improper Payment Root Cause Categories** table overlaps between the root causes and responsibilities for the payment errors that make it difficult to describe corrective actions and actions taken for each IP root cause category separately. The discussion below attempts to clarify the description of IP root causes, and actions planned or taken to address root causes.

FECA Program Improper Payment Root Cause Categories ($ in millions)

OMB Root Cause		Overpayments	Underpayments
Program Design or Structural Issue			
Inability to Authenticate Eligibility	Inability to Access Data	$3.29	$0.91
	Data Needed Does Not Exist	$12.81	
Failure to Verify	Death Data	$0.90	
	Financial Data		
	Excluded Party		
	Prisoner Data		
	Other Eligibility Data		
Administrative or Process Error Made by:	Federal Agency	$15.39	$18.40
	State or Local Agency		
	Other Party	$0.09	$0.19
Medical Necessity			
Insufficient Documentation to Determine			
Other: [1]		$21.58	
Total [2]		**$54.06**	**$19.50**

Note: [1] Reflects fraud restitution orders as described below in **Section VII: Sampling & Estimation**.
[2] Dollars have been rounded to two decimal places. Rounding may contribute to imprecise totals.

Inability to Authenticate Eligibility: This category of errors reflects issues in the prompt and accurate annual authentication of continued eligibility. The program heavily relies on self-reporting of earnings and other entitlement criteria via annual benefit entitlement questionnaires. The questionnaire functions as a tool to monitor changes in employment, dependency status, potential fraud, incarceration, third-party settlement, and benefits from other Federal benefit programs. It also serves as a trigger for monitoring the improvement of accepted medical condition(s).

Inability to Access Data: Errors found in this sub-category are attributable to dual benefits. This results in payments being issued when due, but are later determined to be improper. While Federal benefit data exist, limited resources and statutory regulations prevent the program from being able to access it.

> Corrective Action: FECA will continue to work with OCFO and the Treasury to incorporate elements of the Do Not Pay (DNP) Initiative analysis into its operations.
>
> > FY 2019 Results: FECA staff participate in training sessions nationwide to promote proper and timely identification of potential dual benefits. FECA agreed to an innovative preliminary pilot project with Treasury to use DNP Initiative analysis to prevent IP caused by dual benefits. The initiative would assist FECA in identifying beneficiaries who are receiving concurrent Federal Employees Retirement System (FERS) payments from the Office of Personnel Management or SSA which may be improper.

Next Steps: FECA will continue to explore data match analysis and tracking through DNP that will assist in the timely identification of potential dual benefits.

Data Needed Does Not Exist: The majority of errors in this sub-category are attributable to a failure to adjust payments after a claimant reported a change in dependency status. These changes may include events such as marriage, divorce, and children no longer qualified dependents. No known database or dataset is currently in existence that the program could use to check eligibility prior to making the payment. In FY19, the IPs attributed to changes in dependency status has decreased by 30%. The program also saw a 10% reduction in IPs caused by lack of supportive medical documentation.

Corrective Action: Continue to enhance existing controls to ensure receipt of current medical evidence for cases on the periodic roll. Through ongoing management reviews and tracking, all reported changes in dependency status have been properly identified and adjusted so as to avoid or minimize IP.

FY 2019 Results: The annual request for medical documentation for periodic roll disability cases was refined and automated for all offices. District offices were required to ensure all ongoing total disability cases have a current questionnaire along with updated medical documentation. FECA's Branch of Regulations and Procedures conducted customize mandatory training sessions designed to target these areas of improvement.

Next Steps: District offices will continue to monitor and identify individual training needs in order to reduce IP in this area.

Administrative or Process Error Made by: This category reflects various errors in calculating compensation and medical benefits. With regard to compensation payments, the largest category of discrepancies identified involved various components associated with the calculation of the pay rate. Specifically, the majority of IP resulted from the issuance of compensation payments based on incorrect or unverified base pay rates, the inaccurate calculation of premium pay or the use of the wrong effective date for the pay rate. The FECA improper payment rate for all compensation payment errors, including administrative or process errors, was 1.89%, which is a 0.19% increase from FY 2018.

Corrective Action: DFEC continues to work with district offices to identify strategies to improve oversight and training to reduce IP errors, including sharing best practices, implementing user-friendly instructional payment memorandums and developing and providing training to address the root causes.

FY 2019 Results: The FECA program implemented monthly in-depth auditing and assessment on initial payments for every district office. While the FECA program has historically reviewed initial payments and provided general refresher training to all offices, this review focused on individual offices and then training was tailored to focus on office-wide or individual claims examiner needs. FECA focused on assessing district office needs by providing tailored training, revising training modules and updated correspondence letters and tracking.

Next Steps: The program will continue to conduct ongoing audits of payments to identify individual training needs. Ensure diverse sampling within program audits and address error trends that may be contributing to IP. District offices will be charged with high-level auditing, monitoring and reporting improvement of individual claims examiners.

Other Party: Reflects medical-billing errors that did not meet coverage, coding, and/or reimbursement billing requirements. The FECA improper payment rate for medical-billing administrative or process errors was 0.11%, which represents a decrease from FY 2018's IP audit percentage of 0.43%.

Corrective Action: The program has existing internal controls to prevent improper bill payments. Additionally, District Office Trouble Shooters (DOTS), trained as subject matter experts in the field of medical bill pay, conduct monthly audits and are responsible for identifying overpayments and underpayments attributed to bill payment processing errors.

FY 2019 Results: The FECA program worked with its DOTS and medical billing contractors to identify opportunities for improvement implement additional procedures to prevent and detect IP processing errors. A new fee schedule calculator designed to assist DOTS with audits. DOTS participated in the IP on-site audit; learned about best practices; peer learning discussions were held; and also discussed areas recommendations for improvement with senior leadership.

Next Steps: Continue coordination with DOTS and bill pay contractor to identify and implement controls to prevent bill pay processing errors.

Fraud Restitution: The "Other" error category reflects OIG fraud restitution issues.

Corrective Action: FECA is committed to the detection and prevention of fraud related to the FECA program and it has taken significant steps to enhance early detection of potential fraud.

FY 2019 Results: The Program Integrity Unit (PIU) uses structured data analytic methods to review spending patterns on a quarterly basis to spot trends and react to anomalous spending patterns. FECA uses several medical spending tracking tools for medical outlays including a "year to year" comparison methodology, internal bill pay dashboards and partnerships with health care anti-fraud associations. Using these tools FECA targets specific providers for review based on a combination of total dollars paid in conjunction with the percentage increase in the outlays year over year. FECA also targets provider through robust risk analysis metrics using several risk factors which included frequency of billing, duration, charges and diversity of services. When evidence of behavior that could be construed as deceptive, misleading, or unfair is identified, the program sends a referral to the Department's OIG. FECA collaborates with DOL and other agency OIGs to create and implement new fraud detection technology and protocols. The program has significantly expanded its tracking and analysis capabilities of pharmaceuticals and medical services, supporting aggressive polices designed to reduce IP. In 2019 these include:

- FECA continued to use data analytics to identify NDC and procedure codes which meet exception policies to update its exception-based policy pertaining to convenience kits and certain other combination medications. FECA also implemented an exception-based policy pertaining to the dispensing of specific prescription medical devices billed with NDCs, which emerged as a possible substitute for the prior practice of compounding and prescription medication kits.
- The program actively monitored payments for medications dispensed by physicians to prevent the circumvention of pre-authorization processes. FECA also updated its policies on Food and Drug Administration approved medical devices, bill payment restrictions of Current Procedural Termination Code (CPT) 99070 and payment for prescription and non-prescription over the counter drugs.

Next Steps: Enhance existing tracking tools and develop new technology-based tools used for early fraud prevention and detection. Continue to enforce and expand policy based exclusions of authorization and payment of certain pharmaceuticals and other medical services. Meet target goals for investigating potential fraud cases and process any resulting IP due to the government. Implement structured fraud detection and referral methods through the PIU. Evaluate and improve current risk assessment tools and metrics. Develop risk assessment data analytics platforms for other areas like opioids. FECA will continue its effective practices to identify and address compensation and provider fraud.

FY 2020 IP REDUCTION TARGETS

Fiscal integrity is fundamental to the stewardship of public funds. Elimination and mitigation of IP is an important goal at the Department of Labor. DOL takes steps to continuously improve its processes to cost-effectively reduce fraud, waste, and abuse. The following chart shows IP targets by reporting program for the following fiscal year as a percent of total outlays.

IP Reduction Target Rates (% of total outlays)	
Program or Activity	**FY20 IP Target Rate (as % of total outlays)**
Unemployment Insurance (UI)	9.99%
Federal Employees' Compensation Act (FECA)	3.15%

UI Program:

ETA has set a target UI improper payment rate of 9.99% for FY 2020 and will strive for the UI IP rate to meet the IPERA target of below 10%. However, ETA notes that the Middle Class Tax Relief and Job Creation Act of 2012, enacted on February 22, 2012, amended the Social Security Act to add a Federal work search requirement as a condition of UI eligibility (Social Security Act, Section 303(a)(12)). Prior to this enactment, all states had a work search requirement as part of their state laws and states had flexibility in interpreting and applying their work search requirements. As of July 2018, a total of 19 states have a law or policy that provides formal or informal warning when claimants first fail to conduct required work search activities. However, state warning policies have been determined not permissible under the Federal work search law.

ETA indicated in the 2017 and 2018 AFR that it will be issuing an Unemployment Insurance Program Letter to inform states that formal and informal warnings are no longer permitted for claimant work search, but its issuance has been delayed. ETA anticipates that this policy change will lead to higher IP rates as states stop issuing warnings when claimants fail to meet state work search requirements, and begin recording these instances as errors in the count of IP. However, states will need time to amend their laws, policies, and regulations to implement this policy change. The full impact will depend on how quickly states are able to comply with the new policy but ETA expects that the resulting IP rate will exceed 10%.

FECA Program:

DOL's Office of Workers' Compensation (OWCP) estimates that the FECA program's IP rate will decrease in FY 2020. Although the program continues to implement changes to reduce the IP rate, FECA must consider critical factors that will prevent a reduction in its target. Due to FECA's increased capacity to root out potentially fraudulent behavior and increased focus on high-dollar provider fraud, we anticipate fraud restitution to continue to be a significant factor in the overall IP rate. As fraudsters are rooted out, we expect high-dollar provider fraud will decrease over time. Unfortunately, the effect of catching and prosecuting these fraudsters has the potential of causing a short-term spike in FECA's reported IP while the judicial proceedings take years to conclude.

The fraud restitution component of FECA's IP rate is a lagging indicator - while fraud restitution can reflect an initial failure to prevent criminals from defrauding the government many years in the past, it conversely reflects an achievement by the government to detect, prosecute, and recover those payments. FECA has made great strides in its partnership with the OIG to detect and refer potential fraud and OIG has made strides in its prosecution. Therefore, the target rate is effectively inflated to account for the government's improved enforcement. As shown in the **FECA Program Improper Payment Root Cause Categories** table, the IP three-year base restitution totals for FY 2019 averaged $21.58 million, which accounts for over 25% of the total IP amount this year. The FY 2019 average is $6.27 million dollars less from FY 2018 reporting. OWCP is dedicated to reducing IP in all areas of root cause. However, OWCP cannot reliably predict the outcome of ongoing court cases, therefore, can expect only a marginal decrease of its previously established reduction target rate to 3.15%.

II. RECAPTURE OF IMPROPER PAYMENTS REPORTING

As described throughout this AFR, DOL programs implement cost-effective controls to prevent, detect, and recover IP as appropriate. IPERA Section 2(h), requires agencies to conduct payment recapture audits (also known as recovery audits) for each program and activity that expends $1 million or more annually, if conducting such audits would be cost-effective. DOL has taken extensive measures to ensure that managers, accountable officers (including agency heads), programs, and states and localities are held accountable for reducing and recapturing IPs. These measures are designed to hold the appropriate personnel accountable for meeting applicable IP reduction targets and establishing and maintaining sufficient internal controls to effectively manage IP risk and promptly detect and recapture any IPs that are made.

The UI program conducts a formal recapture audit program. DOL conducted full payment recapture audit cost-benefit analyses for all programs in FY 2016 and FY 2017. While many programs noted that overpayments are recaptured through fraud restitution orders, debt collection processes, post-award reviews, and other standard internal control processes, no other identified program determined a formal recapture audit program, as described in OMB Circular A-123, Appendix C, Part III.C, would be cost-effective. Greater details on these determinations were reported in the FY 2017 AFR. Reviews of all DOL programs in FY 2018 and FY 2019 found no basis for reconsidering the Cost-Benefit Analysis determinations, and no new programs were identified.

UI Program:

The UI program was deemed cost effective for payment recapture audits. Performing UI payment recapture activities and providing states with tools to aid recovery are top priorities at DOL. DOL's recapture activities have focused on areas that offer the greatest opportunity for improvement.

With oversight from ETA, states are responsible for the recovery of UI overpayments. Each state's Benefit Payment Control (BPC) staff or unit is responsible for promoting and maintaining UI program integrity through prevention, detection, investigation, establishment, and recovery of IP. BPC operations identify UI overpayments for recovery through such methods as cross-matching claimant Social Security Numbers with SDNHs and NDNH, wage record files submitted each quarter by employers, matches with other databases such as Workers Compensation and State Corrections, and other sources such as appeal reversals and tips and leads. States collect overpaid claims through offsets of UI benefits, Federal income tax refunds under the Treasury Offset Program (TOP), state income tax offsets, and direct cash reimbursement from claimants.

In February 2011, Treasury enacted a regulation to permit states to offset UI overpayments through TOP. Additionally, on December 26, 2013, the President signed into law the Bipartisan Budget Act. This Act amended section 303 of the Social Security Act to require states, as a condition for receipt of grants to administer their UI programs, to use the TOP to recover covered UI debt that remains uncollected as of one year after the debt was finally determined to be due and collected. A total of 50 state UI agencies, including the District of Columbia, have implemented TOP.

The states must hold the claimants liable to repay benefits that were received improperly and take an active role to recover IP (payment recapture audits). States may waive repayments for non-fraud overpayments when it would be against equity and good conscience pursuant to their state's law. Some of the recovery activities and tools used by states include:

- Offsets from benefits;
- Offsets from state and Federal income tax refunds;
- Offsets from lottery winnings, homestead exemptions, and other benefits, including the Alaska Mineral Refund;
- Interstate recovery agreements;
- Repayment plans;
- Civil Actions, including wage garnishments and property liens;
- Skip tracing, collection agencies, and credit bureaus;

- Probate and bankruptcy;
- Referral to DOL's Office of Inspector General and other law enforcement agencies;
- State and Federal prosecution; and
- Establishment of interest and penalties on overpayments, which adds an incentive to repay quickly.

Recovered overpayments for state UI claims are returned to the UI trust fund account from which the benefits were originally paid, and may only be used to pay benefits.

The tables below provide a summary of UI overpayments established and recovered as a result of the activities described above.

Overpayments Recaptured through UI Payment Recapture Audits ($ in millions)

	Benefits		
Program or Activity	Amount Identified	Amount Recaptured	FY 2019 Recapture %
UI	$875.09	$680.46	77.76%

Notes: UI payments are reviewed by each state, not by DOL, in accordance with the provisions of the Single Audit Act and state UI law. Each state follows review procedures, such as matching paid claims against the NDNH and other databases to detect benefits which are improperly paid and use a variety of tools to recover benefits overpaid, such as leveraging the U.S. TOP. Overpayments detected and recovered are reported to DOL on the Quarterly Overpayment Report, ETA 227.
Includes total overpayments reported as outstanding on the ETA 227 and Emergency Unemployment Compensation (EUC) 227 reports (line 313) as of the report date. Excludes amounts waived for recovery.
Amounts based on data for the period July 1, 2018 through June 30, 2019, the most recent period for which data are available. Amount recaptured includes recoveries made during the period of July 1, 2018 through June 30, 2019 for overpayments identified in prior years.
Florida and Massachusetts submitted no ETA 227 reports during the 2019 reporting period and were excluded from the totals. Several states did not submit one or more ETA 227 EUC reports during the 2019 reporting period. Totals were not adjusted for these states on the assumption that there were no data to report for the expired EUC program.

Disposition of Amounts Recaptured Through UI Payment Recapture Audits ($ in millions)

Program or Activity	Amount Recovered	Type of Payment	Original Purpose
UI	$680.46	UI Benefits	$680.46

Note: Federal law requires all recaptured UI benefits to be used for their original purpose. Amount recovered includes recoveries made during the period of July 1, 2018 through June 30, 2019 for overpayments identified in prior years.

Aging of Outstanding Overpayments Identified in UI Payment Recapture Audits ($ in millions)

Program or Activity	Type of Payment	Amount Outstanding (0 – 6 months)	Amount Outstanding (6 months to 1 year)	Amount Outstanding (over 1 year)	Amount Determined to Not be Collectable [1]
Dollars	UI Benefits	$418.16	$314.77	$1,076.70	$604.27
% of Overpayments		23.11%	17.39%	59.50%	33.39%

Notes: Includes that portion of overpayments reported as outstanding on the ETA 227 and EUC 227 Reports (line 313) that were 360 days old or less as of the report date. Overpayment aging data are not available for EUC overpayments and have been imputed from UI, Unemployment Compensation for Federal Employees (UCFE), Unemployment Compensation for Ex-servicemembers (UCX), and Extended Benefits (EB) overpayment aging data. See explanation in narrative below.
[1] Includes overpayments written off (ETA 227 and EUC 227 Reports, line 309) and receivables removed after two years unless recovery is in progress (ETA 227 and EUC 227 Reports, line 312).

UI Overpayments Established and Recovered by Fiscal Year (Excluding Waivers) ($ in millions)[3]						
Fiscal Year	Overpayments Established UI/UCFE/UCX/EB	Overpayments Recovered UI/UCFE/UCX/EB	Recovered %	Overpayments Established UI/UCFE/UCX/EB + EUC	Overpayments Recovered UI/UCFE/UCX/EB + EUC	Recovered %
2010	$1,906.31	$966.02	50.67%	$2,831.98	$1,179.18	41.64%
2011	$1,887.18	$997.97	52.88%	$2,992.19	$1,298.39	43.39%
2012	$1,740.18	$1,015.21	58.34%	$2,905.44	$1,383.05	47.60%
2013	$1,577.54	$1,075.82	68.20%	$2,456.74	$1,506.05	61.30%
2014	$1,496.20	$983.35	65.72%	$1,984.92	$1,297.15	65.35%
2015	$1,316.13	$930.65	70.71%	$1,514.07	$1,136.86	75.09%
2016	$1,039.10	$794.97	76.51%	$1,092.03	$909.81	83.31%
2017	$953.98	$744.44	78.04%	$967.15	$819.40	84.72%
2018 [1]	$954.10	$673.99	70.64%	$957.67	$723.84	75.58%
2019 [2]	$872.14	$644.15	73.86%	$875.09	$680.46	77.76%

Notes: [1] FYs 2010 to 2018 amounts have been revised from the FY 2018 AFR. Data in the FY 2018 AFR were adjusted to estimate missing data for reports that were not submitted.
[2] Data in the 2019 AFR are unadjusted data based solely on the amounts reported on the ETA 227 and ETA 227 EUC reports. FY 2019 amounts are based on data for the period July 1, 2018 through June 30, 2019, the most recent period for which data are available. Florida and Massachusetts submitted no ETA 227 reports during the 2019 reporting period and were excluded from the totals. Several states did not submit one or more ETA 227 EUC reports during the 2019 reporting period. Totals were not adjusted for these states on the assumption that there were no data to report for the expired EUC program.
[3] Amount recovered during an FY period include recoveries for overpayments identified in prior years.

The states are required to report quarterly on overpayment detection and recovery activities on the ETA 227 Report. The amounts established and recovered are based on reports submitted during the indicated fiscal year. However, the actual payment of benefits or overpayments amounts established may have occurred in prior years.

The information reported on the ETA 227 Report is based on actual amounts of UI overpayments identified and recovered by the state agencies. In contrast, the UI overpayment rates and amounts that are reported for the IPIA are estimates, based on the results of the Benefit Accuracy Measurement (BAM). BAM is a statistical survey of paid and denied UI claims. The results of the BAM audits are projected to the population of benefit payments for all unemployment compensation programs: State UI, UCFE, UCX, EB, and EUC. These BAM estimates may be significantly higher than actual overpayments identified for recovery because:

1. BAM audits detect eligibility issues that usual BPC detection methods will not identify, because it is very workload intensive and/or not cost effective to detect; or
2. The overpayment is not recoverable because the responsibility for the IP is the agency's action and/or the employer's action, rather than the claimant's action, or due to state finality rules.

Figures for "Overpayment Established" have been adjusted to subtract waivers, which are overpayments that the state agency has determined are not recoverable. The Unemployment Insurance Report Handbook (ET Handbook 401, 5th edition, Section IV-2, p.167) defines a waiver as "*a non-fraud overpayment for which the state agency, in accordance with state law, officially relinquishes the obligation of the claimant to repay. Usually, this is authorized when the overpayment was not the fault of the claimant and requiring repayment would be against equity and good conscience or would otherwise defeat the purpose of the UI law.*"

All state laws provide for recovery of benefit overpayments. States must follow their individual state laws and policies in executing such recovery efforts. The expense of recovery efforts can vary greatly by state depending on the actions that are pursued. Also, the capacity of the state to pursue such actions is a factor that influences the level of recovery. DOL believes that the payment recapture audits used by states are consistent with the criteria established by OMB for evaluating the cost effectiveness of a payment recapture program in OMB Circular A-123, Appendix C, Part III.C, Section 5, p.41-42.

The ETA 227 Report captures data on the causes of overpayments, the method of detection, recovery and reconciliation, criminal and civil actions, and the aging of benefit accounts. After eight quarters, the overpayments are removed from the total outstanding balance on this report. This does not affect the state's accounting practices. When overpayments are recovered that have been removed from the reported outstanding balance, the amount will be added back to report the recovery in the quarterly report, regardless of when the overpayment originally occurred. States are now able to attempt recovery of these older unemployment compensation debts through TOP by offsetting the claimant's Federal income tax returns. When improper payments are recovered, they are returned to the UI trust fund account from which they were paid.

As noted in the **Aging of Outstanding Overpayments Identified in the Payment Recapture Audits** table above, overpayment aging data are not available for EUC overpayments and have been imputed from UI, UCFE, UCX, and EB overpayment aging data by assuming that the age distribution of the outstanding EUC overpayments is the same as the UI, UCFE, UCX, and EB overpayments.

III. Agency Improvement of Payment Accuracy with the Do Not Pay Initiative

The Do Not Pay (DNP) Initiative is a government-wide initiative to screen payment recipients before a grant, contract award or payment is made. DOL has implemented the screening of payments through the Treasury DNP Portal and, as appropriate, screens payments against databases directly.

Results of the DNP Initiative in Preventing Improper Payments ($ in millions)				
Program or Activity	**Number (#) of payments reviewed for possible IP**	**Dollars ($) of payments reviewed for possible IP**	**Number (#) of DP matches reviewed & determined proper**	**Dollars ($) of DNP matches reviewed & determined proper**
Reviews with the IPERIA specified databases [1]	1,957,287	$6.92	2,041	$2.52
Note: [1] Indicates payments reviewed by the DNP Portal.				

Overview of DNP: IPERIA and OMB directives require agencies to integrate the use of existing databases (collectively known as the "Do Not Pay List") to verify eligibility for Federal payments in order to reduce and eliminate payment errors before they occur. The DNP Business Center provides Federal agencies with a web-based single-entry access DNP Portal to these existing databases and payment data analytics services.

DNP Portal Payment Reviews: The DNP portal compares the Department's PAM file against the DMF database. The PAM file includes automated payments made by the Department. When a payment matches, the payment information is returned to OCFO or responsible agency payment office for adjudication. Matches are reviewed against business rules to cull false-positives. Matches which cannot be culled per business rules are reviewed by agency subject matter experts to determine if the match represents a true positive IP.

DOL Program Reviews of DNP List and non-DNP List Specified Databases: DOL maintains comprehensive, cost effective internal controls to ensure the payment integrity of all programs. Among these controls, DOL programs review private and government-owned databases directly, as appropriate for their business needs. Procurement and grants programs include internal controls requiring review of all vendors against the SAM database. OWCP benefit programs conduct batch matching against the DMF prior to Treasury disbursal. These reviews are designed to prevent IP and vary significantly by specific programmatic need.

Many state programs review UI beneficiaries against a variety of databases, (e.g. the NDNH and/or SDNHs, etc.) independently. Prior to passage of the Federal Improper Payments Coordination Act (FIPCA) on December 18, 2015, states were prohibited by law from participating in the DNP Initiative. However, many state programs review UI beneficiaries against versions of the DMF independently.

In addition, many states have begun reviewing UI claims against the information sources and expanded analytics capabilities available through the UI Integrity Center's Integrity Data Hub (IDH). The Integrity Center provides states with access to new program integrity tools through its IDH, which is aligned to DNP in providing a state-driven approach to verifying eligibility at the front-end of a claim in order to prevent and detect fraud and IP. These cross-matches are provided in both single search and batch matching formats.

As part of its broader integrated IDH, the Integrity Center operates a Suspicious Actor Repository (SAR) to share specific data elements associated with known fraudulent UI claims for cross-matching purposes. The Integrity Center is actively working with states to implement the SAR cross-match through the IDH for the prevention and detection of IP and fraud in the UI program. As of September 2019, 18 states have implemented the SAR cross-match through the IDH, and 31 states have IDH usage agreements in place. The Integrity Center has scaled the IDH to support all 53 states cross-matching with nationwide data sets. In September 2019, DOL awarded a contract to the UI Integrity Center to procure access to an identity verification data set(s) for state implementation through the IDH.

The UI Integrity Center is working aggressively to ensure that all states implement the SAR cross-match through the IDH. While the adoption of the SAR is voluntary, the UI Integrity Center anticipates that the value it has demonstrated will continue to drive additional states to adopt the system in FY 2020. In FY 2020, the UI Integrity Center will implement a new identity verification tool to help states prevent fraudulent IP early in the claims taking process. In addition, the UI Integrity Center will continue to identify and provide additional public and private data sources for states to cross-match through the IDH.

IV. BARRIERS

UI Program:

A number of statutory requirements impose challenges to reducing UI improper payments:

Federal-State Partnership: Each state administers the UI program according to its own laws and policies, which must conform to broad federal requirements. IP rates often reflect differences in state law. For example, states with strict active work search requirements will have perennially higher overpayment rates than those states with minimal active work search requirements. It is extremely resource intensive for states to verify and enforce claimant work search contacts with employers given the more pervasive role that employment search engines, large employment application databases, and online social networks play in the modern job search process. Additionally, states have bottom-line authority to set operational priorities. DOL has limited authority to ensure states use their funding to pursue IP reduction activities.

Statutory requirements to pay "when due" and to provide due process prior to stopping benefit payments: As previously discussed, Federal UI law includes structural, but essential, program features that substantially contribute to the UI improper payment rate as currently defined and are, therefore, outside the control of states to prevent so as to lower the IP rate. A policy foundation of the UI program is that benefits need to be quickly provided to unemployed workers to ensure they can sustain their livelihood while finding a new job and, in times of recession, to ensure they still have purchasing power to help stabilize the economy. Section 303(a)(1) of the Social Security Act requires UI benefit payments to be made "when due" and prohibits states from suspending payments until an official determination has been made that payments are no longer due. This statutory structural feature legally require states to make payments that may be later detected as improper as a result of obtaining new information. When a claimant has been initially determined eligible and is in continued claims status, there is a presumption of continued eligibility until a claimant is provided legal due process which requires notice and the opportunity to be heard prior to stopping payment of benefits – this process generally takes longer than when the payment must be made to meet the "when due" requirement. This structural feature of the UI program is the primary driver of the leading root cause of UI improper payments – Work Search errors. These errors occur when claimants fail to meet weekly work search requirements as a condition of eligibility, as defined under Federal and state law. Work search IP make up approximately 33% of all estimated UI IP nationally, and these IP are high in states with more rigorous work search requirements. Additionally, the definition of improper payments, established by IPERA, requires the UI program to report overpayments that result from these statutorily required payments as part of its overall IP rate.

Delays in receiving separation information: The requirement to pay "when due" also creates IP at the point of application when states must request information from employers on the reason for the applicant's reason for separation from employment. If states are unable to get timely and accurate information from employers, they are legally required to make a determination on the available information and proceed to make payments if the applicant is found otherwise eligible. A major challenge to addressing UI improper payments is created when claimants, employers, and third party administrators working for employers fail to report information timely and/or accurately.

State Resource Priorities and Capacity: In recent years, state staffing resources have been negatively impacted in two ways. First, administrative funding for states' UI program operations is based on projected workloads and, most importantly, weeks claimed. The decline in workload has resulted in a reduction of administration funding creating a challenge for states to adequately staff their UI program operations. This lack of capacity significantly impacts states' ability to manage program integrity operations that are staff intensive, such as being able to independently validate cross-match hits and conduct random work search audits.

Second, state agencies' employees who leave through normal attrition or retirements are often replaced by less experienced staff. Pressures on state budgets have reduced training, further contributing to the decrease in skilled staff who can accurately administer the relatively complex UI program.

Information Technology (IT) Capacity: State IT capacity has been strained by the decline in program administration funding provided to states to effectively operate the UI program. While the UI program has invested in targeted consortia grants to address outdated UI system infrastructures (see narrative in **Section VI**: **Agency Information Systems and Other Infrastructure**), states generally have reported a lack of adequate IT resources available for integrity functions. Additionally, many state systems are several decades old and cannot be easily adapted to new IP detection methods, such as generating follow-up communications with claimants and employers to verify new hire matches.

FECA Program:

The FECA program faces several barriers that limit the agency's corrective actions in reducing IP.

Inability to Authenticate Eligibility: This category of errors reflects issues in the prompt and accurate annual authentication of continued eligibility. Statutory and regulatory barriers limit the program's ability to stop or adjust payments based on a medical review. Once a claim is accepted and periodic roll payments commence; the program cannot reduce or terminate compensation payments without a positive demonstration by the weight of evidence that entitlement to benefits has ceased and a claimant receives due process. This type of instance may result in a reporting of an improper payment without a loss to the government as the claimant has a statutory right to that payment. Additionally, FECA cannot directly access wage data or dual benefit eligibility data housed by other Federal agencies. Instead, to identify potential IP the program relies heavily on self-reporting via annual benefit entitlement questionnaires.

Administrative or Process Errors: The largest category of discrepancies identified involved various elements of payments. The identified IP in this category highlight the ongoing challenges facing the program's payment process, namely reliance on reporting by other Federal agencies and statutory, regulatory and procedural complexities inherent in the calculation of payments. In many instances, the information provided by an employing agency is incomplete or inaccurate. No automated mechanism exists to determine or validate the accuracy of the information reported by the employing agency, or even to ensure that all necessary information is submitted with the claim for compensation. Some agencies use FECA's Employees' Compensation Operations Management Portal (ECOMP) for claims submission which does automate the process, but some agencies still submit forms via fax and mail which makes it even more difficult to obtain accurate information. As with many programs, FECA faces data-sharing barriers. The "Other Party" root cause category reflects medical-billing errors that did not meet coding and reimbursement billing requirements. The challenge of efficiently providing automated medical authorization and bill payment services for hundreds of thousands of bills within program guidelines is ongoing.

Fraud Restitution: The "Other" error category reflects OIG fraud restitution issues. The extent of fraudulent payments is based solely on actual restitution ordered and there is no reliable method to measure true undetected fraud. The fraud restitution component of FECA's IP rate is a lagging indicator - while fraud restitution can reflect a failure to prevent criminals from defrauding the government many years in the past, but conversely it reflects an achievement by the government to detect, prosecute, and recover those payments. The Department's methodology for estimating IP in the FECA program may be found at:
https://www.dol.gov/sites/dolgov/files/OCFO/media/reports/2018/20180626IPMETHODOLOGY.pdf

V. ACCOUNTABILITY

The Department has taken extensive measures to ensure that managers, accountable officers (including agency heads), programs, and states and localities are held accountable for reducing and recapturing IPs. These measures are designed to hold the appropriate personnel accountable for meeting applicable IP reduction targets and establishing and maintaining sufficient internal controls to effectively manage IP risk and promptly detect and recapture any IPs that are made. They vary by program and are described in detail in the program-specific narratives below.

UI Program:

ETA is responsible for Federal oversight of state UI programs, including oversight of state activities to reduce and recover improper UI benefit payments. ETA has taken and continues to take the steps discussed below to hold Federal managers accountable for reduction and recovery of improper UI payments by states. States administer the UI program and set operational priorities within the resources available. ETA has established a robust set of performance measures used to evaluate the states' overall operational performance. States not meeting the criteria set for these measures are expected to submit corrective action plans as part of their annual State Quality Service Plan (SQSP) submission.

In response to the level of IP in the UI program, ETA developed and implemented an aggressive and ever evolving Strategic Plan to address several root causes of IP which were described in detail above in **Section I: Payment Reporting – Root Causes: UI**. ETA continues to focus on the following integrity related activities and ensures the annual performance standards for managers include the completion of significant milestones for the projects listed below.

- On a biennial basis, states are required to submit an SQSP[5]. A core component of the SQSP is a state-specific Integrity Action Plan in which all states must identify their state-specific root causes for IP and present their strategies to address each of these causes. The plan must also identify the state officer(s) accountable for reducing IP, summarize the state's assessment of whether it has the internal controls, human capital, and information systems and other infrastructure needed to reduce IP to minimal cost-effective levels, and identify any statutory or regulatory barriers which may limit the agency's corrective actions in reducing IP.
- The UI Integrity Center uses funding provided by ETA to conduct evaluations of each strategy it implements. The results of these evaluations are provided to all states through the UI Integrity Center's Digital Library.
- ETA requires states to operate the BAM survey to measure and report the percentage, dollar amount, and reasons for IP. Data are derived from investigations of a statistically valid sample of payments using federally prescribed procedures. ETA reviews this data for validity, analyzes the data for each state, and makes the data available publicly on ETA's Office of Unemployment Insurance (OUI) website. Data review, analysis and publication are included in the performance plan of the Administrator of ETA's OUI and in the elements and standards of numerous staff in the office.
- ETA has implemented the following core performance measures that state UI programs must meet:
    - An overpayment detection measure;
    - A requirement to have no more than a 10% IP rate;
    - A minimum UI overpayment recovery target.

  States that fail to meet performance criteria submit corrective action plans (CAPs) as part of their SQSP submission. These CAPs must contain strategies designed to improve state performance and include action steps and milestones for completion. Analysis of state performance and monitoring of states' CAPs continue to be evaluation factors in ETA managers' performance plans. DOL's oversight process includes quarterly reviews of CAPs submitted as part of the SQSP, peer reviews for specific program areas such as BAM, Appeals, and Benefit Timeliness and Quality, and enhanced monitoring and technical assistance provided to states with high IP rates or chronic poor performance.
- ETA has promoted and continues to promote cost effective methods for states to prevent, detect, and recover improper UI benefit payments. Development, delivery, and/or successful implementation of these initiatives by states have been and continue to be factors on which the ETA administrators and managers are evaluated

[5] https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=5907

through the Department's annual Operating Plan. These initiatives are implemented as UI corrective actions and were described above in **Section I: Payment Reporting – Root Causes: UI**.

As discussed above in **Section I: Payment Reporting – Root Causes: UI**, as part of its monitoring and oversight responsibilities of each state's UI operations, DOL takes an active role in facilitating and promoting strategies to reduce IP and meet the payment accuracy and recovery targets required by IPERA. However, it should be noted that these strategies require the cooperation and implementation by individual states, including in some cases changes to state laws and regulations. DOL has no explicit authority on how states establish priorities in administering their UI programs and, therefore, can only make recommendations and provide technical assistance in the use of these strategies.

FECA Program:

The FECA program has IT infrastructure, processes, and staff responsible for reducing and establishing and maintaining sufficient internal controls towards the reduction of IP. The FECA program incorporates internal controls and responsibilities into the annual performance standards of managers and subordinate staff to ensure focus on understanding and preventing IP. The FECA program continues to implement effective practices to identify and address root causes of IP. These practices include instituting periodic claims reviews; allowing agencies and claimants access to its data systems that contain compensation and medical-billing payment information; dedicating full-time staff to investigating potential fraud cases and processing any resulting IP due to the government. Based on these efforts, the FECA improper payment rate for compensation and medical bill payments was 1.73% of the total IP rate for FY 2019; whereas, in FY 2018 these payments totaled 1.53%.

The FECA improper payment rate estimate includes a fraud component. Per OMB guidance, the program only considers payments fraud after having been admitted or proven in the judicial system. A fraudulent payment rate was determined by averaging the court-ordered restitution awarded as the result of fraud across a three year period. Using this process, the overall IP rate less improper compensation and medical bill payments was 0.72% in FY 2019. The three-year average for fraud in FY 2019 was $21.6 million. [6]

FECA has taken significant steps to enhance early detection of potential fraud and to report it to the Department's OIG for investigation and possible prosecution. The PIU uses structured data analytics methods to review spending and billing patterns so that it can spot trends early and react more quickly to anomalous spending patterns.

[6] As noted above in the **FECA Program Improper Payment Root Cause Categories** table, under the "Other" root cause category.

VI. AGENCY INFORMATION SYSTEMS AND OTHER INFRASTRUCTURE

UI Program:

States have internal controls, processes, programs, and staff in place throughout all operations of the UI program dedicated to protection from internal threats and vulnerabilities. These threats and vulnerabilities include physical damage and harm to staff and property, misuse of administrative funds and assets by agency staff, and misuse of UI funds by agency staff. It is incumbent upon the state agencies to have protections in place addressing controls such as the granting of systems access, developing and upholding security policies and procedures, the proper configuration of hardware and software, basic physical safeguards, backup tests and disaster recovery provisions, regular audits, ongoing employee training, etc.

While state internal security programs are intended to identify and eliminate system vulnerabilities, the risk remains of losses from the issuance of improper UI benefit payments and misuse of administrative funds due to fraud, waste, and abuse. States are expected to review these controls and update them regularly to eliminate new threats and vulnerabilities as technology and business practices in the administration of the UI program evolve. Although payment integrity is the responsibility of all agency staff, the states have dedicated staff conducting BPC activities to prevent, detect, and recover IP. Staff work closely with agency management to ensure sufficient controls are in place to prevent IP, conduct complex fraud investigations, and operate the activities required to recover IP.

DOL is also engaged with the states to monitor activity and provide technical assistance to ensure that states are able to utilize available integrity tools. For example, as a result of DOL monitoring, states modified computer matching procedures to improve the productivity of NDNH as a resource to detect IP. Additionally, DOL has worked closely with state agencies to develop the information systems and infrastructure to support SIDES and to access TOP for UI overpayment recovery.

State UI benefit and tax IT systems vary in terms of performance capacities, capabilities, and adaptability to new UI program requirements and integrity strategies. Many states continue to struggle with antiquated IT infrastructure, making it difficult to implement many integrity solutions. In the past decade, DOL has provided states with supplemental funding to implement strategies and support technology-based infrastructure investments that will help the states modernize their systems and improve program integrity. These investments result in staff cost savings for integrity-related activities, increased dollar amounts of overpayments recovered, and prevention of future overpayments.

FECA Program:

FECA exists to adjudicate and pay benefits that sick or injured workers are entitled to under the law. The program adjudicates workers' compensation claims for all Federal employees and certain non-Federal employees specifically covered under FECA. It utilizes the Integrated Federal Employees Compensation System (iFECS) to administer the program. iFECS is a major application that provides a case management system to support core business functions and includes three sub-components, the Agency Query System (AQS), the Claimant Query System (CQS) and ECOMP. iFECS was established to provide FECA with an automated case management system. The system provides data processing, financial and program management, as well as decision support functionalities to authorized users. iFECS maintains an automated record of all claims filed, adjudicatory statuses and benefits paid and denied. Data on entitlement and benefits payment status maintained on iFECS is available in accordance with the Privacy Act to authorized claimants, authorized representatives, and authorized user organizations verbally via telephone and in paper/electronic formats.

VII. SAMPLING AND ESTIMATION

Susceptible to Significant Improper Payments: Two DOL programs, the Unemployment Insurance (UI) and the Federal Employees' Compensation Act (FECA) benefit programs, are required to provide estimates based on the susceptibility threshold in statute:

- Either potential estimated IP greater than 1.5% of outlays and greater than $10 million, or
- Potential estimated IP of more than $100 million, regardless of percentage.

Payment integrity information and IP estimation plans for UI and FECA can be found at:

- UI – https://oui.doleta.gov/unemploy/improp_pay.asp
- FECA – http://dolcontentdev.opadev.dol.gov/ocfo/media/reports/20180626IPMETHODOLOGY.pdf

In consultation with OMB and the DOL OIG, the Department developed statistical sampling processes conducted to estimate the IP rate for each program identified as being susceptible to significant IPs: UI and FECA. These methodologies vary by program and are described in detail in the program-specific narratives below.
Per the Bipartisan Budget Act of 2018 (P.L. 115-123), programs and activities expending more than $10 million in any one fiscal year funds appropriated for relief of the 2017 disasters by the Bipartisan Budget Act shall be deemed to be "susceptible to significant improper payments" for purposes of IPIA reporting regardless the results of risk assessments. In FY19, DOL had one qualifying 2017 disaster relief program activity. Sampling and estimation for that activity is described below.

UI Program:

UI Improper payment estimates are based on results of the BAM survey, which examines a statistically valid sample of payments from the state UI, UCFE, and UCX programs (the three largest permanently authorized unemployment compensation (UC) programs), but does not include the episodic EUC and EB programs. For purposes of reporting payment accuracy data, the estimated IP rates are assumed to be generalizable to the EUC and EB programs, although those programs are not directly measured by the BAM survey. BAM investigators in each state conduct comprehensive audits for randomly-selected weekly samples of paid and denied claims.

The table titled **"DOL Programs Required to Submit Improper Payments Estimates"** displays rates for IPIA 2019 and IPIA 2018. UI overpayment and underpayment rates shown for the IPIA 2019 includes data gathered from July 1, 2018 to June 30, 2019. UI overpayment and underpayment rates shown for the IPIA 2018 includes data gathered from July 1, 2017 to June 30, 2018. Data are reported for this period rather than the fiscal year due to the 120 day period provided to state BAM investigators to complete claim audits following the end of the BAM IPIA reporting year. During this period, state agencies completed audits for 24,019 cases completed (data are based on a completion rate of 99.57%). Based on these results, the 95% confidence interval of the estimated IP rate is plus or minus 0.67%. For 2019 reporting period, the estimated UI improper payment rate consisted of fraud, non-fraud recoverable, and non-fraud non-recoverable overpayments and underpayments.

FECA Program:

The IP rate component for non-fraudulent FECA payments was derived by random sampling with replacement. The sample sizes used (504 compensation payments and 504 medical payments, for a total of 1008 payments) were selected and validated by the OWCP statistician to assure a 90% confidence interval with a precision of 2.5%. Each sampled payment was closely examined in accordance with program standards to determine whether or not it was proper. The absolute value of any IP found in the sample were totaled and projected to a dollar amount that represents the IP rate for the entire population. The extent of fraudulent payments is based on averaging actual restitution amounts.

2017 Disaster Response:

In the Bipartisan Budget Act of 2018 (P.L. 115-123), Congress appropriated $100 million, of which $99.5 million is available for obligation, for ETA's National Dislocated Worker Grants (NDWGs)[7] for states impacted by Hurricanes Harvey, Maria, and Irma and those jurisdictions impacted by wildfires in 2017. Per division B of Public Law 115-123, division B of Public Law 115-56, and division A of Public Law 115-72, all programs and activities expending more than $10 million in any one fiscal year of funds appropriated for disaster relief shall be deemed to be "susceptible to significant improper payments" for purposes of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note), notwithstanding section 2(a) of such Act. Programs or activities susceptible to significant improper payments (IP) shall produce and report an IP estimate starting with the FY 2019 reporting period, to the extent possible. Only one DOL program, ETA's National Disaster Workforce Grants (NDWG) program met this threshold. In FY 2019, the NDWG program obligated $30.63 million in disaster response grant support to California, Florida, Georgia, Massachusetts, New York, Puerto Rico, Texas, and Virgin Islands for continuing cleanup and recovery efforts.

Per Circular A-123 Appendix C requirements, the Department developed an OMB-approved IP estimation Methodology materially identical to the non-statistical Workforce Investment Act (WIA) and Hurricane Sandy Disaster Grants IP estimation methodologies previously approved by OMB and reported in the Department's AFR through FY 2016. Per the Department's FY 2015 AFR, this methodology was developed in collaboration with the DOL OIG to minimize risk of waste, fraud, and abuse of recovery funds. As noted in this Methodology, the IP estimation uses grantee data from Single Audit Act. Grantees must submit Single Audit Act reports to the Federal Audit Clearinghouse within nine months of the end of their fiscal year, which may not correspond with the Federal fiscal year. Due to this data lag, ETA will not have sufficient data to provide a full analysis of the Single Audit findings to calculate the IP rate for FY 2019 until FY 2020. DOL will provide a full analysis and IP estimation for FY 2019 in the FY 2020 AFR.

Supplementary Information: At the time of this writing, no NDWG grantee using applicable disaster response obligations for FY 2019 has submitted reporting to the Federal Audit Clearinghouse. No grantee using other NDWG program funding has reported any findings. Extrapolating from incomplete data, we can estimate no improper payments for the NDWG in FY 2019.

[7] NDWGs are a subset of the *WIOA - Dislocated Worker Employment and Training Activities (National Reserves)* program discussed below in **Section VIII: Risk Assessment**.

VIII. RISK ASSESSMENT

IPIA Section 2(a) requires agency heads to review all programs to identify risk susceptibility for significant IP at least once every three years. DOL conducts risk assessments for all programs on a three year rolling cycle to ensure that all programs are reviewed at least triennially. Detailed information on the results of FY 2019 IP susceptibility risk assessments may be found directly below.

OMB Circular A-123, Appendix C requires that all agencies institute a systematic method of reviewing all programs and identify programs susceptible to significant IP. This systematic method could be a quantitative evaluation based on a statistical sample or a qualitative method (e.g., a risk-assessment questionnaire). At a minimum, agencies are required to take into account the following risk factors likely to contribute to IP, regardless of which method (quantitative or qualitative) is used:

- i. Whether the program or activity reviewed is new to the agency;
- ii. The complexity of the program or activity reviewed, particularly with respect to determining correct payment amounts;
- iii. The volume of payments made annually;
- iv. Whether payments or payment eligibility decisions are made outside of the agency, for example, by a State or local government, or a regional Federal office;
- v. Recent major changes in program funding, authorities, practices, or procedures;
- vi. The level, experience, and quality of training for personnel responsible for making program eligibility determinations or certifying that payments are accurate;
- vii. Inherent risks of IP due to the nature of agency programs or operations;
- viii. Significant deficiencies in the audit reports of the agency including, but not limited to, the agency Inspector General or the Government Accountability Office (GAO) audit report findings, or other relevant management findings that might hinder accurate payment certification; and
- ix. Results from prior IP work.

As part of the Department's regular cycle of Department-wide IPERA Reviews in FY 2019, *Program Inventory and Questionnaires* were sent to all agency heads to ensure any new programs were identified and to consider if conditions surrounding payment integrity or the cost-effectiveness of formal recapture audit program analyses had changed. This process allows annual monitoring of all DOL programs, and to ensure DOL conducts *IP Risk Assessments* of all identified programs at least once every three-years. Identified programs include all "activities or sets of activities recognized as programs by the public, OMB, or Congress, as well as those that entail program management or policy direction". FY 2019 Program Inventory and Questionnaires identified no new programs at DOL, nor did the results indicate any change to DOL's assessment of the cost-effectiveness of formal recapture audit programs.

FY 2019 IP Risk Assessments were conducted for a subset of all identified DOL programs and did not find any additional programs to be at risk of being susceptible to significant IP. In previous years, "ETA Management" had been identified as a program. Because "ETA Management" consists of the salary and other overhead components of all other ETA programs, and because it does not present a potential significant risk for IP separate from those programs, in FY 2019 this designation was reconsidered and it was removed from DOL's list of separate programs.

The **Susceptibility to Improper Payments Risk Assessment Results** chart below lists all DOL programs and the most recent Risk Assessments results. UI and FECA continue to be considered susceptible to IP because they report an IP rate above the legal threshold in IPERA. No additional DOL programs were determined to be susceptible for IP. OIG was not responsive to communication regarding the Department-wide IPERA Reviews. 2017 Disaster-response NDWG grants required to report "as susceptible" are a subset of the "WIOA - Dislocated Worker Employment and Training Activities (National Reserves)" program assessed as a whole and noted in the chart below.

Susceptibility to Improper Payments Risk Assessment Results						
Agency	**Program Name**	**Identified Program in 2017**	**Identified Program in 2018**	**Identified Program in 2019**	**Risk Assessment: Most Recent**	**Risk Assessment: Result: (Susceptibility to Significant IP)**
BLS	Compensation and Working Conditions	Yes	Yes	Yes	FY19	Not Susceptible.
BLS	Executive Direction and Staff Services	Yes	Yes	Yes	FY17	Not Susceptible.
BLS	Labor Force Statistics	Yes	Yes	Yes	FY19	Not Susceptible.
BLS	Prices and Cost of Living	Yes	Yes	Yes	FY17	Not Susceptible.
BLS	Productivity and Technology	Yes	Yes	Yes	FY17	Not Susceptible.
DM	DOL management and other	Yes	Yes	Yes	FY18	Not Susceptible.
EBSA	Employee Benefits Security Administration	Yes	Yes	Yes	FY18	Not Susceptible.
ETA	Apprenticeship	Yes	Yes	Yes	FY18	Not Susceptible.
ETA	Community Service Employment for Older Americans	Yes	Yes	Yes	FY17	Not Susceptible.
ETA	Employment Service	Yes	Yes	Yes	FY17	Not Susceptible.
ETA	Federal-State UI Program	Yes	Yes	Yes	Reporting.	Susceptible to significant IP.
ETA	Foreign Labor Certification	Yes	Yes	Yes	FY19	Not Susceptible.
ETA	Indian and Native American Program	Yes	Yes	Yes	FY19	Not Susceptible.
ETA	Job Corps	Yes	Yes	Yes	FY19	Not Susceptible.
ETA	Migrant and Seasonal Farmworker	Yes	Yes	Yes	FY18	Not Susceptible.
ETA	Reintegration of Ex-Offenders	Yes	Yes	Yes	FY18	Not Susceptible.
ETA	TAA * Community College & Career Training Grants	Not funded since 2014.	Not funded since 2014.	Not funded since 2014	NA	NA - Not Susceptible.
ETA	TAA * (FUBA)	Yes	Yes	Yes	FY19	Not Susceptible.
ETA	WIOA - Youth Activities	Yes	Yes	Yes	FY18	Not Susceptible.
ETA	WIOA - Adult Employment and Training Activities	Yes	Yes	Yes	FY18	Not Susceptible.
ETA	WIOA - Dislocated Worker Employment and Training Activities Formula)	Yes	Yes	Yes	FY18	Not Susceptible.
ETA	WIOA - Dislocated Worker Employment and Training Activities (National Reserves) [1]	Yes	Yes	Yes	FY18	Not Susceptible. [1]
ETA	WIOA - Workforce Data Quality Initiative	Yes	Yes	Yes	FY19	Not Susceptible.
ETA	Workforce Information - Etools	Yes	Yes	Yes	FY17	Not Susceptible.
ETA	YouthBuild	Yes	Yes	Yes	FY18	Not Susceptible.

ILAB	International Labor Affairs Bureau	Yes	Yes	Yes	FY18	Not Susceptible.
MSHA	Mine Safety and Health Administration	Yes	Yes	Yes	FY19	Not Susceptible.
ODEP	Office of Disability Employment Policy	Yes	Yes	Yes	FY18	Not Susceptible.
OFCCP	Office of Federal Contract Compliance Programs	Yes	Yes	Yes	FY18	Not Susceptible.
OIG	Office of Inspector General	Non-responsive.	Non-responsive.	Non-responsive.	Non-responsive.	[redacted]
OLMS	Office of Labor-Management Standards	Yes	Yes	Yes	FY19	Not Susceptible.
OSHA	Occupational Safety and Health Administration	Yes	Yes	Yes	FY17	Not Susceptible.
OWCP	Coal Mine Workers' Compensation	Yes	Yes	Yes	FY19	Not Susceptible.
OWCP	Energy Employees Occupational Illness Compensation	Yes	Yes	Yes	FY17	Not Susceptible.
OWCP	FECA Program	Yes	Yes	Yes	Reporting	Susceptible to significant IP.
OWCP	Longshore and Harbor Workers Compensation	Yes	Yes	Yes	FY19	Not Susceptible.
VETS	Federal Administration & USERRA Enforcement	Yes	Yes	Yes	FY19	Not Susceptible.
VETS	Homeless Veterans' Reintegration Program	Yes	Yes	Yes	FY18	Not Susceptible.
VETS	Jobs for Veterans State Grants (JVSG)	Yes	Yes	Yes	FY17 [2]	Not Susceptible.
VETS	Transition Assistance Program Employment Workshop (TAP)	Yes	Yes	Yes	FY18 [2]	Not Susceptible.
WB	Women's Bureau	Yes	Yes	Yes	FY18	Not Susceptible.
WHD	Wage & Hour Division	Yes	Yes	Yes	FY17	Not Susceptible.

NOTE: For the purposes of IPERA reporting, "Departmental Management and other" includes OCFO-controlled finance operations not noted as a separate program, including payroll, procurement, property management, rent, and fleet.

[1] This program includes NDWG disaster response grants discussed in **Section VII Sampling and Estimation** discussed above. Risk assessment was completed for full program. Specific disaster response grants report "as susceptible" per legal requirement, not based on risk assessment.

[2] A typo in the FY 2018 AFR incorrectly stated that JVSG completed a risk assessment in FY 2018 – it should have identified TAP as having completed a risk assessment in FY 2018. JVSG completed its risk assessment in FY 2017.

[*] Trade Adjustment Assistance (TAA).

Fraud Reduction Report

The Department is committed to preventing fraud and mitigating our fraud risk. DOL looks to safeguard assets and ensure fiscal integrity by focusing on prevention and fraud risk mitigation in all programs — while also maintaining robust antifraud efforts to detect fraud indicators. DOL adheres to the fraud risk principle as set out in the *Standards for Internal Control in the Federal Government*, and to fraud risk strategies as instructed in the Fraud Reduction and Data Analytics Act (FRDAA) of 2015 (Pub. L. 114-186, 31 USC 3321 note). DOL also employs an Enterprise Risk Management (ERM) approach as prescribed by OMB Circular No. A-123. DOL recognizes the diverse range of fraud risk within the government and leverages interdepartmental trainings and resources such as *A Framework for Managing Fraud Risks in Federal Programs* and *Program Integrity: The Antifraud Playbook* to incorporate a variety of approaches to manage this threat.

The Department uses a holistic approach to assessing enterprise-wide fraud risks as part of its overall ERM implementation. DOL identifies inherent risks, assesses their likelihood and impact, and establishes risk tolerances in a risk profile in accordance with the FRDAA. During FY 2019, DOL conducted a variety of efforts to ascertain fraud risk including the IPERA Reviews of all DOL programs. The IPERA Reviews are discussed in the Payment Integrity section of this AFR. Additionally, DOL conducts the annual Entity Level Controls (ELC) Survey of DOL agency management and personnel to review financial and internal controls risks. The FY 2019 ELC survey canvassed agencies with a focus on assessing fraud at an agency and program level. These surveys assist in assessing and maintaining a well-informed and fraud-aware culture, and have affirmed the implementation of robust antifraud controls including separation of duties and established procedures to prevent and detect fraud.

DOL's OMB Circular A-123 internal control process identifies key controls and practices to mitigate and detect fraud in areas such as grants, procurement, beneficiary payments, payroll, and purchase and travel cards. In addition, DOL has participated in the FRDAA Working Group to improve sharing and development of data analytics techniques, financial and administrative controls, and other best practices and techniques for detecting, preventing, and responding to fraud and other improper payments.

In cases of fraud or attempted fraud, the Department has established policies and procedures to identify and prosecute cases. DOL employees are responsible for promptly reporting information that they reasonably believe reflects fraud, waste, abuse, misconduct, or other wrongdoing. All DOL agency heads, supervisors, and managers are responsible for ensuring that allegations are reported promptly to the OIG – either publicly, or anonymously through the Fraud Hotline. The OIG reviews and determines whether such allegations have merit, and is responsible for conducting investigations, audits, and prosecution when appropriate. The OIG may conduct its own audit or investigation, refer the matter to another law enforcement or other federal agency, or refer the matter to the Secretary of Labor or to a program agency within DOL. If a referral is made to the Secretary of Labor or to a program agency within DOL, the OIG may reassume responsibility for such audit or investigation at their sole discretion. As part of this process, DOL leadership works to maintain a strong workplace culture of anti-fraud vigilance and encourages the prompt reporting of any potential misconduct.

OCFO is working with DOL's charge card provider to implement a cost-effective data analytics project to assess all travel card payments for regulatory and policy compliance, and to flag payments that may present greater fraud risk for review. As this pilot project is established, best practices will be shared with offices across the Department for consideration by other charge card programs.

The Unemployment Insurance (UI) and Federal Employees' Compensation Act (FECA) programs have been deemed susceptible to improper payments and therefore provide separate fraud reporting. Each program has a mature fraud detection program with implemented prosecution efforts. The FECA program significantly increased activities in its Program Integrity Fraud Unit. Specifically, FECA closely monitored medical billing data to identify potential fraud including incentivized prescribing, kickbacks and other possible schemes, which resulted in over 66 referrals to the Department's OIG in the past fiscal year. Expanded the use of dashboards and data exploration tools which allowed the program to identify potential fraud, waste and abuse in billing trends that resulted in new controls to curb the activity. FECA instituted new exception-based policies to restrict authorization and payment of certain pharmaceuticals and devices, including; convenience kits, combination medications, prescription devices, and medications commonly available over-the-counter. The implementation of this new policy has resulted in automatic denials which prevent improper payments and reduce fraud.

The Federal-State UI program also employs the following strategies to detect fraud:

- The UI Integrity Center of Excellence serves as a state-driven source of innovative program integrity strategies to prevent and detect improper payments, reduce fraud, and bring the UI program into compliance with the requirements of IPERA.
- As part of its broader integrated UI Integrity Data Hub (IDH), the Integrity Center operates a Suspicious Actor Repository (SAR) to share specific data elements associated with known fraudulent UI claims for cross-matching purposes. The Integrity Center is actively working with states to implement the SAR cross-match through the IDH for the prevention and detection of improper payments and fraud in the UI program. As of June 2019, the 18 states have implemented the SAR cross-match through the IDH, and 30 states have IDH usage agreements in place.

Detailed information can be found above in the **Payment Integrity** section of this AFR. FECA fraud estimation is based on restitution orders properly adjudicated (i.e. the courts) reported by the OIG which equaled $54.71 million in FY 2019 reporting. UI fraud estimation is similarly based on fraud established by a proper adjudicating authority and reported by the OIG. The level of “established fraud” in the UI program was $10.32 million for FY 2019.

The Department is committed to ensuring program integrity and advancing our fraud reduction efforts. To prevent potential fraud, DOL will continue to prioritize implementation and continual improvement of procedures, to test key controls, to take cost-effective steps to mitigate fraud risk, and to detect fraud indicators. DOL will also continue to strengthen its collaboration with the OIG to refer suspected fraud for investigation and prosecution.

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Reduce the Footprint

Consistent with Section 3 of OMB Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations* and OMB Management Procedures Memorandum 2013-02, the "Reduce the Footprint" (RTF) policy implementing guidance, all Chief Financial Officer Act entities must set annual targets to reduce the total square footage of their domestic office and warehouse inventory compared to the FY 2015 baseline.

Per Section II.4.8 of OMB Circular A-136, agencies are required to report cost data along with the most recent square footage information submitted to the Federal Real Property Profile in their annual AFR.

Actions to Reduce the Footprint

Overall, the space utilization for DOL personnel in GSA-provided office space is 279 square feet per person, and represents an opportunity for DOL to achieve both rent savings and a reduction of the total office footprint nationwide. As GSA leases commercial space on a competitive basis and sets the rent for federal buildings, DOL has little control of the rent and maintenance cost per square foot for each office location.

Using the initial President's Management Agenda Real Property Benchmarking Metrics, DOL has identified potential space consolidations and co-locations that can result in significant reductions to the DOL office footprint and achieve rent savings for the agencies.

Table RTF 1 reflects the total office and warehouse square footage associated with DOL's assets subject to the Reduce the Footprint policy, as identified by Data Element #5 from Federal Real Property Council's "Guidance for Real Property Inventory Reporting" from the latest available reporting year (FY 2018), and compares it to the FY 2015 Freeze the Footprint baseline (as assigned by GSA)[8]. The reported square footage totals align with agency totals confirmed by GSA, and are based on data from the Federal Real Property Profile and GSA's Occupancy Agreement Database.

Table RTF 1: Reduce the Footprint Baseline Comparison

	FY 2015 Baseline	FY 2018	Change (FY 2015 Baseline – 2018)
Square Footage (SF in millions)	6.93	6.90	0.03

Table RTF 2 reflects the annual operating costs, as reported in the most recent Federal Real Property Profile submittal for owned and direct lease facilities (direct lease facilities does not include GSA occupancy agreements) that are subject to the Reduce the Footprint policy, as identified by Data Element #3 from Federal Real Property Council's "Guidance for Real Property Inventory Reporting". This is reported in the most recent Federal Real Property Profile submittal[9]. The cost data reported by DOL is based directly on data reported into the latest available Federal Real Property Profile database.

Table RTF 2: Operation and Maintenance Costs – Owned and Direct Lease Buildings

	FY 2015 Reported Cost	FY 2018	Change (FY 2015 – 2018)
Operation and Maintenance Costs ($ in millions)	$8.82	$9.23	($0.41)

DOL is continuing to implement a Department-wide strategy to eliminate non-mission dependent space, improve utilization rates, and reduce the costs of the properties. DOL has developed a process for internal reviews and

[8] See GSA, 2018 Guidance for Real Property Inventory Reporting (August 27, 2018) p.8.
[9] See GSA, 2018 Guidance for Real Property Inventory Reporting (June 12, 2018) p.7.

tracking of all office increases, including monthly meetings with DOL regional personnel and reviews of Request for Space submissions.

Co-location, where appropriate, places multiple offices in one location and allows the Department to more effectively manage its real property assets. The primary goals are to co-locate DOL facilities, close small offices where feasible, and implement the DOL standard of 150 usable sq. ft. per employee. This strategy has resulted in significant savings and streamlined the DOL portfolio.

When DOL identifies an underutilized building or block of space in its inventory and there is no longer a need for the asset, DOL will dispose of it to the extent it is cost effective to do so, based upon life-cycle cost analysis. In the case of GSA-assigned leased space, DOL will examine all expiring leases and attempt to relocate to more efficient quarters in order to eliminate underutilized space from its inventory. For owned/direct-leased assets (primarily Job Corps Centers), disposal is a unique challenge given the campus-like nature of the Centers. DOL's is currently undertaking a major initiative to reduce unused land at Job Corps Centers nationwide, with over 1,100 acres targeted for disposal. While this will not affect our RTF square footage baseline, it represents an opportunity for DOL to reduce our overall footprint and incur significant cost savings.

Specific strategies to reduce the FY 2015 baseline include implementing the renegotiated collective bargaining agreements as well as DOL policies designed to increase space use efficiency on areas such as reduced per person square footage, increasing telework, and introducing hoteling. DOL is also participating with GSA in Consolidated Portfolio Reviews in the Chicago and National Capital Regions and will work closely with GSA in reviewing office space utilization nationwide with DOL agencies to identify opportunities to reduce space and co-locate offices.

Table CMP 1: Civil Monetary Penalty Inflation Adjustment

Table CMP 1 below describes the Department's current civil monetary penalties, their authorities, year enacted, latest year of adjustments, current penalty level amounts, and additional details (84 FR 213-223 (January 23, 2019)).

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. §1059(b) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 209(b) - Failure to furnish reports (e.g., pension benefit statements) to certain former participants and beneficiaries or maintain records.	1974	2019	$30 per employee per failure.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)
29 U.S.C. 1132 (c)(2) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(2) – Failure or refusal to properly file plan annual report; and failure of a multiemployer plan to certify endangered or critical status under §305(b)(3)(C) treated as failure to file annual report.	1987	2019	Maximum $2,194 per day per failure.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)
29 U.S.C. §1132(c)(4) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(4) – Failure to disclose certain documents upon request under ERISA Sections 101(k) and (l); failure to furnish notices under Sections 101(j) and 514(e)(3) - each statutory recipient a separate violation.	1993	2019	Maximum $1,736 per day per failure.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. §1132(c)(5) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(5) – Failure to file annual report for Multiple Employer Welfare Arrangements (MEWAs).	1996	2019	Maximum $1,597 per day per failure.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)
29 U.S.C. §1132(c)(6) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(6) – Failure to provide Secretary of Labor requested documentation.	1997	2019	Maximum $156 per day not to exceed $1,566 per request.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)
29 U.S.C. §1132(c)(7) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(7) – Failure to provide notices of blackout periods and of right to divest employer securities – each participant/beneficiary a separate violation.	2002	2019	Maximum $139 per day per failure.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)
29 U.S.C. §1132(c)(8) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(8) – Failure by an endangered status multiemployer plan to adopt a funding improvement plan or meet benchmarks; failure of a critical status multiemployer plan to adopt a rehabilitation plan.	2006	2019	Maximum $1,378 per day per failure.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. §1132(c)(9)(A) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(9)(A) – Failure by an employer to inform employees of CHIP coverage opportunities under Section 701(f)(3)(B)(i)(l) – each employee a separate violation.	2009	2019	Maximum $117 per day per failure.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)
29 U.S.C. §1132(c)(9)(B) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(9)(B) – Failure by a plan to timely provide to any State information required to be disclosed under Section 701(f)(3)(B)(ii), as added by CHIP regarding coverage coordination – each participant/beneficiary a separate violation.	2009	2019	Maximum $117 per day per failure.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)
29 U.S.C. §1132(c)(10)(B)(i) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(10)(B)(i) - Failure by any plan sponsor of group health plan, or any health insurance issuer offering health insurance coverage in connection with the plan, to meet the requirements of Sections 702(a)(1)(F), (b)(3), (c) or (d); or Section 701; or Section 702(b)(1) with respect to genetic information.	2008	2019	$117 per day per participant and beneficiary during noncompliance period.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. §1132(c)(10) (C)(i) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(10)(C)(i) - Penalty for uncorrected de minimis violations.	2008	2019	Minimum $2,919 per participant or beneficiary for de minimis failures not corrected prior to notice from Department of Labor.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)
29 U.S.C. §1132(c)(10) (C)(ii) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(10)(C)(ii) – Penalty for uncorrected violations that are not de minimis.	2008	2019	Minimum $17,515 per participant or beneficiary for non- de minimis failures not corrected prior to notice from Department of Labor.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)
29 U.S.C. §1132(c)(10) (D)(iii) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(10)(D)(iii) - Unintentional failure overall limitation.	2008	2019	$583,830.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)
29 U.S.C. §1132(c)(12) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(12) – Failure of a CSEC plan in restoration status to adopt a restoration plan.	2014	2019	Maximum $107 per day, per failure.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. §1132(m) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(m) – Failure to make a proper distribution from a defined benefit plan under section 206(e) of ERISA.	1994	2019	Maximum $16,915 per distribution.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)
29 U.S.C. 1185d; 42 U.S.C. 300gg–15 *29 C.F.R. 2590.715-2715(e); 29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Failure to provide Summary of Benefits and Coverage under PHS Act section 2715(f), as incorporated in ERISA section 715 and 29 CFR 2590.715-2715(e) – each participant/beneficiary a separate violation.	2010	2019	Maximum $1,156 per failure.	EBSA	https://www.govinfo.gov/content/pkg/FR-2019-01-23/pdf/2019-00089.pdf 84 FR 213, 220-223 (January 23, 2019)
30 C.F.R. 100.3(a)	Federal Mine Safety and Health Act of 1977 (Mine Act). Regular assessment. Except as provided in §100.5(e), general violation of a mandatory health or safety standard or violation of any other provision of the Mine Act, as amended.	1977	2019	Maximum $72,620.	MSHA	*https://www.ecfr.gov/* 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
30 C.F.R. 100.3(g)	Federal Mine Safety and Health Act of 1977 (Mine Act). Regular assessment. Penalty conversion table. The penalty conversion table is used to convert the total penalty points to a dollar amount.	1978	2019	Minimum $135, Maximum $72,620.	MSHA	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
30 C.F.R. 100.4(a)	Federal Mine Safety and Health Act of 1977 (Mine Act). Unwarrantable failure and immediate notification. Penalty for any citation or order issued under section 104(d)(1) of the Mine Act.	2006	2019	Minimum $2,421.	MSHA	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
30 C.F.R. 100.4(b)	Federal Mine Safety and Health Act of 1977 (Mine Act). Unwarrantable failure and immediate notification. Penalty for any order issued under section 104(d)(2) of the Mine Act.	2006	2019	Minimum $4,840.	MSHA	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
30 C.F.R. 100.4(c)	Federal Mine Safety and Health Act of 1977 (Mine Act). Unwarrantable failure and immediate notification. Penalty for failure to provide timely notification to the Secretary under section 103(j) of the Mine Act.	2006	2019	Minimum $6,052, Maximum $72,620.	MSHA	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
30 C.F.R. 100.5(c)	Federal Mine Safety and Health Act of 1977 (Mine Act). Determination of penalty amount; special assessment. Failure to correct a violation for which a citation has been issued under Section 104(a) of the Mine Act.	1977	2019	Maximum $7,867.	MSHA	*https://www.ecfr.gov/* 84 FR 213, 220-223 (January 23, 2019)
30 C.F.R. 100.5(d)	Federal Mine Safety and Health Act of 1977 (Mine Act). Determination of penalty amount; special assessment. Any miner who willfully violates the mandatory safety standards relating to smoking standards.	1977	2019	Maximum $332.	MSHA	*https://www.ecfr.gov/* 84 FR 213, 220-223 (January 23, 2019)
30 C.F.R. 100.5(e)	Federal Mine Safety and Health Act of 1977 (Mine Act). Determination of penalty amount; special assessment. Violations that are deemed to be flagrant under section 110(b)(2) of the Mine Act.	2006	2019	Maximum $266,275.	MSHA	*https://www.ecfr.gov/* 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 C.F.R. 1903.15(d)(1)	Occupational Safety and Health Act of 1970 (OSH Act). Penalty per willful violation under section 17(a) of the Act, 29 U.S.C. 666(a).	1970	2019	Minimum $9,472, Maximum $132,598.	OSHA	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
29 C.F.R. 1903.15(d)(2)	Occupational Safety and Health Act of 1970 (OSH Act). Penalty per repeated violation under section 17(a) of the Act, 29 U.S.C. 666(a).	1970	2019	Maximum $132,598.	OSHA	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
29 C.F.R. 1903.15(d)(3)	Occupational Safety and Health Act of 1970 (OSH Act). Penalty for a serious violation under section 17(b) of the Act, 29 U.S.C. 666(b).	1970	2019	Maximum $13,260.	OSHA	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
29 C.F.R. 1903.15(d)(4)	Occupational Safety and Health Act of 1970 (OSH Act). Penalty for an other-than-serious violation under section 17(c) of the Act, 29 U.S.C. 666(c).	1970	2019	Maximum $13,260.	OSHA	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
29 C.F.R. 1903.15(d)(5)	Occupational Safety and Health Act of 1970 (OSH Act). Penalty for a failure to correct a violation under section 17(d) of the Act, 29 U.S.C. 666(d).	1970	2019	Maximum $13,260 per day.	OSHA	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 C.F.R. 1903.15(d)(6)	Occupational Safety and Health Act of 1970 (OSH Act). Penalty for a posting requirement violation under section 17(i) of the Act, 29 U.S.C. 666(i).	1970	2019	Maximum $13,260.	OSHA	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
33 U.S.C. 930(e) *20 C.F.R. 702.204*	Longshore and Harbor Workers' Compensation Act. Failure to furnish and or falsifying. Knowingly and willfully fail or refuse to send any report required by §702.201, or knowingly or willfully make a false statement or misrepresentation in any report.	1927	2019	Maximum $24,017 for each failure, refusal, false statement, or misrepresentation.	OWCP	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
33 U.S.C. 914(g) *20 C.F.R. 702.236*	Longshore and Harbor Workers' Compensation Act. Failure to report termination of payments. Failure to notify the district director that the final payment of compensation has been made as required by §702.235.	1927	2019	$292.	OWCP	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
33 U.S.C. 948(a) *20 C.F.R. 702.271(a)(2)*	Longshore and Harbor Workers' Compensation Act. Discrimination; against employees who bring proceedings, prohibition, and penalty.	1972	2019	Minimum $2,402, Maximum $12,007.	OWCP	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
30 U.S.C. 942 *20 C.F.R. 725.621(d)*	Black Lung Benefits Act. Failure or refusal to file required reports.	1969	2019	Maximum $1,462 for each failure or refusal.	OWCP	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
33 U.S.C. 933(d)(1) *20 C.F.R. 726.302(c)(2)(i)*	Black Lung Benefits Act. Determination of penalty. Failure to secure payment of benefits for mines with fewer than 25 employees.	1978	2019	$143 per day.	OWCP	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
33 U.S.C. 933(d)(1) *20 C.F.R. 726.302(c)(2)(i)*	Black Lung Benefits Act. Determination of penalty. Failure to secure payment of benefits for mines with 25-50 employees.	1978	2019	$285 per day.	OWCP	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
33 U.S.C. 933(d)(1) *20 C.F.R. 726.302(c)(2)(i)*	Black Lung Benefits Act. Determination of penalty. Failure to secure payment of benefits for mines with 51-100 employees.	1978	2019	$428 per day.	OWCP	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
33 U.S.C. 933(d)(1) *20 C.F.R. 726.302(c)(2)(i)*	Black Lung Benefits Act. Determination of penalty. Failure to secure payment of benefits for mines with more than 100 employees.	1978	2019	$569 per day.	OWCP	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
33 U.S.C. 933(d)(1) *20 C.F.R. 726.302(c)(4)*	Black Lung Benefits Act. Determination of penalty. Failure to secure payment of benefits after 10th day of notice.	1978	2019	$143 per day.	OWCP	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
33 U.S.C. 933(d)(1) *20 C.F.R. 726.302(c)(5)*	Black Lung Benefits Act. Determination of penalty. Failure to secure payment of benefits for repeat offenders.	1978	2019	$428 per day.	OWCP	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
33 U.S.C. 933(d)(1) *20 C.F.R. 726.302(c)(6)*	Black Lung Benefits Act. Determination of penalty. The maximum daily base penalty amount applicable to any violation of §726.4.	1978	2019	Maximum $2,924.	OWCP	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
40 U.S.C. 3702(c) *29 C.F.R. 5.8(a); 29 C.F.R. 5.5(b)(2)*	Contract Work Hours and Safety Standards Act (CWHSSA). Failure to pay laborers and mechanics at a rate not less than one and one-half times their basic rate of pay.	1962	2019	$27 for each calendar day.	WHD	*https://www.ecfr.gov/* 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. 2005(a) *29 C.F.R. 801.42(a)*	Employee Polygraph Protection Act (EPPA). (1) Requiring, requesting, suggesting or causing an employee or prospective employee to take a lie detector test or using, accepting, referring to or inquiring about the results of any lie detector test of any employee or prospective employee, other than as provided in the Act or this part. (2) Taking an adverse action or discriminating in any manner against any employee or prospective employee on the basis of the employee's or prospective employee's refusal to take a lie detector test, other than as provided in the Act or this part. (3) Discriminating or retaliating against an employee or prospective employee for the exercise of any rights under the Act. (4) Disclosing information obtained during a polygraph test, except as authorized by the Act or this part. (5) Failing to maintain the records required by the Act or this part. (6) Resisting, opposing, impeding, intimidating, or interfering with an official of the DOL during the performance of an investigation, inspection, or other law enforcement function under the Act or this part. (7) Violating any other provision of the Act or this part.	1988	2019	Maximum $21,039.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. 211(d) *29 C.F.R. 530.302 (a),(b)*	Fair Labor Standards Act (FLSA) Homeworker. Violation of recordkeeping, monetary, certificate or other statutes, regulations or employer assurances.	1938	2019	Minimum $21, Maximum $1,052.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
29 U.S.C. 216(e)(1)(A)(i) *29 C.F.R. 579.1(a)(1)(i)(A);* *29 C.F.R. 570.140(b)(1)*	Fair Labor Standards Act (FLSA) Child labor. (1) Violation of child labor standards (sections 212 or 213(c)).	1938	2019	Maximum $12,845 for each employee.	WHD	https://www.gpo.gov/fdsys/pkg/FR-2018-01-02/pdf/2017-28224.pdf 84 FR 213, 220-223 (January 23, 2019)
29 U.S.C. 216(e)(1)(A)(i) *29 C.F.R. 579.1(a)(1)(i)(B);* *29 C.F.R. 570.140(b)(2)*	Fair Labor Standards Act (FLSA) Child labor. (2) Violation of child labor standards (sections 212 or 213(c)), for each such violation that causes the death or serious injury of any employee under the age of 18 years, which penalty may be doubled where the violation is a repeated or willful violation.	1938	2019	Maximum $58,383 for each such violation.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
29 U.S.C. 216(e)(2) *29 C.F.R. 578.3(a);* *29 C.F.R. 579.1(a)(2)*	Fair Labor Standards Act (FLSA) Minimum Wage and Overtime. Repeated or willful violation of section 206 or 207 of FLSA, or section 6 (minimum wage) or section 7 (overtime) of the Act.	1938	2019	Maximum $2,014 for each such violation.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. 2619(b) *29 C.F.R. 825.300(a)(1)*	Family & Medical Leave Act (FMLA). Willful violation of posting requirement.	1993	2019	Maximum $173 for each separate offense.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
8 U.S.C. 1288(c)(4)(E)(i) *20 C.F.R. 655.620 (a)*	Immigration & Nationality Act (D-1). Violation of the attestation or 20 CFR 655 subparts F or G related to utilizing alien crew for longshore activities in U.S. ports.	1952	2019	Maximum $9,472 for each alien crewmember.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
8 U.S.C. 1182(n)(2)(c)(i) *20 C.F.R. 655.810(b)(1)*	Immigration & Nationality Act (H-1B). (1) A violation pertaining to strike/lockout (§655.733) or displacement of U.S. workers (§655.738). (2) A substantial violation pertaining to notification (§655.734), labor condition application specificity (§655.730), or recruitment of U.S. workers (§655.739). (3) A misrepresentation of material fact on the labor condition application. (4) An early-termination penalty paid by the employee (§655.731(c)(10)(i)). (5) Payment by the employee of the additional \$500/\$1,000 filing fee (§655.731(c)(10)(ii)). (6) Violation of the requirements of the regulations in this subpart I and subpart H of this part or the provisions regarding public access (§655.760) where the violation impedes the ability of the Administrator to determine whether a violation of sections 212(n) or (t) of the INA has occurred or the ability of members of the public to have information needed to file a complaint or information regarding alleged violations of sections 212(n) or (t) of the INA.	1952	2019	Maximum \$1,895 per violation.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
8 U.S.C. 1182(n)(2)(c)(ii) *20 C.F.R. 655.801(b)*	Immigration & Nationality Act (H-1B). Any employer to engage in the conduct described in paragraph (a) of this section. Such conduct shall be subject to the penalties prescribed by sections 212(n)(2)(C)(ii) or (t)(3)(C)(ii) of the INA and §655.810(b)(2).	1952	2019	Maximum $7,710.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
8 U.S.C. 1182(n)(2)(c)(ii) *20 C.F.R. 655.810(b)(2)*	Immigration & Nationality Act (H-1B). (1) A willful failure pertaining to wages/working conditions (§§655.731, 655.732), strike/lockout, notification, labor condition application specificity, displacement (including placement of an H-1B nonimmigrant at a worksite where the other/secondary employer displaces a U.S. worker), or recruitment. (2) A willful misrepresentation of a material fact on the labor condition application; or (3) Discrimination against an employee (§655.801(a)).	1952	2019	Maximum $7,710 per violation.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
8 U.S.C. 1182(n)(2)(c)(iii) *20 C.F.R. 655.810(b)(3)*	Immigration & Nationality Act (H-1B). (1) A willful failure pertaining to wages/working conditions (§§655.731, 655.732), strike/lockout, notification, labor condition application specificity, displacement (including placement of an H-1B nonimmigrant at a worksite where the other/secondary employer displaces a U.S. worker), or recruitment. (2) A willful misrepresentation of a material fact on the labor condition application. (3) Discrimination against an employee (§655.801(a)).	1952	2019	Maximum $53,969 per violation.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
8 U.S.C. 1188(g)(2) *29 C.F.R. 501.19(c)*	Immigration & Nationality Act (H-2A). Violation of the work contract or a requirement of 8 U.S.C. 1188, 20 CFR part 655 subpart B, or the regulations in this part.	1952	2019	Maximum $1,735 per violation.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
8 U.S.C. 1188(g)(2) *29 C.F.R. 501.19(c)(1)*	Immigration & Nationality Act (H-2A). Willful violation of the work contract, or of 8 U.S.C. 1188, 20 CFR part 655, subpart B, or the regulations in this part, or for each act of discrimination prohibited by §501.4.	1952	2019	Maximum $5,839.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
8 U.S.C. 1188(g)(2) *29 C.F.R. 501.19(c)(2)*	<u>Immigration & Nationality Act (H-2A).</u> Violation of a housing or transportation safety and health provision of the work contract, or any obligation under 8 U.S.C. 1188, 20 CFR part 655, subpart B, or the regulations in this part, that proximately causes the death or serious injury of any worker.	1952	2019	Maximum $57,813 per worker.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
8 U.S.C. 1188(g)(2) *29 C.F.R. 501.19(c)(4)*	<u>Immigration & Nationality Act (H-2A).</u> Repeat or willful violation of a housing or transportation safety and health provision of the work contract, or any obligation under 8 U.S.C. 1188, 20 CFR part 655, subpart B, or the regulations in this part, that proximately causes the death or serious injury of any worker.	1952	2019	Maximum $115,624 per worker.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
8 U.S.C. 1188(g)(2) *29 C.F.R. 501.19(d)*	<u>Immigration & Nationality Act (H-2A).</u> Violation for failure to cooperate with a WHD investigation.	1952	2019	Maximum $5,839 per investigation.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
8 U.S.C. 1188(g)(2) *29 C.F.R. 501.19(e)*	Immigration & Nationality Act (H-2A). Violation for laying off or displacing any U.S. worker employed in work or activities that are encompassed by the approved *Application for Temporary Employment Certification* for H-2A workers in the area of intended employment either within 60 days preceding the date of need or during the validity period of the job order, including any approved extension thereof, other than for a lawful, job-related reason.	1952	2019	Maximum $17,344 per violation per worker.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
8 U.S.C. 1188(g)(2) *29 C.F.R. 501.19(f)*	Immigration & Nationality Act (H-2A). Violation for improperly rejecting a U.S. worker who is an applicant for employment, in violation of 8 U.S.C. 1188, 20 CFR part 655 subpart B, or the regulations in this part.	1952	2019	Maximum $17,344 per violation per worker.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
8 U.S.C. 1184(c)(14) *29 C.F.R. 503.23(b)*	Immigration & Nationality Act (H-2B). For violation of any provisions of §503.16 related to wages, impermissible deductions or prohibited fees and expenses, the Administrator, WHD, may assess civil money penalties that are equal to the difference between the amount that should have been paid and the amount that actually was paid to such worker(s).	1952	2019	Maximum $12,695 per violation.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
8 U.S.C. 1184(c)(14) *29 CFR 503.23(c)*	Immigration & Nationality Act (H-2B). For violation related to termination by layoff or otherwise or has refused to employ any worker in violation of §503.16(r), (t), or (v), within the periods described in those sections, the Administrator, WHD may assess civil money penalties that are equal to the wages that would have been earned but for the layoff or failure to hire.	1952	2019	Maximum $12,695 per violation.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
8 U.S.C. 1184(c)(14) *29 C.F.R. 503.23(d)*	Immigration & Nationality Act (H-2B). Any other violation that meets the standards described in section 503.19.	1952	2019	Maximum $12,695 per violation.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)
29 U.S.C. 1853(a)(1) *29 C.F.R. 500.1(e)*	Migrant and Seasonal Agricultural Worker Protection Act (MSPA). The Act empowers the Secretary of Labor to enforce the Act, conduct investigations, issue subpenas and, in the case of designated violations of the Act, impose sanctions. As provided in the Act, the Secretary is empowered, among other things, to impose an assessment and to collect a civil money penalty.	1983	2019	Maximum $2,505 for each violation.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
41 U.S.C. 6503(b) *41 C.F.R. 50-201.3(e)*	Walsh-Healey Public Contracts Act (PCA). Any breach or violation of any of the foregoing representations and stipulations shall render the party responsible therefor liable to the United States of America for liquidated damages, in addition to damages for any other breach of the contract per day for each person under 16 years of age, or each convict laborer knowingly employed in the performance of the contract.	1936	2019	$27 per day for each person under 16 years of age or each convict laborer knowingly employed.	WHD	https://www.ecfr.gov/ 84 FR 213, 220-223 (January 23, 2019)

For EBSA's specific penalty amounts, please refer to Location for Penalty Update Details.

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Acronyms

ARRA	American Recovery and Reinvestment Act
BAM	Benefit Accuracy Measurement
BLDTF	Black Lung Disability Trust Fund
BLS	Bureau of Labor Statistics
BPC	Benefit Payment Control
CAP	Corrective Action Plan
CBO	Congressional Budget Office
CEO	Chief Evaluation Office
CIO	Chief Information Officer
COLA	Cost of Living Allowance/Adjustment
CPIM	Consumer Price Index-Medical
CPI-U	Consumer Price Index-Urban
CPP	Clean Power Plan
CSEOA	Community Service Employment for Older Americans
CSRS	Civil Service Retirement System
CY	Current Year
DFEC	Division of Federal Employees' Compensation
DMF	Death Master File
DM&R	Deferred Maintenance and Repairs
DNP	Do Not Pay
DOE	U.S. Department of Energy
DOL	U.S. Department of Labor
DOTS	District Office Trouble Shooters
DVOP	Disabled Veterans Outreach Program
EB	Extended Benefits
EBSA	Employee Benefits Security Administration
EEOICPA	Energy Employees Occupational Illness Compensation Program Act
ERISA	Employee Retirement Income Security Act
ES	Employment Service
ESAA	Employment Security Administration Account
ETA	Employment and Training Administration
EUC	Emergency Unemployment Compensation
EUCA	Extended Unemployment Compensation Account
FASAB	Federal Accounting Standards Advisory Board
FAUC	Federal Additional Unemployment Compensation
FCI	Facilities Condition Index
FEC	Federal Employees Compensation
FECA	Federal Employees' Compensation Act
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act
FLSA	Fair Labor Standards Act
FMFIA	Federal Managers' Financial Integrity Act
FUA	Federal Unemployment Account
FUTA	Federal Unemployment Tax Act
FXI	ForeSee Experience Index
GAAP	Generally Accepted Accounting Principles
GAO	U.S. Government Accountability Office
GSA	U.S. General Services Administration
HHS	U.S. Department of Health and Human Services
HVRP	Homeless Veterans' Reintegration Program
ILAB	Bureau of International Labor Affairs
IP	Improper Payments
IPERA	Improper Payments Elimination and Recovery Act
IPERIA	Improper Payments Elimination and Recovery Improvement Act
IPIA	Improper Payments Information Act
JVSG	Jobs for Veterans State Grants
LVER	Local Veterans Employment Representative
MSHA	Mine Safety and Health Administration
NASWA	National Association of State Workforce Agencies
NCFMS	New Core Financial Management System
NDNH	National Directory of New Hires
NDWG	National Dislocated Worker Grants
NIOSH	National Institute for Occupational Safety and Health
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
ODEP	Office of Disability Employment Policy
OFCCP	Office of Federal Contract Compliance Programs
OIG	Office of Inspector General
OJC	Office of Job Corps
OLMS	Office of Labor-Management Standards
OMB	Office of Management and Budget
OPM	U.S. Office of Personnel Management
OSHA	Occupational Safety and Health Administration
OSH Act	Occupational Safety and Health Act
OUI	Office of Unemployment Insurance
OWCP	Office of Workers' Compensation Programs
PP&E	Property, Plant, and Equipment
PY	Prior Year/Program Year
RECA	Radiation Exposure Compensation Act
RETAIN	Retaining Employment and Talent After Injury/Illness Network
RESTORE	Re-Employment, Support, and Training for the Opioid Related Epidemic
RMO	Responsible Mine Operator
SAM	System for Award Management
SBR	Statements of Budgetary Resources
SCOTUS	Supreme Court of the United States
SCSEP	Senior Community Service Employment Program
SCSIA	Statements of Changes in Social Insurance Amounts
SFFAS	Statement of Federal Financial Accounting Standards
SIDES	State Information Data Exchange System
SOSI	Statements of Social Insurance
SSA	U.S. Social Security Administration
SWA	State Workforce Agency
SWDB	State Workforce Development Board
TAA	Trade Adjustment Assistance
TAACCCT	Trade Adjustment Assistance Community College and Career Training
TOP	Treasury Offset Program
UC	Unemployment Compensation
UCFE	Unemployment Compensation for Federal Employees
UCX	Unemployment Compensation for Ex-Service Members
UI	Unemployment Insurance
U.S.C.	United States Code
USCA	U.S. Court of Appeals
USERRA	Uniformed Services Employment and Reemployment Rights Act
USPS	United States Postal Service
UTF	Unemployment Trust Fund
VETS	Veterans' Employment and Training Service
WANTO	Women in Apprenticeship and Nontraditional Occupations
WB	Women's Bureau
WHD	Wage and Hour Division
WIA	Workforce Investment Act
WIOA	Workforce Innovation and Opportunity Act

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