Budget--Miscellaneous

Budget — Misc.

Karin — are these 'DPC package' for this? — EL

UNITED STATES DEPARTMENT OF LABOR

FACSIMILE TRANSMISSION

OFFICE OF CONGRESSIONAL AND INTERGOVERNMENTAL AFFAIRS

200 Constitution Avenue, N.W.
Room S-1325
Washington, DC 20210

Confirmation: 202/693-4600

September 1, 1999/10:43am

TO: ERIC LIU

DEPARTMENT/COMPANY: DPC

FACSIMILE NUMBER: 456-2878

FROM: DARLA LETOURNEAU

NUMBER OF PAGES INCLUDING COVER: 9

FACSIMILE REPLIES:	CONGRESSIONAL AFFAIRS	202/693-4642
	INTERGOVERNMENTAL AFFAIRS	202/693-4644
	IMMEDIATE OFFICE OF THE ASSISTANT SECRETARY	202/693-4641

MESSAGE: *Attached are the summary pieces of impact of FY 2000 budget proposals on DOL programs. Wanted to make sure you had them and that they are included in the DPC package for briefing Mayors on impact of budget cuts scheduled for September 9.*

Call if you have any questions.

Budget Proposals Threaten the American Worker

> "*We want to close the skills gap and open the doors of opportunity for America's working families. We are building a strong and competitive workforce but we still have gaps to close*"
> -- Alexis M. Herman, U.S. Secretary of Labor

Six years ago, our nation began an economic strategy based on maintaining fiscal discipline, opening markets for U.S. goods, and investing in the skills of our people. Now, our economy is at record strength, unemployment is at record lows, and job creation is at record highs. Today we know what it takes for the economy to succeed – this strategy. And we know what it takes for workers to succeed – skills.

The Department of Labor is closing the skills gap and preparing workers for the 21st century.

For FY 2000, the President has requested $11.6 billion in discretionary funding for the Department. This is $626 million more than last year's budget to improve training for the 2.4 million youth and adults served in worker training programs; to improve working conditions and benefits for America's 140 million workers; and to raise labor standards for workers around the world.

But Congressional budget proposals jeopardize our investments in the American worker.

The tax bill passed by Congress August 5, 1999 would cut domestic programs roughly 52 percent from current levels by FY 2009. And the House Labor/HHS appropriations bill could require cuts of 32 percent for all programs if the cuts are across the board.

Across-the-board cuts will have an across-the-board impact on working families.

Cuts will undermine implementation of the new national job training and placement system. Just last year the bipartisan Workforce Investment Act paved the way to this reform. Cuts will undermine implementation of the Welfare-to-Work initiative and youth initiatives. Just as welfare moms are reaching for economic independence and jobless youth are getting a real shot at landing a job, the cuts will cut their chances. With an economy demanding skills, now is not the time to pull the rug out from under this generation of workers. Some of the workers who will be impacted by cuts include:

- America's 140 million workers who can find and prepare for jobs at the new One-Stop Career Centers.
- 840,000 displaced workers as well as other job seekers who need training and access to services like the national database of jobs; the new national toll-free jobs hotline; and mobile vans for One-Stop access in rural areas.
- More than 700,000 youth who learn job skills through Youth Opportunity grants, Job Corps, and other services.
- More than 50,000 workers who lose jobs due to trade policies and are eligible for trade adjustment assistance.
- 30 million working-age adults with disabilities who could find employment with new Work Incentives Grants.

Just as the Department's efforts to protect workers on the job are paying off in declining injury and fatality rates, cuts will undermine our initiatives to more effectively target the worst dangers to America's 140 million workers and their families. Some of the new targeted initiatives at stake include:

- $48 million in increases for OSHA and MSHA to step-up public awareness and training in safety and health.
- $4 million for new initiatives to eliminate wage discrimination.
- $4 million for the Safe Work/Safe Kids initiative to protect young workers and end illegal child labor.
- $12 million to increase pension plan and health coverage, including an education campaign on health benefits.

Worker initiatives that invest in the future, such as summer jobs and pension protections, have a bipartisan foundation because they work. This is not about politics. It's about what works – it's about giving a kid a shot at the future and giving a welfare mom skills to get back on her feet. It's about what makes a difference in the lives of workers and their families.

21ST CENTURY WORKFORCE AND WORKPLACE INVESTMENTS AT RISK

"We want to close the skills gap and open the doors of opportunity for America's working families. We are building a strong and competitive workforce but we still have gaps to close, including the pay gap for women and minorities." Alexis Herman, Secretary of Labor 2/1/99

FY 2000 Budget Situation
The President's investments in education and training have been the cornerstone of the Administration's efforts to ensure that all Americans have the tools they need for the 21st century. These investments are threatened by the tax bill passed by Congress on August 5th, and by the current allocation of funds for the House Labor/HHS appropriations subcommittee. The tax bill would require dramatic cuts to domestic programs--cutting roughly 52 percent from the current funding levels by FY 2009. The recent House 302(b) allocation to the Labor/HHS subcommittee would require reductions of 32 percent for all programs in the bill if the cuts were taken across-the-board. In addition, the bill that the House Labor/HHS subcommittee had planned to mark-up on July 21st was reported to have been at an overall "freeze" level, but funding increases in NIH and selected other programs were to be paid for through cuts of 10 percent in job training programs, as well as cuts below a freeze level for OSHA. Both the House and Senate Committees plan to mark-up their Labor/HHS bills in early September.

What's at Stake for Department of Labor
The Department's FY 2000 request proposed $11.6 billion in discretionary spending, an increase of $626 million over FY 1999, to fund programs to improve training, working conditions and benefits for American workers and raise labor standards worldwide. In total, worker training programs would serve 2.4 million youth and adults in FY 2000 at the requested level. All of these initiatives are at risk in the current budget situation.

Implementation of the Bipartisan Workforce Investment Act
Last year, the President signed the Workforce Investment Act (WIA), landmark reform in our employment and training system. This legislation was the product of a bipartisan process in the Congress and was based on Federal, State and local efforts to build One-Stop systems which all Americans can access to get the tools they need to prepare for, find and keep employment and to assist employers in finding skilled workers. The President's FY 2000 budget requested increases in funding for programs to revitalize the workforce investment system as envisioned by WIA. The following are key WIA-related elements of the President's request:

- **Universal Reemployment:** A $368 million increase is proposed as the first down payment in a five-year effort to ensure States and localities have resources they need to fully implement America's Jobs Network and provide universal access to services for American workers and employers alike. This includes a $190 million increase to provide training and services to a total of 840,000 dislocated workers (an additional 132,000); $53 million to provide re-employment services to 241,000 unemployment insurance claimants to help them find jobs faster; $65 million for several initiatives to provide universal access to the services and programs available through One-Stop Career Centers, including improvements in America's Job Bank, a national toll-free number for information on workforce investment services, and mobile vans for One-Stop access to rural areas; $50 million for a new Work Incentives Grants initiative to help the disabled, who face an unemployment rate of 70%, return to work; and $10 million for a new information system (AgNet) that helps growers to find workers and workers to find employment opportunities in agriculture.

- **Adult Training:** The FY 2000 request continues the FY 1999 funding level of $955 million, serving 382,000 adults. Under WIA, the demand for services increases, as a much larger universe of adults is eligible to be served.

o **Youth Activities:** With youth unemployment rates three times those of adults, in spite of the strong economy, youth training investments fill a critical need and reinforce core values like work, opportunity, and responsibility. WIA enhanced the Department's youth programs. It combines the summer and year-around youth programs and stresses comprehensive service delivery and long-term interventions, and authorized the Youth Opportunities grants.

The President's FY 2000 request continues the FY 1999 funding level of $1 billion for the youth activities grants, serving almost 600,000 youth. [Note: This is the minimum funding level allowed under WIA in order to trigger the authorized funding for the Youth Opportunities Grants.] It continues the $250 million funding level for the Youth Opportunities grants to provide job placement and retention services to 58,000 youth in 25 communities. Youth Opportunities is part of the President's 5-year commitment to increase the long-term employment and educational attainment of youth living in the poorest urban neighborhoods and rural areas, highlighted in his recent New Markets Initiative. The request also includes $100 million for a new Right Track Partnerships initiative to promote partnerships among schools, employers, and community organizations to reduce the high school drop-out rate; and $1,347 million (an increase of $31 million) for the Job Corps program to help 70,000 of the most at-risk youth in 119 residential centers around the country. The request also included $110 million for the successful joint DOL/ED School-to-Work initiative which brings local businesses and schools together to help students bridge the gap between classroom and careers. These investments are critical to ensure that a generation of young people are not left behind.

o **Welfare-to-Work:** The President has also requested that Congress reauthorize the Welfare-to-Work program ($1 billion over the next two years), to help move the hardest to employ, long-term welfare recipients and low income fathers from welfare to work to self-sufficiency. This program is designed to be integrated into the state and local workforce systems, with every locally run grantee being a partner in every One-Stop Center.

o **Trade Adjustment Assistance:** The TAA and NAFTA-TAA programs for workers who lose jobs due to trade policies must be reauthorized in order to achieve the goal of universal re-employment services and to meet our commitment to trade-impacted workers. The President's FY 2000 budget proposed to consolidate and reform these programs, providing $465 million (a $151 million increase) for these activities, to provide 33,000 workers with weekly benefits and 23,000 workers with training.

Now is not the time to cut investments in America's workers and America's newly reformed workforce system.

International Labor Standards

The welfare of American workers is increasingly tied to the health of the global economy. Therefore, there is a need to help build a stable and prosperous international economic system at the same time the Nation improves conditions for American workers.

- **Core Labor Standards:** Core labor standards can help to ensure that the benefits of trade are broadly distributed. The President's FY 2000 request proposed $35 million to improve conditions for working people throughout the world, including $25 million to the International Labor Organization to help developing nations establish core labor standards and build their own social safety nets, and $10 million for DOL to provide technical assistance directly to developing countries.

- **Child Labor**: The budget also continues last year's $30 million investment to combat exploitative child labor. U.S. leadership in this important effort resulted in a unanimous vote by the ILO this summer on its child labor convention, and the President has just submitted the convention to Congress for its consideration.

Worker Protection

The Department of Labor administers and enforces more than 180 federal laws that cover 125 million American workers in the Nation's 10 million workplaces, protecting the safety and health, pensions, wages, and nondiscrimination of workers.

- **Occupational Safety and Health**: The Department's efforts to protect workers on the job are paying off in declining injury and fatality rates, yet 6,000 workers a day are still injured on the job. The President's FY 2000 request includes an increase of $35 million for a number of innovative program initiatives. This includes funds to support an enhanced compliance assistance program that provides staff presence in every Federal OSHA office to provide direct outreach and training assistance to employers and employee groups. In addition, there are increases for the Susan Harwood training grants and the development of additional "expert advisors", both of which address the special needs of small businesses. Funds are also included to target enforcement on the most dangerous workplaces and hazards, with additional compliance officers bringing an agency presence to those work sites that have been identified as the nation's most dangerous. These funds are needed to protect worker safety and health.

o **Mine Safety and Health:** The President's FY 2000 request includes an additional $13 million to protect the safety and health of the Nation's miners. These funds are need to accident prevention and strategically focused assistance to reduce fatalities at surface mines and to meet the requirements of the Transportation Equity Act. Funds are also requested to be able to conduct more frequent dust sampling at underground mines to ensure worker safety.

- **Equal Pay:** The Administration proposed to step up its efforts to ensure that women and men earn equal pay for equal work. The Department's budget request includes $4 million in new initiatives to eliminate wage discrimination by helping federal contractors recruit qualified women in non-traditional jobs as well as providing employers tools to assess and improve their pay policies. The President's request also includes $10 million for research on the impact the **Family Medical Leave Act (FMLA)** has had on the American family and how to make leave accessible and affordable for more of America's working families.

- **Pensions and Health**: The Department protects the pension and health benefits of over 150 million individuals who participate in ERISA covered plans, holding more than $3.5 trillion in assets. The President's FY 2000 request includes an increase of $12 million to implement new compliance guidance and outreach initiatives, including efforts to help small employers comply with newly enacted health care.

Statistics

- The Bureau of Labor Statistics (BLS) is responsible for the production of some of the Nation's most important and sensitive economic data. The FY 2000 budget requests an increase of $22 million to maintain and improve statistical data for key economic indicators–the Consumer Price Index (CPI), the Employment Cost Index (ECI), and the Producer Price Index (PPI)–all of which are closely followed by business, labor, and government.

As the Nation prepares to enter the 21st century with the strongest economy in a generation, now is not the time to disinvest in the workers of today and tomorrow. America's working families deserve better.

TYPE 6

U. S. Department of Labor
FY 2000 Budget Highlights (In Millions)

A PREPARED WORKFORCE	**$1,521**
UNIVERSAL REEMPLOYMENT INITIATIVE	**368**
Dislocated Workers/Skills Shortages	190
Reemployment Services Grants	53
One-Stop/Labor Market Information	65
America's Agricultural Labor Network	10
Work Incentives Grants	50
Youth Right Track Partnership	100
Job Corps Center Improvements	31
Welfare-To-Work Extension	1,000 *
Improve Economic Indicators	22
A SECURE WORKFORCE	**$369**
U.I. Enhancements & Reform	202 *
TAA/NAFTA Improvements	157 *
Pension Plan & Health Care Protection	10
QUALITY WORKPLACES	**$118**
Garment & Agricultural Compliance/Child Labor	4
International Labor Standards	35
Safety And Health	**48**
Occupational	35
Mines	13
Family & Medical Leave Act	10
Equal Pay & Civil Rights	13
One-Stop Services to Workers & Employers (Cross-Cut)	6
Innovative Enforcement/ Alternative Dispute Res. (Cross-Cut)	2

* Requires Legislation

U.S. Department of Labor
FY 2000 President's Budget
(BUDGET AUTHORITY IN MILLIONS)

	FY 98 Actual	FY 99 Final	FY 2000 Request	FY 2000 Request vs. FY 99 Final: Dollars	FY 2000 Request vs. FY 99 Final: Percent
TRNG & EMPLOY SVS Total	4,988	5,281	5,500	219	4%
Adult Training	955	955	955	0	0%
Dislocated Workers	1,346	1,406	1,596	190	14%
Youth Activities	1,001	1,001	1,001	0	0%
Youth Opportunity Grants	0	250	250	0	0%
Job Corps	1,246	1,309	1,347	38	3%
School-to-Work	200	125	55	-70	-56%
Right Track Partnerships	0	0	100	100	100%
National Programs	240	235	196	-39	-17%
OLDER WORKERS	440	440	440	0	0%
SUIESO	3,467	3,292	3,507	215	7%
Unemployment Insurance 1/	2,482	2,360 2/	2,459 2/	99	4%
Employment Svs/Reemployment	813	785	848	63	8%
One Stop/ALMIS	172	147	149	3	2%
Work Incentives Grants	0	0	50	50	100%
VETS EMPLOY & TRNG	157	157	157	0	0%
WORKER PROTECTION	1,006	1,113	1,241	129	12%
PWBA	82	90	102	12	13%
ESA	301	348	376	29	8%
[WH] [non-add]	121	163	176	13	8%
[OFCCP] [non-add]	62	65	76	11	17%
[OLMS] [non-add]	27	28	29	1	4%
[OWCP] [non-add]	78	77	80	4	5%
OSHA	336	353	388	35	10%
MSHA	203	215	228	13	6%
SOL	71	66	70	4	6%
ILAB	12	40	76	36	89%
STATISTICS (BLS)	380	399	421	22	6%
OTHER S&E	285	306	347	41	14%
ETA/PO	131	132	141	9	7%
PBGC	10	11	11	0	4%
DM (Less SOL & ILAB)	75	89	111	23	26%
VETS S&E	25	26	28	3	10%
OIG	43	49	55	7	14%
Total Discret. Before Cmte (FY 00)	10,723	10,988	11,613	626	6%

NOTE - Table excludes Black Lung S&E transfers.

1/ Includes $40 M advance appropriated in FY 98 for FY 99 for Y2K Conversion costs

2/ Includes $20 M in FY99 and $91 M in FY 00 earmarked for integrity activities.

APT00V1.WK4 01/28/99, 01:07 PM

Programmatic Impacts in FY 2009 of Archer Tax Cut Assuming Defense is Equal to the President's Request

DEPARTMENT OF LABOR

- Approximately 368,000 **dislocated workers** would be denied training, job search assistance, and support services needed to find new jobs, out of the 708,000 that would otherwise be served in FY 2009, hindering thousands of employers in their search to find the skilled workers they need.

- A cut of this magnitude would eliminate **Adult training services** for 169,000 of the 325,000 adults who would otherwise be served in FY 2009, and eliminate half of the **One-Stop Career Centers** around the country--the foundation of the new workforce investment system, as envisioned by the bipartisan Workforce Investment Act enacted last year, which is intended to provide access to information and services that all Americans need to find and keep a job in the new global economy.

- About 330,000 summer **jobs and training opportunities** for low-income youth could be eliminated from the 634,000 that would otherwise be provided in FY 2009, and closing 62 of the 118 **Job Corps** Centers, taking away job training from 36,000 disadvantaged youth, and denying 27,000 youth in high-poverty communities access to education, training, and employment assistance through **Youth Opportunity** Grants.

- About 48,000 low-income older American of the 92,000 who would otherwise be served in FY 2009, would lose their part-time jobs under the **Community Service Employment for Older Americans** program.

- **Worker protection** programs would be cut in half, putting at jeopardy the health and safety of millions of working men and women. Fewer mines would be inspected, exposing even more miners to injury and death. Working families' hard-won pensions would be endangered. It will be easier for unscrupulous employers to take advantage of our most vulnerable workers.

  - OSHA would conduct 18,900 fewer Federal compliance inspections of workplaces, where nationally, 6,000 workers are injured on the job each day;
  - 290,000 workers would not recover $145 million in back wages that have been illegally withheld; and
  - Working families would lose $690 million in pension benefits, and 207,000 requests for information from working families concerned about their health care and pension benefits wouldn't be answered.

Impact on Employment and Training Programs of Archer Tax Cut
(52% cut by 2009)

	Dollars (in 000s)				Participants			
Program	1999	2009	Difference	% Diff.	1999	2009	Difference	% Diff.
Youth Activities	$1,000,965	$603,138	($397,827)	-40%	634,000	304,000	(330,000)	-52%
Youth Opportunity Grants	250,000	150,639	(99,361)	-40%	51,000	24,000	(27,000)	-52%
Job Corps	1,309,214	788,875	(520,339)	-40%	70,000	34,000	(36,000)	-52%
Adult Activities	955,000	575,441	(379,559)	-40%	325,000	156,000	(169,000)	-52%
Dislocated Worker Activities	1,405,510	846,899	(558,611)	-40%	708,000	340,000	(368,000)	-52%
Older Americans	440,200	265,245	(174,955)	-40%	92,000	44,000	(48,000)	-52%
Total	$5,360,889	$3,230,237	($2,130,652)	-40%	1,880,000	902,000	(978,000)	-52%

NOTE: 2009 Dollars were developed by increasing FY 1999 appropriation by 2.3% each year (including FY 2009) and taking 48% of the FY 2009 total.

11:37 AM 02-Aug-99 S:\OC\SS\ARCHCUT.WB2