



DEPARTMENT OF LABOR

Under the President's leadership, we have turned our economy around and created 14 million jobs. Our unemployment rate is below five percent for the first time in almost eight years. Nearly 18 million people have gained health coverage as the Affordable Care Act has taken effect. And we have dramatically cut our deficits by almost three-quarters and set our Nation on a more sustainable fiscal path.

Yet while it is important to take stock of our progress, this Budget is not about looking back at the road we have traveled. It is about looking forward and making sure our economy works for everybody, not just those at the top. It is about choosing investments that not only make us stronger today, but also reflect the kind of country we aspire to be – the kind of country we want to pass on to our children and grandchildren.

The Budget makes critical investments in our domestic and national security priorities while adhering to the bipartisan budget agreement signed into law last fall, and it lifts sequestration in future years so that we continue to invest in our economic future and our national security. It also drives down deficits and maintains our fiscal progress through smart savings from health care, immigration, and tax reforms.

The Budget shows that the President and the Administration remain focused on meeting our greatest challenges – including accelerating the pace of innovation to tackle climate change and find new treatments for devastating diseases; giving everyone a fair shot at opportunity and economic security; and advancing our national security and global leadership – not only for the year ahead, but for decades to come.

Funding Highlights:

The President's 2017 Budget provides the Department of Labor with \$12.8 billion in discretionary funding, coupled with targeted mandatory investments, to prepare workers for the jobs of the future, support and protect working families, and provide a strong safety net for workers who retire or lose their jobs. This includes:

- Fulfilling the promise of the Workforce Innovation and Opportunity Act by fully funding the WIOA formula grants and investing in State and local data system improvements;
- Expanding effective work-based training models like Registered Apprenticeships and strengthening partnerships between employers and training providers;
- Providing targeted training and employment services to dislocated workers, ex-offenders, and disconnected youth and reducing barriers created by unnecessary occupational licensing requirements;
- Supporting working families by helping States establish paid leave programs;
- Strengthening enforcement of laws that protect workers' wages, safety, and retirement;
- Expanding retirement savings options; and

- Supporting monitoring and enforcement of the labor provisions of free trade agreements.

Reforms:

- Modernizes and improves the Unemployment Insurance (UI) program to reach a greater share of the workforce, be more responsive to economic downturns, strengthen the program's connection to work, and improve solvency.
- Provides wage insurance to formerly unemployed workers who take new jobs that pay less at least initially.
- Invests in DOL's Information Technology systems to achieve efficiencies and improve services to the public.

Training Workers for the Jobs of the Future

In today's global and rapidly changing economy, American workers must have the knowledge and skills to succeed in middle-class jobs, and employers require a skilled workforce to compete. The Budget meets these needs with a package of investments that connects workers with good jobs, equips all workers with job-relevant skills, and ensures that employers can find the talent they need to grow. The Budget also continues to take steps to ensure that all of our Federal training investments are "job driven"—designed to match employer demand.

Supporting Implementation of the Workforce Innovation and Opportunity Act (WIOA).

Over the last several years, Congress and the Administration have worked together to improve the Nation's job training system, including through the enactment and implementation of the bipartisan WIOA. The Budget builds on this progress by funding the core DOL WIOA formula grants at their full authorized level—a \$138 million increase over 2016 enacted. The Budget also includes a \$40 million investment to build State and local capacity to track the employment and educational outcomes of WIOA program participants, and give those seeking training meaningful information — including past participants' success in finding jobs — so they can make good choices about which program will best prepare them for the labor market. The Budget also funds the creation of a technology platform that all 2,500 American Job Centers can use to report on customer service, which will allow job seekers to quickly view ratings for the job centers in their area.

Building a System of Apprenticeships. Recognizing the value of work-based training, the President has committed to doubling the number of apprentices nationwide to give more workers the opportunity to develop job-relevant skills while they are earning a paycheck. This proven training model is a "win" for workers and employers alike: on average, apprentices earn \$50,000 a year and increase their lifetime earning potential by \$300,000, and employers create a pipeline of qualified workers. The Budget invests in this proven strategy, sustaining the new \$90 million in grants provided in 2016 and adding a \$2 billion mandatory Apprenticeship Training Fund to help meet the President's commitment.

Creating an American Talent Compact. A key to successful job training is ensuring that employers and training providers – including the Nation's community and technical colleges –

work together so that students learn the skills needed for jobs and careers that are available in their communities. The Budget puts forward a substantial investment in this high-quality training, investing \$3 billion in training that features strong industry partnerships.

Opening Doors for Youth. Today, approximately 6 million Americans between the ages of 16 and 24 are out of school and work—a tremendous untapped resource for the Nation. The Budget invests \$5.5 billion in mandatory funding to connect disadvantaged youth with educational and workforce opportunities that set them on a path to a better future. Of this, \$3.5 billion is devoted to giving more American youth the valuable experience of a paid learning opportunity; this includes \$1.5 billion to support summer job opportunities, and \$2 billion to create year-round first jobs for 150,000 opportunity youth (youth who are out of school and out of work). Additionally, the Budget includes \$2 billion to transform communities struggling with high rates of youth disengagement, high school dropouts, and unemployment into places of opportunity for young adults. The program will provide funds to local governments to locate and reengage youth, and connect them with the counseling, support services, employment opportunities, and education they need to succeed.

The Budget provides \$1.75 billion for Job Corps, which provides training and education to disadvantaged young people at 126 centers across the Nation. The Budget includes additional resources to create safer learning environments for students, test new variations on the traditional Job Corps model, and strengthen oversight to ensure that the program provides high-quality services to the more than 50,000 youth it serves.

Meeting the Needs of Veterans. The Veterans' Employment and Training Service (VETS) prepares transitioning service members and military spouses for civilian employment and protects service members and veterans' rights to employment and reemployment. The Budget includes \$286 million for VETS, including a \$12 million increase to fund the Homeless Veterans' Reintegration Program at its authorized funding level.

Reducing Unnecessary Licensing Requirements. The Budget builds on the investment provided in the FY 2016 Omnibus and provides a total of \$10 million for grants to states and partnerships of states to identify and address areas where occupational licensing requirements create an unnecessary barrier to labor market entry or mobility and where interstate portability of licenses can improve economic opportunity, particularly for dislocated workers, transitioning service members, veterans, and military spouses.

Bolstering Economic Security for Workers

As the economy and labor force change, we need to update our mechanisms for providing security to workers so they can weather a job loss, retool their skills, and secure new jobs that allow them to support themselves and their families. The Budget takes on this challenge.

Modernizing and Strengthening the Unemployment Safety Net. The Budget proposes a cost-neutral suite of reforms to update the Unemployment Insurance (UI) program so that it reflects the modern economy and workforce. These reforms will mean that more workers will have access to UI if they lose a job, and will strengthen the program's connection to work, protect

workers if they have to take a pay cut when starting a new job, make the UI program more responsive to economic downturns, and improve the solvency of State programs. The Budget:

- Ensures that benefits are available to more workers who need them, including part-time workers, newer labor market entrants, certain low-income and intermittent earners, and workers who leave work for compelling family reasons (like to escape domestic violence).
- Restores standard UI maximum benefit duration to 26 weeks to give workers a meaningful opportunity to get back on their feet.

Establishes wage insurance for workers with at least three years of job tenure who lose their jobs and take a lower-paying job that pays less than \$50,000 per year.

- Expands Short-Time Compensation (STC), which encourages employers to avoid layoffs by temporarily reducing workers' hours when their need for labor falls by providing employees with a partial UI benefit to help compensate for their lower wages.
- Creates a new Extended Benefits program to provide up to 52 weeks of additional Federally-funded benefits for States seeing increased and high unemployment, with the number of weeks tied to the State's unemployment rate.
- Improves UI system solvency by helping States rebuild their trust fund balances to repay their loans, cover current benefits, and create reserves so they are better prepared to weather the next economic downturn.

Reconnecting Workers to Jobs. The Budget makes significant investments to reach those who have been left on the sidelines of the economic recovery. The Budget provides \$1.5 billion to states to fund Career Navigators who will proactively reach out and provide help finding a job to those most at risk of not being able to reset their careers after being unemployed: the long-term unemployed, people who are only able to find part-time work, and those who have dropped out of the labor force entirely. This funding would be paired with a \$500 million Workforce Data Science and Innovation Fund that would invest in State data systems and create a Center of Excellence to empower Career Navigators with the technology and data tools they need to facilitate informed consumer choice and provide high-quality guidance to workers. To assist ex-offenders in returning to work, the Budget continues investments in satellite American Job Centers within local and state correctional facilities. The Budget also includes almost \$190 million to provide in-person reemployment services to Unemployment Insurance (UI) beneficiaries most at risk of exhausting their benefits, as well as all returning veterans who are receiving UI. Evidence suggests these services are a cost-effective strategy that gets workers back into jobs faster with higher wages.

Supporting Working Families. Too many American workers face the difficult choice between caring for a new baby or sick family member and a paycheck they desperately need. The Family and Medical Leave Act allows many workers to take job-protected unpaid time off to care for a new baby or sick family member, or tend to their own health during a serious illness. But, millions of families cannot afford to use unpaid leave. The United States is the only

industrialized country in the world that fails to offer all workers paid maternity leave. A handful of States and localities have enacted policies to offer paid leave, and the Federal Government can encourage more States to follow their lead. The Budget includes more than \$2 billion for the Paid Leave Partnership Initiative to assist up to five States to launch paid leave programs, following the example of California, New Jersey, and Rhode Island. States that choose to participate in the Initiative would be eligible to receive funds for the initial set up and three years of benefits. The Budget also includes funding for grants to help States and localities conduct analyses to inform the development of paid family and medical leave programs. These investments complement the President's executive actions to expand paid leave for employees of Federal contractors.

Expanding Access to Retirement Savings Options. The country needs new, updated mechanisms for ensuring that all workers can save for their retirement. The Budget includes proposals that would make saving easier for the millions of Americans who are currently without employer-based retirement plans.

Many States have been exploring options for creating retirement accounts for workers in the private sector who do not otherwise have access to a workplace retirement plan. DOL has proposed regulations and guidance to facilitate the creation of for state retirement savings programs consistent with the Employee Retirement Income Security Act. To further State efforts, the Budget sets aside \$6.5 million to allow three States to pilot and evaluate State-based 401(k)-type programs or automatic enrollment IRAs.

The Budget also provides \$100 million in mandatory funding to allow States and nonprofits to design, implement, and evaluate new approaches to expand retirement and other employer-provided benefit coverage, with a focus on developing models that are portable across employers and can accommodate contributions from multiple employers for an individual worker.

Protecting Workers' Wages, Safety, and Retirement Security

The Budget includes \$1.9 billion to ensure the Department of Labor's (DOL) worker protection agencies meet their responsibilities to defend the health, safety, wages, working conditions, civil rights, and retirement security of American workers. These agencies build a shared prosperity for a stronger America by leveling the playing field, so that employers who follow the rules are not at a disadvantage. The Administration continues to pursue a combination of strategies to strengthen worker protection laws and their enforcement, so workers can earn family-sustaining wages, be protected from discrimination, and return home safely at the end of a day's work.

Ensuring Workers Get Fair Pay for a Fair Day's Work. The Budget provides \$277 million to enforce laws that establish the minimum standards for wages and working conditions in many workplaces in the United States, particularly in industries where workers are most at risk. The Budget also expands funding for efforts to ensure that workers receive back wages they are owed and cracks down on the illegal misclassification of some employees as independent contractors, a practice that deprives workers of basic protections like unemployment insurance, workers' compensation, and overtime pay.

Supporting a Higher Minimum Wage. The Administration supports raising the minimum wage so hard-working Americans can earn enough to support their families and make ends meet. The President took an important step in 2014 by signing an Executive Order to increase the minimum wage to \$10.10 beginning January 2015 for those working on new and replacement Federal contracts, with the wage to be indexed to inflation so it does not become eroded over time. The Administration issued regulations to implement the EO in October 2014; the \$10.10 wage took effect in January 2015; and the inflation-adjusted wage as of January 2016 is now \$10.15. The Administration is encouraged that 17 States and District of Columbia have passed increases in their minimum wage since the President called for a minimum wage increase during his State of the Union remarks in February 2013. Those increases are benefiting millions of workers. As the President continues to encourage States, cities, and businesses to act, he stands ready to work with the Congress to pass legislation to increase the minimum wage for the rest of the workforce as soon as possible.

Keeping Workers Safe. The Budget provides almost \$1 billion for the Occupational and Mine Safety and Health Administrations (OSHA and MSHA) to ensure workers are protected from health and safety hazards on the job. In particular, the Budget provides resources to enhance safety and security at chemical facilities and improve response procedures when major incidents at these sites occur. The Budget also includes funds for OSHA to enforce the more than 20 whistleblower laws that protect workers from discrimination and retaliation when they report unsafe and unscrupulous practices. The Budget also provides MSHA the resources it needs to meet its statutory obligation to inspect every mine and target the Nation's most dangerous mines.

Protecting Workers' Retirement Security. The Pension Benefit Guaranty Corporation (PBGC) acts as a backstop to insure pension payments for workers whose companies or plans have failed. PBGC's single employer program covers plans that are sponsored by an individual company; the multiemployer program covers plans set up by collectively bargained agreements involving more than one unrelated employer. Both programs are underfunded, with combined liabilities exceeding assets by \$76 billion at the end of 2015. While the single-employer program's financial position is projected to improve over the next 10 years, the multiemployer plan is projected to run out of funds in 2024. The Budget proposes to give the PBGC Board the authority to adjust premiums. The Budget directs the Board to raise \$15 billion in additional premium revenue within the Budget window only from the multiemployer program. This level of multiemployer premium revenue would nearly eliminate the risk of the multiemployer program becoming insolvent within 20 years.

Bureau of International Labor Affairs (ILAB). The Budget provides \$101 million for ILAB, a \$15 million (17 percent) increase over 2016, to enable the agency to promote workers' rights abroad and monitor, enforce, and assist countries in meeting their commitments under labor provisions of free trade agreements and trade preference programs, as well as fund efforts to prevent child labor, forced labor, and human trafficking. These funds will substantially increase ILAB's technical assistance to countries on workers' rights issues and double the number of staff responsible for monitoring and enforcement.

Modernizing the Department of Labor

Information Technology Modernization. The Budget includes \$63 million to modernize and transform the Department's aging IT infrastructure. These investments are vital to the Department's efforts to develop a modern infrastructure with up-to-date communications capabilities, allowing the Department to provide better, faster, smarter service to the American public and ensure the security of its systems.