

**FY 2019**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**WAGE AND HOUR DIVISION**

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# WAGE AND HOUR DIVISION

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# **WAGE AND HOUR DIVISION**

## **APPROPRIATION LANGUAGE**

### *WAGE AND HOUR DIVISION*

#### *SALARIES AND EXPENSES*

*For necessary expenses for the Wage and Hour Division, including reimbursement to State, Federal, and local agencies and their employees for inspection services rendered, \$230,068,000.*

Note.—A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2018 (Division D of P.L. 115–56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.

## WAGE AND HOUR DIVISION

<b>AMOUNTS AVAILABLE FOR OBLIGATION</b>						
(Dollars in Thousands)						
	<b>FY 2017 Enacted</b>		<b>FY 2018 Full Year C.R.</b>		<b>FY 2019 Request</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>A. Appropriation</b>	<b>1,404</b>	<b>\$227,500</b>	<b>1,378</b>	<b>\$225,955</b>	<b>1,393</b>	<b>\$230,068</b>
<i>Subtotal Appropriation</i>	<i>1,404</i>	<i>\$227,500</i>	<i>1,378</i>	<i>\$225,955</i>	<i>1,393</i>	<i>\$230,068</i>
Reimbursements (CMP's)	0	\$2,800	0	\$2,800	0	\$2,800
H-1B L Fraud Fees (Collected)	352	\$62,000	286	\$53,000	243	\$48,000
<i>Subtotal</i>	<i>1,756</i>	<i>\$292,300</i>	<i>1,664</i>	<i>\$281,755</i>	<i>1,639</i>	<i>\$280,868</i>
<b>B. Gross Budget Authority</b>	<b>1,756</b>	<b>\$292,300</b>	<b>1,664</b>	<b>\$281,755</b>	<b>1,639</b>	<b>\$280,868</b>
Reimbursements (CMP's)	0	-\$2,800	0	-\$2,800	0	-\$2,800
H-1B L Fraud Fees (Collected)	-352	-\$62,000	-286	-\$53,000	-243	-\$48,000
<b>C. Budget Authority Before Committee</b>	<b>1,404</b>	<b>\$227,500</b>	<b>1,378</b>	<b>\$225,955</b>	<b>1,393</b>	<b>\$230,068</b>
Reimbursements (CMP's)	0	\$2,800	0	\$2,800	0	\$2,800
H-1B L Fraud Fees Actual	318	\$58,635	286	\$53,000	243	\$48,000
<b>D. Total Budgetary Resources</b>	<b>1,722</b>	<b>\$288,935</b>	<b>1,664</b>	<b>\$281,755</b>	<b>1,636</b>	<b>\$280,868</b>
Additional FTE used and Unobligated Balance Expiring	10	\$350	0	\$0	0	\$0
<b>E. Total, Estimated Obligations</b>	<b>1,732</b>	<b>\$288,585</b>	<b>1,664</b>	<b>\$281,755</b>	<b>1,636</b>	<b>\$280,868</b>

# WAGE AND HOUR DIVISION

## SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2018 Full Year C.R.	FY 2019 Request	Net Change
<b>Budget Authority</b>			
General Funds	\$278,955	\$278,068	-\$887
Total	\$278,955	\$278,068	-\$887
<b>Full Time Equivalents</b>			
General Funds	1,664	1,636	-28
Total	1,664	1,636	-28

### FY 2019 Change

Explanation of Change	FY 2018 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Costs of pay adjustments	1,664	\$141,064	0	\$0	0	\$0	0	\$0
Personnel benefits	0	\$47,427	0	\$0	0	\$0	0	\$0
Employee health benefits	0	\$0	0	\$0	0	\$0	0	\$0
Moving allowance	0	\$0	0	\$0	0	\$0	0	\$0
One day more of pay	0	\$0	0	\$0	0	\$578	0	\$578
Federal Employees' Compensation Act (FECA)	0	\$1,083	0	\$0	0	\$26	0	\$26
Benefits for former personnel	0	\$45	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$0	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$3	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$14,127	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$15	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$3,250	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$397	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$4,811	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$875	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$48,503	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$1,333	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$6,876	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$5	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$5,322	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$545	0	\$0	0	\$0	0	\$0
Equipment	0	\$230	0	\$0	0	\$0	0	\$0

## WAGE AND HOUR DIVISION

FY 2019 Change

Explanation of Change	FY 2018 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$50	0	\$0	0	\$0	0	\$0
<b>Built-Ins Subtotal</b>	<b>1,664</b>	<b>+\$275,961</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$604</b>	<b>0</b>	<b>+\$604</b>
<b>B. Programs:</b>								
Modernized Compliance Assistance	0	\$4,113	0	\$0	15	\$4,113	15	\$4,113
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>15</b>	<b>+\$4,113</b>	<b>15</b>	<b>+\$4,113</b>
<b>Total Increase</b>	<b>1,664</b>	<b>+\$275,961</b>	<b>0</b>	<b>\$0</b>	<b>15</b>	<b>+\$4,717</b>	<b>15</b>	<b>+\$4,717</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Travel and transportation of persons	0	\$2,994	0	\$0	0	-\$604	0	-\$604
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>+\$2,994</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$604</b>	<b>0</b>	<b>-\$604</b>
<b>B. Programs:</b>								
H-1B - Less Carryover for FY 19	0	\$0	0	\$0	-43	-\$5,000	-43	-\$5,000
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>-43</b>	<b>-\$5,000</b>	<b>-43</b>	<b>-\$5,000</b>
<b>Total Decrease</b>	<b>0</b>	<b>+\$2,994</b>	<b>0</b>	<b>\$0</b>	<b>-43</b>	<b>-\$5,604</b>	<b>-43</b>	<b>-\$5,604</b>
<b>Total Change</b>	<b>1,664</b>	<b>+\$278,955</b>	<b>0</b>	<b>\$0</b>	<b>-28</b>	<b>-\$887</b>	<b>-28</b>	<b>-\$887</b>



## WAGE AND HOUR DIVISION

<b>SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY<sup>1</sup></b>								
(Dollars in Thousands)								
	FY 2017 Enacted		FY 2018 Full Year C.R.		FY 2019 Request		Diff. FY19 Request / FY18 Full Year C.R	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Wage and Hour Division</b>	<b>1,414</b>	<b>227,500</b>	<b>1,378</b>	<b>225,955</b>	<b>1,393</b>	<b>230,068</b>	<b>15</b>	<b>4,113</b>
General Funds	1,414	227,500	1,378	225,955	1,393	230,068	15	4,113
<b>Wage Hour H-1B</b>	<b>318</b>	<b>62,000</b>	<b>286</b>	<b>53,000</b>	<b>243</b>	<b>48,000</b>	<b>-43</b>	<b>-5,000</b>
General Funds	318	62,000	286	53,000	243	48,000	-43	-5,000
<b>Total</b>	<b>1,732</b>	<b>289,500</b>	<b>1,664</b>	<b>278,955</b>	<b>1,636</b>	<b>278,068</b>	<b>-28</b>	<b>-887</b>
<b>General Funds</b>	<b>1,732</b>	<b>289,500</b>	<b>1,664</b>	<b>278,955</b>	<b>1,636</b>	<b>278,068</b>	<b>-28</b>	<b>-887</b>

NOTE: 2017 reflects actual FTE.

<sup>1</sup> Note: H-1B Fees - This account is not appropriated.

## WAGE AND HOUR DIVISION

<b>BUDGET AUTHORITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		FY 2017 Enacted	FY 2018 Full Year C.R.	FY 2019 Request	Diff. FY19 Request / FY18 Full Year C.R.
	Full-Time Equivalent				
	Full-time Permanent	1,756	1,664	1,679	15
	Total	1,756	1,664	1,679	15
	Average ES Salary	\$184,269	\$183,875	\$184,269	\$394
	Average GM/GS Grade	11	11	11	0
	Average GM/GS Salary	\$68,220	\$70,002	\$71,394	\$1,392
11.1	Full-time permanent	140,108	137,227	135,755	-1,472
11.3	Other than full-time permanent	645	1,490	1,490	0
11.5	Other personnel compensation	2,504	2,347	2,347	0
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>143,257</b>	<b>141,064</b>	<b>139,592</b>	<b>-1,472</b>
12.1	Civilian personnel benefits	48,687	48,510	47,261	-1,249
13.0	Benefits for former personnel	35	45	45	0
21.0	Travel and transportation of persons	4,970	2,994	2,690	-304
22.0	Transportation of things	9	3	3	0
23.0	Rent, Communications, and Utilities	0	0	0	0
23.1	Rental payments to GSA	13,825	14,127	14,127	0
23.2	Rental payments to others	13	15	15	0
23.3	Communications, utilities, and miscellaneous charges	3,459	3,250	3,250	0
24.0	Printing and reproduction	595	397	397	0
25.1	Advisory and assistance services	3,758	4,811	4,811	0
25.2	Other services from non-Federal sources	1,962	875	875	0
25.3	Other goods and services from Federal sources 1/	64,109	56,712	57,712	1,000
25.4	Operation and maintenance of facilities	39	5	5	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	2,941	5,322	6,435	1,113
26.0	Supplies and materials	574	545	545	0
31.0	Equipment	1,203	230	255	25
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	64	50	50	0
	<b>Total</b>	<b>289,500</b>	<b>278,955</b>	<b>278,068</b>	<b>-887</b>
	1/Other goods and services from Federal sources				
	Working Capital Fund	46,568	48,503	48,503	0
	DHS Services	1,288	1,333	1,333	0
	Services by DOL Agencies	8,683	5,161	5,161	0
	GSA Services	879	1,378	1,378	0
	HHS Services	17	2	2	0
	Services by Other Government Departments	6,674	335	1,335	1,000

## WAGE AND HOUR DIVISION

### AUTHORIZING STATUTES

Public Law / Act	Legislation	Statute No. / US Code	Volume No.	Page No.	Expiration Date
PUB. L. 75-718	Fair Labor Standards Act of 1938, as amended.	29 U.S.C. 201-219			N/A
PUB. L. 74-846	Walsh-Healy Public Contracts Act, as amended (1936).	41 U.S.C. 35-45			N/A
PUB. L. 90-321	Consumer Credit Protection Act (Title III – Restriction on Garnishment) (1968).	15 U.S.C. 1671-1677			N/A
PUB. L. 87-581	Contract Work Hours and Safety Standards Act, as amended (1962).	40 U.S.C. 327-330			N/A
PUB. L. 89-286	McNamara-O’Hara Service Contract Act, as amended (1965).	41 U.S.C. 351-357			N/A
PUB. L. 74-403	Davis-Bacon Act, as amended and related acts (1931).	40 U.S.C. , Chapter 31, Subpart IV			N/A
PUB. L. 97-470	Migrant and Seasonal Agricultural Worker Protection Act (1983).	29 U.S.C. 1801-1872			N/A
PUB. L. 99-603	Immigration and Nationality Act, as amended by the Immigration Reform and Control Act of 1986.	8 U.S.C. 1324, 8 U.S.C. 1101(a), 1184(c), 1824, 29 U.S.C. 1802, 1813(a)			N/A
PUB. L. 100-347	Employee Polygraph Protection Act of 1988.	29 U.S.C. 2001 et seq			N/A
PUB. L. 103-3	Family and Medical Leave Act of 1993.	29 U.S.C. 2601, et. Seq.			N/A
PUB. L. 105-277	American Competitiveness and Workforce Improvement Act (ACWIA), Title IV of the Omnibus Consolidated and Emergency Supplemental Appropriation Act (1998).	414(b) and (c)			N/A

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PUB. L. 108-447	L-1 Visa and H-1B Visa Reform Act, Title IV of the Consolidated Appropriations Act, (2005).	401-430			N/A
PUB. L. 89-209	National Foundation for the Arts and Humanities Act, Sections 5(i) and 7(g) (1965).	20 U.S.C. 954 (i) and 956 (g)			N/A

## WAGE AND HOUR DIVISION

<b>APPROPRIATION HISTORY</b>					
(Dollars in Thousands)					
	<b>Budget Estimates to Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriations</b>	<b>FTE</b>
2009					
Base Appropriation	\$193,092			\$193,092	1,283
2010					
Base Appropriation	\$227,656			\$227,262	1,466
2011					
Base Appropriation	\$244,240			\$227,491	1,022
2012					
Base Appropriation	\$240,937		\$227,491	\$227,061	1,418
2013					
Base Appropriation	\$237,730			\$215,184	1,420
2014					
Base Appropriation	\$243,254			\$224,330	1,446
2015					
Base Appropriation	\$265,766			\$227,500	1,332
2016					
Base Appropriation	\$277,100	\$215,500	\$210,000	\$227,500	1,376
2017					
Base Appropriation	\$276,599			\$227,500	1,404
2018					
Base Appropriation...1/	\$230,068	\$217,500			
2019					
Base Appropriation	\$230,068				1,393

1/ A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared.

In the FY 2005 through FY 2010 budget estimate to congress, the Wage and Hour amount was included in the former Employment Standards Administration request.

FTE shown only includes FTE funded from the WHD annual appropriation.

# WAGE AND HOUR DIVISION

## OVERVIEW

### Introduction

The Wage and Hour Division (WHD) enforces minimum wage, overtime, and other wage laws under the authorization set forth in 29 U.S.C. 207, *et seq.*, so that America's workers receive wages required by law and businesses that play by the rules can operate on a level playing field. Collectively, these laws cover most private, state, and local government employment and protect more than 135 million of America's workers in more than 7.3 million establishments throughout the United States and its territories.

WHD enforces and administers:

- The minimum wage, overtime, child labor, anti-retaliation, and break time for nursing mothers provisions of the Fair Labor Standards Act (FLSA);
- The prevailing wage requirements and wage determination provisions of the Davis Bacon Act (DBA) and Related Acts (DBRA), the Service Contract Act (SCA), the Contract Work Hours and Safety Standards Act (CWHSA), the Walsh-Healey Act, and the Copeland Act, an anti-kickback law;
- The wages and working conditions under the Migrant and Seasonal Agricultural Worker Protection Act (MSPA);
- The field sanitation and temporary labor camp standards in agriculture under the Occupational Safety and Health Act (OSH Act);
- The Family and Medical Leave Act (FMLA);
- The Employee Polygraph Protection Act (EPPA);
- The labor standards protections of the Immigration and Nationality Act (INA) for certain temporary nonimmigrant workers admitted to the U.S., including the labor protections of the H-1B, H-2A, and H-2B programs so that the employment of non-immigrant workers will not adversely affect the wages and working conditions of similarly employed US workers; and
- The garnishment provisions of the Consumer Credit Protection Act (CCPA).

WHD focuses its enforcement and 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 compliance with the laws it enforces. In June 2017, WHD reinstated the Opinion Letter process to help employers understand their labor responsibilities so that they can concentrate on what they do best—growing their businesses and creating jobs. By combining enforcement with education, more workers in this country can obtain stable and secure income and responsible businesses can succeed.

WHD is modernizing its business processes and approaches to enforcement in key industries and program areas, including nonimmigrant visa programs such as H-1B. H visa programs are voluntary programs in which all sponsors commit to follow the rules. WHD is charged with

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rigorous enforcement and aims to increase protections to American workers within existing statutory limitations. In June 2017, consistent with the President's Executive Order on Buy American and Hire American, the Secretary directed the Department to protect American workers and guest workers by aggressively confronting nonimmigrant visa program fraud and abuse. WHD will use all available tools to civilly enforce the labor protections provided by the visa programs. As part of this directive, WHD has stepped up coordination with other federal agencies and publicized the investigation and prosecution of entities in violation of visa programs.

WHD balances key strategies in a multi-pronged approach to affect compliance: enforcement, including both complaint-based and agency-initiated investigations; outreach and education to employers and employees; partnerships with other agencies, community organizations, business associations and other stakeholders; and increasing public awareness through media activities. WHD focuses its outreach and enforcement resources in industries where significant violations exist and the workers are least likely to come forward to report violations, while also investigating complaints received from employees themselves. By focusing on industries with high-violation rates, WHD responsibly allocates resources to impact compliance.

Using a data and evidence-based approach to enforcement, the agency is driving towards consistency in enforcement priorities and remedies, and using its resources in areas where the agency has the greatest opportunity to affect broad compliance. These strategies include a greater use of external data to augment the agency's internal administrative data to ensure that the agency is investigating in areas where violations are more likely to occur, along with enforcement strategies designed to promote compliance and deterrence. WHD uses the complete set of tools it has available for enforcement, including thorough investigations; litigation; collection of back wages, liquidated damages, and the use of civil monetary penalties; revocation and debarment of contractors and certificate holders; and, when appropriate, its "hot goods" authority. WHD has more than 200 offices across the country, staffed with trained investigators who work to protect the rights of wage earners and level the playing field for employers. WHD prioritizes enforcement where the data and the evidence indicate the problems are the most significant and workers are least likely to exercise their rights. WHD is coordinating these efforts with other government law enforcement agencies at the federal, state, and local levels to maximize its impact. These strategies will continue in the coming fiscal year as the agency evaluates outcomes.

The FY 2019 Budget's proposed investments provide resources for updated and modernized compliance assistance, and its accompanying updated technology, to allow WHD to engage with industry leaders at the national, regional, and local level. While relationships with industry leaders have resulted in meaningful partnerships and compliance assistance tools that have been well-received by the employer community, WHD would benefit from additional resources to further expand on its efforts to make compliance information more accessible and understandable to the employer community.

Through direct engagement with industry leaders at a national, regional, and local level, WHD can increase its impact. Rather than rely on traditional text-heavy fact sheets and PowerPoint presentations, WHD has had early success transitioning to modern compliance assistance

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methods. The agency has experimented with new ways to share information through visual design, infographics, videos, interactive web-based tools, and offer accessible and usable means in multiple contexts and formats. WHD has collaborated with industry stakeholders to produce an easy-to-understand [FMLA Employer Guide](#)<sup>2</sup> that has been distributed widely through industry channels. And, in FY 2018, WHD will be distributing online new FLSA compliance videos that it developed through consultation with a major franchisor in the restaurant industry. Demand for accessible information about the laws WHD enforces remains high; in FY 2017 alone WHD's webpages were viewed nearly 36 million times. WHD also continues to modernize its public-facing forms to provide assistance to employers and streamline the requirements. The FY 2019 request will allow WHD to continue its efforts to reach a broader audience and increase compliance with the laws it enforces.

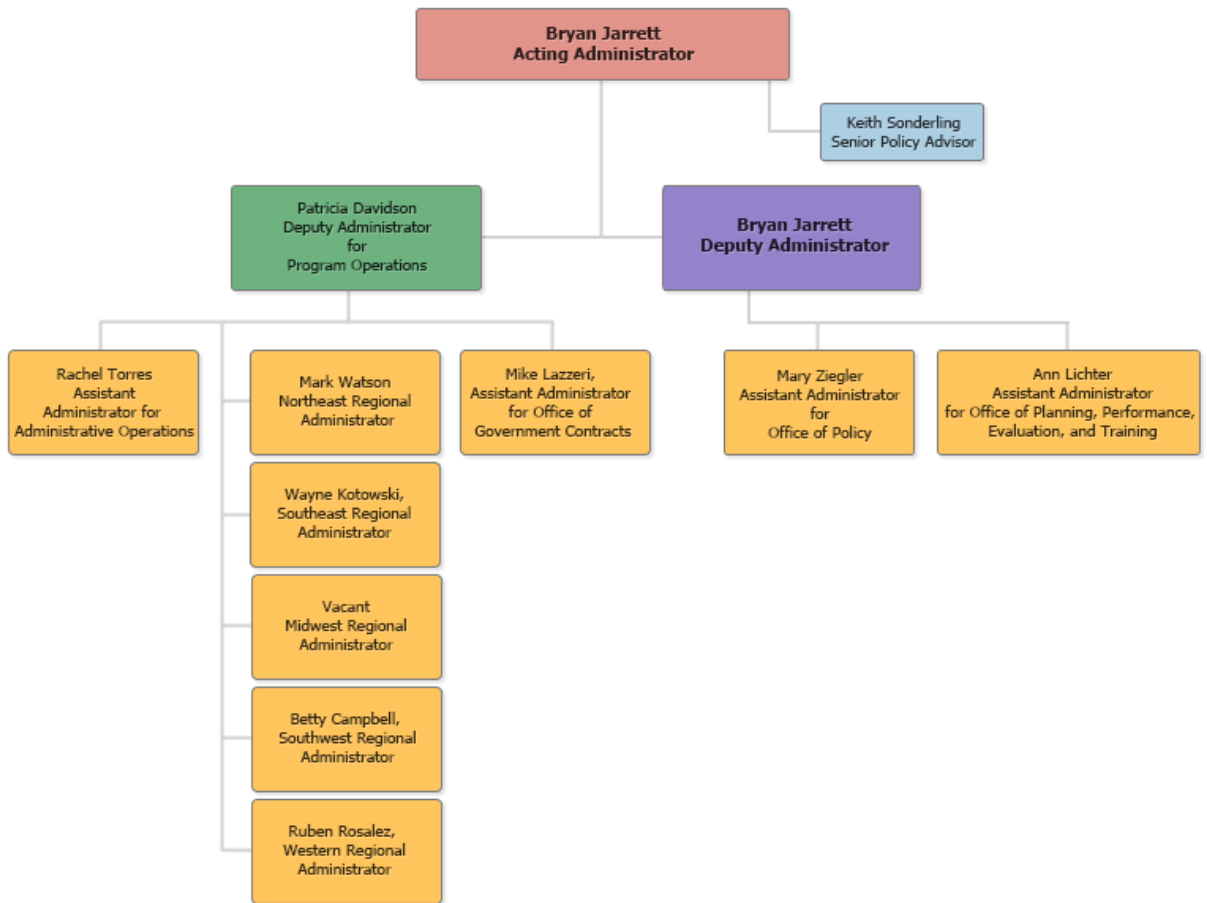
WHD's request includes an increase of 15 FTE and \$4,113,000 to implement modernized compliance assistance that will enable the agency to ensure that employers have information and support that is tailored to their needs, and that workers are properly paid and protected in compliance with the law. WHD also will be using better strategies to plan the optimal deployment of resources and resolutions of cases, focusing investigations on employers with the most serious violations. Data-driven decision-making allows WHD to focus resources where the opportunity to affect compliance is the greatest and ensures WHD allocates a larger share of resources to programs and enforcement strategies backed by evidence of effectiveness. WHD is committed to ensuring its workforce is equipped with the right tools and information. Important progress has been made in developing potential new IT modules and a digital guidance to support field personnel, and these efforts will continue. WHD views these efforts as critical to its efficiency and effectiveness; however, greater investment in IT modernization efforts is necessary to fully support the evidence-based, data-driven enforcement strategies. With enhanced IT capabilities and increased data analytics, WHD can significantly increase the impact of each compliance action. The FY 2019 budget request supports WHD as a modern, evidence-based enforcement agency that addresses the needs of employers and workers of the 21<sup>st</sup> Century.

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<sup>2</sup> [FMLA Employer Guide](#)



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## WAGE AND HOUR DIVISION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2017 Enacted</b>	<b>FY 2018 Full Year C.R.</b>	<b>FY 2019 Request</b>	<b>Diff. FY19 Request / FY18 Full Year C.R.</b>
<b>Activity Appropriation</b>	<b>227,500</b>	<b>225,955</b>	<b>230,068</b>	<b>4,113</b>
FTE	1,414	1,378	1,393	15

NOTE: FY 2018 reflects actual FTE. Authorized FTE for FY 2018 was 1378.

### **Introduction**

Wage and hour laws provide a basic level of protection and economic security to the nation’s workers so that they can purchase goods and services to support themselves and their families. The economic security of the nation’s workforce supports America’s businesses and economy as a whole. To protect fair and vigorous competition, WHD addresses compliance issues systemically and deters violations through both enforcement and compliance assistance. The combination of enforcement and compliance assistance increases compliance with the laws and provides remedies to workers who have experienced violations.

**FLSA:** WHD conducts compliance assistance and enforcement efforts in areas and industries where data and research indicate that the problems are greatest, where workers are least likely to exercise their rights, and where WHD can impact compliance.

**H Visa Programs:** WHD enforces the worker protection obligations of the H-1B (specialty occupations or fashion models of distinguished merit and ability), H-2A (agricultural workers), and H-2B (occupations other than agriculture) provisions of the INA. WHD is committed to enhancing these visa programs by using existing authority in this area to rigorously enforce the laws relating to admission of workers into the United States under the visa programs to fulfill the Department’s strong commitments to enhancing program integrity and protecting America’s workers.

**Agriculture:** Domestic and temporary non-immigrant agricultural workers may endure low wages, unsafe housing and transportation, and harsh working conditions in violation of the law. WHD is developing new methods and tools to support data-driven decisions to focus resources in areas with the most severe violations. WHD is committed to leveling the playing field within the industry to ensure that the worst violators are not gaining unfair advantages through their unlawful behavior and is committed to using all available enforcement tools to deter violations, including revocation and debarment. WHD is also committed to making its agriculture enforcement data, including data related to Farm Labor Contractors, more accessible and usable online so that employers, buyers, and stakeholders can more easily use it to ensure compliance within particular crops and supply chains.

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***FMLA:*** To promote work and family balance, WHD will continue its development of compliance assistance and enforcement strategies that are designed to have a broad impact on compliance.

***Section 14(c):*** Section 14(c) of the FLSA provides that workers whose disabilities impair their earning or productive capacity for the work being performed may be employed at wage rates below the Federal minimum wage rate if the employer first obtains an authorizing certificate from the Secretary of Labor. The Department issues certificates authorizing employers to pay workers with disabilities these subminimum wages in accordance with the law. The Workforce Innovation and Opportunity Act (WIOA) increases individuals with disabilities' access to workforce services to prepare them for competitive integrated employment. Working through the requirements and intent of WIOA, WHD is aligning its policy, certification, enforcement, and outreach efforts to improve program efficiency and effectiveness.

***Child Labor:*** WHD enforces child labor provisions to ensure that children are protected from illegal employment in prohibited hazardous occupations, and that those who are eligible to work have safe and appropriate work experiences. The Department has a long history of examining child labor in every one of its investigations. WHD is focusing on child safety and evaluating options for improvements in this program area.

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## Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2014	\$224,330	1,446
2015	\$227,500	1,332
2016	\$227,500	1,376
2017	\$227,500	1,404
2018	\$0	0

NOTE: A full-year 2018 appropriation for this account was not enacted at the time the budget was prepared.

## FY 2019

For FY 2019, WHD requests \$230,068,000 and 1,393 FTE, which is \$4,113,000 and 15 FTE above the FY 2018 Full Year adjusted annualized Continuing Resolution level. WHD's budget includes an increase of \$4,113,000 and 15 FTE for compliance assistance and accompanying technology.

WHD is committed to maximizing its resources to achieve the greatest impact on compliance and deterrence. WHD is using strategies to plan the optimal deployment of resources and resolutions of cases, focusing investigations on employers with the most serious violations. This data-driven decision-making allows WHD to focus resources where the opportunity to affect compliance is the greatest, ensuring WHD allocates a larger share of resources to programs and enforcement strategies backed by strong evidence of effectiveness.

Coupled with evidence-based enforcement strategies designed to achieve these goals, compliance assistance is central to WHD's mission. At the local level, WHD has dedicated Community Outreach and Resource Planning Specialists (CORPS), whose responsibility is, in large part, to engage with and educate the employer community. Through the CORPS, WHD has established collaborative partnerships with industry associations and employer groups who would like to educate their members on how to comply with the law. These groups are concerned about maintaining labor standards within their industry in order to attract a qualified workforce and ensure fair competition among businesses. The feedback from stakeholders to the CORPS has been overwhelmingly positive. WHD will utilize the additional FTE and support to expand on this proven model, by hiring CORPS in critical areas across the country and by bringing new technology and design techniques to modernize compliance assistance products.

In recent years, WHD has efficiently used time and resources to deliver meaningful compliance assistance with a mix of in-person engagement and training and more modern digital tools. In the Southwest region, the CORPS organized a series of monthly employer forums to encourage employers to learn about relevant laws and the investigative process. These workshops were well-received, and additional resources can expand these offerings. In addition, stakeholders have asked the agency to produce more web-based tools that leverage content and data and make compliance information more accessible, as well as short, off-the-shelf video modules for

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employers to access and industry leaders to distribute through their channels. In FY 2018, WHD will release a new set of online FLSA video modules that were created using employer input through a partnership with a major national franchisor. In addition, WHD has produced [web-based calculators](#)<sup>3</sup> to support employers participating in the FLSA 14(c) subminimum wage program. These tools represent a viable proof-of-concept for how WHD could partner with employer groups to produce tools that support employers—particularly small businesses—in their efforts to comply with the law while growing their business.

These efforts demonstrate how WHD has become more effective by employing modern techniques from the private sector that allow for a customer-centric focus and iterative development of products through customer engagement. In addition, modernized products and digital tools have proven to be an efficient way to reach employers. The FTE and technology support will position the agency to modernize the approach to delivering useful and effective compliance tools that support the employer community.

### **FY 2018**

Figures shown for FY 2018 reflect the adjusted annualized Continuing Resolution level, as a full-year appropriation had not been enacted at the time the budget was produced. The Department will provide an Operating Plan after a full-year appropriation bill is enacted.

### **FY 2017**

In FY 2017, WHD focused on prioritizing enforcement in industries with the greatest compliance problems and developing strategies that impact compliance. In FY 2017 alone, WHD collected over \$270 million in back wages. WHD enforcement actions found, on average, more than \$1,120 for each employee due back wages. At the same time, WHD continued its strong outreach and education efforts. Since January 2017, WHD has conducted 2,300 outreach events and presentations, providing valuable information and compliance assistance to thousands of employers, community organizations, industry associations and other stakeholders, nationwide.

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<sup>3</sup> <https://www.dol.gov/whd/sec14c/calculators/>

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## Workload and Performance Summary

WHD's performance measures are designed to monitor progress in achieving compliance outcomes. WHD uses a balance of measures to evaluate whether the agency is effective, productive, and consistent in applying its strategies. WHD is developing next-generation performance measures to drive continued growth and improvement. The current measures have been augmented with measures that balance enforcement priorities and compliance assistance needs. Changes to measures and the addition of contextual measures will inform the agency's approach to target-setting, which also aims for an appropriate balance of quantity, quality, and effectiveness.

To reflect its commitment to compliance assistance, in FY 2018 WHD began tracking and reporting on its number of outreach events to employers and the number of hours spent conducting outreach to employers. These measures support WHD's goal of increasing its impact through direct engagement with industry leaders and more modern compliance assistance methods. The agency is establishing a baseline for these new measures in FY 2018. WHD internally tracks access and use of new compliance assistance tools, and leverages feedback to improve compliance assistance products.

In FY 2017, WHD successfully increased its results for Percent of Agency-Initiated Investigations, reaching the highest percentage (51 percent) in recent history while also increasing its result in the Number of Compliance Actions. WHD tracks "no violation" rates as indications of whether the agency is selecting the right employers for investigation. In FY 2017, WHD also successfully realized the lowest no-violation rates in recent history for both Percent of Agency-Initiated No Violation Investigations and Percent of Complaint No Violation Investigations, at 14 and 15 percent, respectively. WHD continued to focus its enforcement in industries where it is more likely to find violations, achieving 78 percent in Percent of All Investigations in Priority Industries.

To drive emphasis on case quality and case outcomes, moving forward, WHD will target a level of compliance actions that strikes a balance between productivity and quality. WHD will maintain its percent of agency-initiated investigations and the no-violation rates. At the same time, WHD is focused on establishing new tools and performance measures to support finding and remedying the most severe and systemic violations, and ensuring that investigations have a greater impact.

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<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2017 Enacted</b>	<b>FY 2018 Full Year C.R.</b>	<b>FY 2019 Request</b>	<b>Diff. FY19 Request / FY18 Full Year C.R.</b>
11.1	Full-time permanent	114,278	111,312	113,140	1,828
11.3	Other than full-time permanent	523	1,254	1,254	0
11.5	Other personnel compensation	1,881	1,910	1,910	0
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>116,682</b>	<b>114,476</b>	<b>116,304</b>	<b>1,828</b>
12.1	Civilian personnel benefits	39,172	39,751	40,202	451
13.0	Benefits for former personnel	35	45	45	0
21.0	Travel and transportation of persons	2,812	2,194	1,890	-304
22.0	Transportation of things	9	3	3	0
23.1	Rental payments to GSA	13,825	14,127	14,127	0
23.2	Rental payments to others	13	15	15	0
23.3	Communications, utilities, and miscellaneous charges	3,459	3,250	3,250	0
24.0	Printing and reproduction	595	397	397	0
25.1	Advisory and assistance services	3,369	4,425	4,425	0
25.2	Other services from non-Federal sources	1,927	875	875	0
25.3	Other goods and services from Federal sources 1/	41,758	41,209	42,209	1,000
25.4	Operation and maintenance of facilities	39	5	5	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	1,979	4,360	5,473	1,113
26.0	Supplies and materials	559	543	543	0
31.0	Equipment	1,203	230	255	25
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	64	50	50	0
	<b>Total</b>	<b>227,500</b>	<b>225,955</b>	<b>230,068</b>	<b>4,113</b>
	1/Other goods and services from Federal sources				
	Working Capital Fund	38,931	38,000	38,000	0
	DHS Services	1,288	1,333	1,333	0
	Services by DOL Agencies	113	161	161	0
	GSA Services	879	1,378	1,378	0
	HHS Services	17	2	2	0
	Services by Other Government Departments	530	335	1,335	1,000



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## CHANGES IN FY 2019

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Employee health benefits	0
Moving allowance	0
One day more of pay	578
Federal Employees' Compensation Act (FECA)	26
Benefits for former personnel	0
Travel and transportation of persons	-604
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	0
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$0**

**Net Program** **\$4,113**

**Direct FTE** **15**

	Estimate	FTE
<b>Base</b>	<b>\$225,955</b>	<b>1,378</b>
<b>Program Increase</b>	<b>\$4,113</b>	<b>15</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>