Fiscal Year 2010

Summary of Performance and Financial Information

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Secretary's Message

February 15, 2011

I am pleased to submit the Department of Labor's (DOL) Fiscal Year (FY) 2010 Summary of Performance and Financial Information, which presents highlights of information previously published in the FY 2010 Agency Financial Report (AFR) and the FY 2010 Annual Performance Report (APR).[1] My vision for the Department and its many programs that touch the lives of all Americans is *good jobs for everyone* – which is reflected in five strategic goals that provide a framework for planning, management, and reporting on DOL's program performance. These goals, along with fourteen outcome goals and supporting agencies' performance goals and measures, are described in detail in the DOL FY 2011-2016 Strategic Plan (http://www.dol.gov/_sec/stratplan/) published on September 30, 2010.

What we have done
We have accomplished a great deal since my arrival at the Department of Labor, and we could not have done so much, so quickly, without the continued professionalism and dedication of the DOL workforce. Since my Senate confirmation in February 2009, we initiated an aggressive agenda to transform the Department's programs, through reforms that deploy research, evaluation and data to enhance effectiveness, streamline organizational structures and introduce 21st century technology and transparency to the Department's day-to-day operations. We also made possible the kind of training opportunities that will ensure our nation's workers can better meet the challenges of the 21st century workplace. We restored the focus of the Department on protecting workers; and we have helped ease the burden of the recession on working families.

Provision of Training Opportunities to Meet New Workplace Challenges
More than 39.7 million Americans have been served through the Employment and Training programs this year. Through funding provided by the American Recovery and Reinvestment Act of 2009 and the Workforce Investment Act, the Department offered Green Job and Health Care training initiatives to provide workers with the skills they need for good jobs in these sectors. The Department invested in 189 green jobs training programs alone. DOL's competitive grant programs are providing workers with job training and certification in green industry sectors, while grants jointly administered by DOL and its Federal partners are preparing low income adults and dislocated workers for careers in the health care sector.

Strengthening of Worker Protections
The Department continues to focus on its critical worker protection programs, and the agencies charged with enforcing workplace safety and health laws and minimum standards for fair compensation and working conditions in the United States. DOL recently implemented new, enhanced safety inspections to identify safety and health hazards in mines and hosted the first-ever Latino Worker Safety Summit. DOL's Wage and Hour Division issued regulations to strengthen protections for U.S. and non-immigrant farm workers and expanded public awareness and outreach to workers.

Easing of Recessionary Burden on Working Families
Through existing State programs, the Recovery Act and subsequent enabling legislation, the Department moved aggressively to provide and maintain critical income support to unemployed workers through DOL's unemployment insurance programs. More than $158 billion was made available to the States in FY 2010 to provide regular, extended

[1] This report, as well as the FY 2010 Agency Financial Report and the FY 2010 Summary of Performance and Financial Information, can be found on the Internet at http://www.dol.gov/_sec/media/reports/. This report contains information on Fiscal Year (FY) 2010 and Program Year (PY) 2009 performance.

and emergency benefits to workers who lost their jobs during the recession. These efforts enabled the Department to ensure that 31 million Americans received the unemployment benefits they earned. The Department also fielded approximately 260,000 inquiries about Recovery Act legislation that subsidized Consolidated Omnibus Budget Reconciliation Act (COBRA) benefits for qualified workers who lost their jobs during this period and approved over 15,000 applications through the appeals process after dislocated workers were denied the subsidy by their employer.

Where We Are Going

We know that the Department will continue to face challenges as we work to serve and protect America's workers. We have tasked DOL's agencies to undertake strategies focused on innovation, evaluation, and improved implementation in an effort to reform how they operate. And we have developed a strategic plan to guide our future success.

This publication continues the Department's transparent practices established by the FY 2010 AFR and the FY 2010 APR. Program performance data presented in the FY 2010 APR and this summary are complete and reliable, with the exception of injury and illness case rate results reported by the Occupational Safety and Health Administration (p.9). Non-standard employment data from the Office of Personnel Management used to calculate injury and illness rates may lead to inaccurate assessments of results for these measures. We continue to strive for the type of transparency that is at the heart of what the President and I call Open Government.

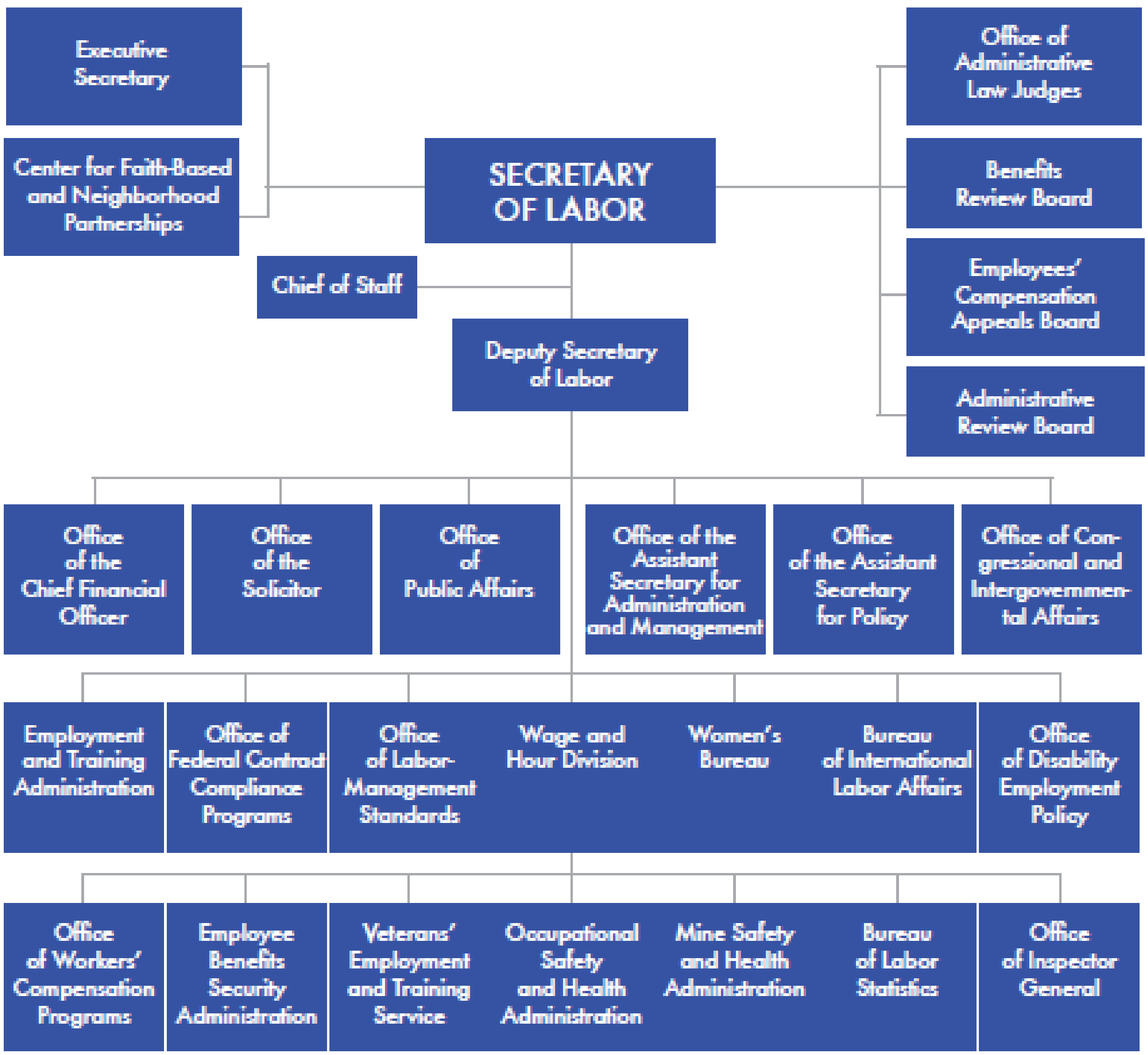
I am pleased to submit the Summary of Performance and Financial Information to Congress and the American people.

Hilda L. Solis
Secretary of Labor

Department of Labor Mission, Organization, and Goal Structure

The Department of Labor fosters and promotes the welfare of job seekers, wage earners, and retirees of the U.S. by improving their working conditions, advancing their opportunities for profitable employment, protecting their retirement and health care benefits, helping employers find workers, strengthening collective bargaining, and tracking changes in employment, prices and other national economic measures.

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. The largest program agencies, each headed by an Assistant Secretary, Commissioner, or Director, are the Employment and Training Administration, Occupational Safety and Health Administration, Mine Safety and Health Administration, Veterans' Employment and Training Service, Employee Benefits Security Administration, and Bureau of Labor Statistics. The Secretary of Labor is the Chair of the Board of Directors of Pension Benefit Guaranty Corporation.[2]



[2]PBGC – a Federal corporation created by the Employee Retirement Income Security Act (ERISA) of 1974 – is not included in the DOL organization chart. PBGC is included in this report because PBGC is included in the Department's performance budget. PBGC publishes an Annual Performance Report that can be found at http://www.pbgc.gov/Documents/2010_annual_report.pdf.

The Department's goal structure has four levels:

- **Strategic Goals**
  Five broad outcome goals that support the Department's mission and vision of *good jobs for everyone*.
- **Outcome Goals**
  Fourteen outcome goals that articulate more specific objectives associated with one or more programs and DOL agencies.
- **Performance Goals**
  Agency-specific performance goals that express contributions to the Departmental objectives by its programs. This report includes 12 key performance goals of the 26 performance goals included in the FY 2010 APR.
- **Performance Measures**
  Progress in achieving the performance goals is measured by one or more quantifiable performance measures. This summary includes 36 key measures of the 116 measures in the FY 2010 APR.

The strategic goal framework signals the Secretary's commitment to leading a stronger, more effective Department of Labor. An important innovation of the new goal structure is the Department's commitment to measuring the effect of its agencies' activities on the day-to-day lives of working families – their wages, working hours, benefits, work-life balance, workplace safety and health, and equal employment opportunity, among other issues. This focus on workers and their families is reflected in the table below, which organizes DOL program agencies into five categories.

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

In addition to these agencies and programs, the Department's mission is also supported by administrative, policy, legal, public affairs, and congressional liaison offices.

Program Performance Overview

Strategic Goal 1: Prepare workers for good jobs and ensure fair compensation

Six outcome goals support Strategic Goal 1:

1.1 Increase workers' incomes and narrow wage and income inequality;
1.2 Assure skills and knowledge that prepare workers to succeed in a knowledge-based economy, including in high growth and emerging industry sectors like "green" jobs;
1.3 Help workers who are in low-wage jobs or out of the labor market find a path into middle-class jobs;
1.4 Help middle-class families remain in the middle class;
1.5 Secure wages and overtime; and
1.6 Foster acceptable working conditions and respect for workers' rights in the global economy to provide workers with a fair share of productivity and protect vulnerable people.

The Employment and Training Administration (ETA) and the Veterans' Employment and Training Service (VETS) oversee programs that prepare workers for good jobs at good wages. VETS also protects veterans' reemployment rights. The Office of Federal Contract Compliance Programs (OFCCP) ensures workers are recruited, hired, trained, promoted, terminated, and compensated in a non-discriminatory manner by federal contractors. OFCCP helps workers in the federal contractor sector by strengthening affirmative action and by combating discrimination on the basis of race, color, religion, sex, national origin, disability, or status as a covered veteran. The Wage and Hour Division (WHD) protects workers' hard-earned wages. WHD concentrates its compliance programs on ensuring fair compensation for the most vulnerable workers – agricultural and young workers, workers in fissured industries[3], and individuals with disabilities – while continuing to protect the rights of all those who seek WHD's assistance. The Bureau of International Labor Affairs (ILAB) works to improve worker rights and livelihoods for vulnerable populations of workers internationally. The Women's Bureau (WB) is the only federal office that exclusively serves and promotes the interests of women in the workforce by conducting research, projects, outreach, and evaluations on issues of importance to working women. The Office of Disability Employment Policy (ODEP) maintains the Department's focus on the significant barriers to employment faced by individuals with disabilities and provides national leadership by developing and influencing disability employment-related policies and practices to increase the employment of people with disabilities.

Results for key agency performance goals and measures that support Strategic Goal 1 are provided in tabular form (see below). Following each table is a brief narrative that explains significant successes, challenges, and trends.

Performance Goal ETA 1.1 – Increase the average earnings of individuals served through the Workforce Investment Act (WIA), Registered Apprenticeship, Job Corps, and Trade Adjustment Assistance (TAA) Programs.

*Target reached (Y), improved (I), or not reached (N)		FY/PY 2006	FY/PY 2007	FY/PY 2008	FY/PY 2009	FY/PY 2010
Average earnings in the second and third quarters after exit (WIA-Adult)	Target	$11,000	$12,045	$12,862	**$13,741**	$12,721
	Result	$11,870	$13,575	$14,649	**$13,712**	—
	*	Y	Y	Y	**N**	—
Average earnings in the second and third quarters after exit (WIA-Dislocated Worker)	Target	$13,800	$14,410	$14,888	**$15,542**	$15,238
	Result	$14,265	$15,188	$16,167	**$16,804**	—
	*	Y	Y	Y	**Y**	—
Average earnings in the second and third quarters after exit (WIA-Indian and Native American Program)	Target	—	baseline	$9,157	**$9,174**	$9,261
	Result	—	$9,665	$9,780	**$9,678**	—

[3] Fissured industries are those that have redefined employment relationships through subcontracting; third-party management; franchising; independent contracting; and other contractual forms which make the worker-employer relationship tenuous and less transparent.

Performance Goal ETA 1.1 – Increase the average earnings of individuals served through the Workforce Investment Act (WIA), Registered Apprenticeship, Job Corps, and Trade Adjustment Assistance (TAA) Programs.						
*Target reached (Y), improved (I), or not reached (N)		FY/PY 2006	FY/PY 2007	FY/PY 2008	FY/PY 2009	FY/PY 2010
	*	—	—	Y	**Y**	—
Average earnings in the second and third quarters after exit (Apprenticeship)	Target	—	—	—	baseline	**$19,324**
	Result	—	—	—	$20,566	**$20,335**
	*	—	—	—	—	**Y**
Average wage of placed graduates (Job Corps)	Target	—	—	—	**$9.02**	$9.10
	Result	—	—	—	**$9.22**	—
	*	—	—	—	**Y**	—
Average earnings in the second and third quarters after exit (TAA)	Target	—	baseline	$14,050	$13,386	**$13,314**
	Result	—	$13,914	$14,281	$15,087	**$14,214**
	*	—	—	Y	Y	**Y**

ETA reached four of the five indicators for which it had targets and established baseline for the Apprenticeship program indicator. Among the three employment measures utilized by ETA, the performance under average earnings has been the least impacted by the economic downturn.

In FY 2010, ETA continued to build expertise around career pathways, a key strategy to improve labor market outcomes for low-skilled, low-wage adults. Career Pathway models integrate remedial education with occupational skills training and align state and local administrative policies to meet the needs of low-income workers. The Office of Vocational Education and ETA co-hosted a Career Pathways Technical Assistance Institute in Washington, D.C. in which 11 grantees received technical assistance. ETA also began the preliminary gathering of best practices from states already using the career pathways model. The Career Pathways Technical Assistance Initiative will continue to leverage the latest research in adult learning and workforce development to help grantees and the greater workforce system.

Under a reauthorized Trade Adjustment Assistance (TAA) program, after expiration of the 2009 Amendments, DOL plans to provide additional guidance and training for state staff who deliver services to trade affected workers to reflect changes to the program. In FY 2010, TAA refined and modified its petition process, which enabled the Department to keep within the 40 day processing time allowed for each investigation. ETA is focusing on obtaining timely and accurate data in the TAA program. The 2009 Amendments required extensive revision to the data collection component of state reporting. The transparency and accountability fostered by these amendments will result in a greater focus on meeting performance goals by State Workforce Agency staff and provide more reliable data for program monitoring and provision of technical assistance.

Performance Goal ETA 1.2 – Increasing skill attainment, certification and work preparedness of individuals served through a range of programs to prepare them to compete in a knowledge-based economy featuring emerging industries such as green jobs.						
*Target reached (Y), improved (I), or not reached (N)		PY 2006	PY 2007	PY 2008	PY 2009	PY 2010
Percent of participants entering employment or enrolling in post-secondary education, the military or advanced training/ occupational skills training in the first quarter after exit (WIA-Youth)	Target	60%	61%	59.4%	**58.0%**	53.1%
	Result	60%	62%	60.6%	**53.7%**	—
	*	Y	Y	Y	**N**	—
Percent of participants who earn a diploma, GED, or certificate by the end of the third quarter after exit (WIA-Youth)	Target	40%	45%	50.9%	**47.9%**	55.4%
	Result	44%	57%	53.9%	**52.9%**	—
	*	Y	Y	Y	**Y**	—
Percent of Job Corps participants entering employment or enrolling in post secondary education and/or advanced training/ occupational skills training in the first quarter after exit (Job Corps)	Target	87%	82%	74%	**75.0%**	65.3%
	Result	74%	73%	66%	**65.8%**	—
	*	N	N	N	**N**	—
Percent of participants who earn a diploma, GED, or certificate by the end of the	Target	65%	64%	54%	**55.0%**	56%

Performance Goal ETA 1.2 – Increasing skill attainment, certification and work preparedness of individuals served through a range of programs to prepare them to compete in a knowledge-based economy featuring emerging industries such as green jobs.						
*Target reached (Y), improved (I), or not reached (N)		PY 2006	PY 2007	PY 2008	PY 2009	PY 2010
third quarter after exit (Job Corps)	Result	57%	53%	55%	**60.6%**	—
	*	N	N	Y	**Y**	—
Percent of participants who earn a diploma, GED, or certificate by the end of the third quarter after exit (YouthBuild)	Target	—	—	—	**baseline**	60.7%
	Result	—	—	41%	**58%**	—
	*	—	—	—	**—**	—

Through investments in youth education and training programs under the Workforce Investment Act (WIA) Youth formula program, Job Corps, and YouthBuild grants, the Department worked to ensure that workers get the skills and knowledge needed to prepare them to succeed in a knowledge-based economy, including in high-growth and emerging industry sectors like "green" jobs. The Job Corps, WIA Youth, and YouthBuild programs exceeded their degree or certificate attainment targets, while the Job Corps and WIA Youth programs fell short of their target for the placement in employment, education, or training. Given the unprecedented high unemployment rates and low employment rates for youth, it is not a surprise that DOL did not achieve the placement target. The placement results mirror both trends in the national economy.

The first full cycle of the 2007 YouthBuild grantees was completed in PY 2009 and the YouthBuild program was able to achieve its goal to establish a baseline for the degree or certificate measure. To continue the upward trend for this measure, the Department provided a "coach" (a youth development content expert) to each of its over 200 YouthBuild grantees to provide grantees with phone and on-site coaching services.

Job Corps achieved one of its two performance goals for PY 2009. Placement of Job Corps graduates and former enrollees in employment, the military or post-secondary education continued to mirror the national employment picture; the placement result was nine points below the 75 percent target. Certificate attainment outcomes, however, reversed a three-year decline and literacy/numeracy gains rose six points. It appears that the strategic focus on academics had a positive impact.

Performance Goal VETS 1.3 – Improve veterans' access to training and employment opportunities.						
*Target reached (Y), improved (I), or not reached (N)		PY 2006	PY 2007	PY 2008	PY 2009	PY 2010
Percent of disabled veteran participants employed in the first quarter after exit	Target	55%	56.0%	58.5%	**51.4%**	41.7%
	Result	55%	58.4%	55.8%	**43.9%**	—
	*	Y	Y	N	**N**	—
Percent of disabled veteran participants employed in the first quarter after exit still employed in the second and third quarters after exit	Target	79%	79.0%	81.0%	**76.9%**	70.8%
	Result	78%	81.1%	79.7%	**75.8%**	—
	*	N	Y	N	**N**	—
Average earnings of disabled veteran participants in the second and third quarters after exit	Target			$15,500	**$14,743**	$16,969
	Result			$16,873	**$16,449**	—
	*			Y	**Y**	—

VETS assesses the performance of the One-Stop Career Center system on behalf of disabled veterans by applying three common measures: the entered employment rate, the employment retention rate and the average earnings. Under Goal 1.1, VETS assesses the outcomes for all veterans by applying the same measures. For PY 2009, all three of these indicators for disabled veterans were sharply impacted by the severe recession in progress at the time that the outcomes were measured. The entered employment rate for disabled veterans declined by 21 percent from the prior year, which is identical to the decline experienced by all veterans. The declines in the retention rate and average earnings for disabled veterans were much less severe, at five percent and two and one-half percent respectively compared with the prior year. The rates of decline in these two measures for disabled veterans were slightly lower than the corresponding rates of decline for all veterans.

For disabled veterans, VETS has encouraged front-line service delivery staff to respond in two principal ways to assist disabled veterans to counter the severe constraints imposed by current economic conditions. First, VETS has encouraged a refocusing of the responsibilities of Disabled Veterans Outreach Program (DVOP) specialists and Local Veterans Employment Representative (LVER) staff. DVOP specialists have been encouraged to place greater emphasis on the delivery of intensive services that include counseling and career planning, comprehensive assessments, and development of individual employment plans, with a priority for disabled veterans. This is intended to help disabled veteran jobseekers to be better prepared to compete for the scarce job openings in the current labor market. LVER staff members have been encouraged to place greater emphasis on employer outreach, which is intended to expand the number of job openings available with employers who are favorably inclined toward veterans and disabled veterans. Second, some disabled veterans are referred to One-Stop Career Centers as part of their participation in the Vocational Rehabilitation and Employment (VR&E) Program, which is operated by the Department of Veterans Affairs (VA). For those disabled veterans, DVOP specialists coordinate closely with their VA counterparts to identify other opportunities, such as eligibility for VA sponsored work experience, to enhance their employability.

Performance Goal ETA 1.4 – Ensure that those workers adversely affected by foreign and domestic economic conditions can remain in the middle class.

*Target reached (Y), improved (I), or not reached (N)		FY/PY 2006	FY/PY 2007	FY/PY 2008	FY/PY 2009	FY/PY 2010
Percent of participants employed in the first quarter after exit still employed in the second and third quarters after exit (WIA-Dislocated Worker)	Target	90%	89%	84.7%	**84.0%**	78.0%
	Result	88%	87%	86.0%	**79.7%**	—
	*	N	N	Y	**N**	—
Percent of participants employed in the first quarter after exit still employed in the second and third quarters after exit (National Emergency Grants)	Target	—	—	—	**baseline**	76.8%
	Result	—	—	—	**78.5%**	—
	*	—	—	—	—	—
Percent of participants employed in the first quarter after exit still employed in the second and third quarters after exit (TAA)	Target	85%	85%	91%	87.5%	**83.3%**
	Result	90%	88%	90%	88.0%	**86.2%**
	*	—	Y	I	Y	**Y**

Over 150,000 exiters were still employed nine months after completing program services and gaining employment through the WIA Dislocated Worker program, National Emergency Grants (NEGs), and TAA program. TAA achieved its retention target, while the WIA Dislocated Worker and National Emergency Grant programs fell slightly short. Throughout the year, high unemployment and mass layoff events contributed to significant demand for employment and training services.

During the past year, the Department developed and disseminated career and workforce information to the workforce development system, partner agencies and the public through national electronic tools. ETA developed and disseminated O*NET occupational competency profiles, coordinated workforce information grants to states, and provided technical assistance on the analysis and strategic use of labor market information. ETA also launched the worker reemployment website that provides employment, training, and information financial assistance for unemployed workers, including recently laid-off workers. The site includes resources for getting immediate help with unemployment insurance, healthcare, and other financial needs; job searching and resume tips; changing careers and understanding transferable skills; and upgrading skills through education and training.

In PY 2009, mySkillsmyFuture.org was released to bolster the workforce information to aid job matching. The website helps laid-off workers and other career changers find new occupations to explore. Users can identify occupations that require skills and knowledge similar to their current or previous job, learn more about these suggested matches, locate local training programs, and/or apply for jobs.

Strategic Goal 2: Ensure workplaces are safe and healthy

One outcome goal supports Strategic Goal 2:
Outcome Goal 2.1: Secure safe and healthy workplaces, particularly in high-risk industries

The DOL agencies working toward *safe and healthy* workplaces are MSHA, the OSHA, and WHD. The workplace safety and health missions of MSHA and OSHA fits well into this goal. WHD's role is to enforce key safety and health provisions in certain statutes. For example, the Fair Labor Standards Act ensures the safe employment of young workers, encourages their educational endeavors, and provides a path to future employment. The Migrant and Seasonal Agricultural Worker Protection Act and the Immigration and Nationality Act's (INA) H-2A Programs, and the Occupational Safety and Health (OSH) Act's field sanitation provisions, protect: agricultural workers by providing standards regulating the safe transportation of migrant and seasonal workers; farmworkers by ensuring safe and healthy housing; and field workers by establishing standards for drinking water, toilets, and hand-washing. Enforcement of the worker protection provisions of the H-2A program assures working conditions that both protect the wages and the safety and health of vulnerable workers, and ensure that the local labor force is not displaced by lower paid foreign or migrant labor.

Results for key agency performance goals and measures that support Strategic Goal 2 are provided in tabular form (see below). Following each table is a brief narrative that explains significant successes, challenges, and trends.

Performance Goal OSHA 2.1 – Improve workplace safety and health through the enforcement of occupational safety and health regulations and standards.						
*Target reached (Y), improved (I), or not reached (N)		FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Number of fatalities associated with the four leading causes of workplace death – falls, electrocutions, caught in or between, and struck by – in *Construction*	Target	—	—	—	baseline	**562**
	Result	—	—	—	571	**372**
	*	—	—	—	—	**Y**
Number of fatalities associated with the four leading causes of workplace death – falls, electrocutions, caught in or between, and struck by – in *General Industry*	Target	—	—	—	baseline	**731**
	Result	—	—	—	743	**644**
	*	—	—	—	—	**Y**
Federal Agency *total case rate* for injuries and illnesses	Target	3.82	3.70	3.66	3.49	**3.10**
	Result	3.49	3.32	3.37	3.22	**3.08**
	*	Y	Y	Y	Y	**Y**
Federal Agency *lost time case rate* for injuries and illnesses	Target	1.76	1.71	1.66	1.61	**1.42**
	Result	1.71	1.61	1.57	1.48	**1.44**
	*	Y	Y	Y	Y	**I**

In FY 2010, OSHA reached all performance indicator targets except the target for "Federal Agency lost time case rate for injuries and illnesses." A July 19, 2010 memorandum from President Obama launched the Presidential POWER initiative: *Protecting Our Workers and Ensuring Reemployment,* replacing the Safety, Health and Return to Employment (SHARE) initiative. SHARE concluded in FY 2009 and had been successful in reducing both new injury and lost production day rates in the Federal Government. POWER was formally rolled out in September and October 2010 through a memorandum from the Secretary of Labor and at a formal meeting jointly led by Office of Workers' Compensation Programs (OWCP) and OSHA for Federal agency Washington headquarters staff.

POWER expands on SHARE by setting more aggressive targets over four years (FY 2011 – FY 2014) for (non-Postal) Executive Branch agencies to continue to reduce injury and illness rates and increase return-to-work outcomes for injured federal employees.

In an effort to encourage hazard abatement among all employers, OSHA will: target high-risk workplaces; strengthen enforcement initiatives; focus on a broader range of hazards; increase publicity and direct outreach; strengthen support for Whistleblower protection activities; and increase enforcement effectiveness evaluation activities. The agency, through the regulatory agenda, will seek to make fundamental changes in the way employers and workers cooperate to secure safe workplaces, by requiring employers to *plan, prevent and protect* workers from exposure to occupational hazards, through the Injury and Illness Prevention Program standard.

Worker involvement is a focus for OSHA, and the agency's initiatives, including outreach and education. The new OSHA standards also will reflect this focus. As part of supporting activities for Outcome Goal 3.3, OSHA is enhancing workers' voice in the workplace by expanding the agency's outreach efforts to reach vulnerable workers in high-risk industries with information about their rights and the hazards they face.

Performance Goal MSHA 2.1 – Secure safe and healthy workplaces particularly in high risk industries.						
*Target reached (Y), improved (I), or not reached (N)		FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Five-year rolling average of fatal injuries per 200,000 hours worked	Target	—	—	—	baseline	**0.0171**
	Result	—	—	—	0.0180	**0.0187**
	*	—	—	—	—	**N**
Percent of noise exposures in coal mines above the citation level	Target	5.00%	4.80%	3.59%	4.45%	**3.94%**
	Result	4.40%	3.66%	4.54%	4.02%	**3.05%**
	*	Y	Y	N	Y	**Y**
Percent of inspector Designated Occupation samples exceeding the applicable respirable coal mine dust standard		9.50%	9.00%	11.50%	9.55%	**7.63%**
		11.30%	12.20%	9.74%	7.78%	**6.45%**
		N	N	Y	Y	**Y**

MSHA did not meet its target to reduce the mining industry's five-year fatality rate by five percent in FY 2010. The catastrophic disaster on April 5, 2010 at the Upper Big Branch mine in Montcoal, West Virginia caused the death of 29 miners and accounted for 45 percent of all mining fatalities in FY 2010. MSHA is confident that by continuing its integrated approach to prevention of mining accidents, including aggressive enforcement, meaningful outreach and special emphasis programs, the agency will realize a significant reduction in mining fatalities over the long term.

MSHA has developed and is implementing a progressive, escalating enforcement strategy that identifies mines with compliance or other safety and health issues for more aggressive oversight, and uses the agency's most aggressive enforcement tools against egregious violators. The agency's impact inspection initiative selects mines with specific conditions or compliance issues that merit increased agency attention and enforcement for intensified inspections. MSHA's new potential patterns of violations process focuses on chronic violators that have failed to improve compliance in response to increased inspections and other enforcement actions. MSHA is also attempting to reduce fatalities by focusing the industry on common causes of fatal mine accidents and disasters through initiatives such as "Rules to Live By" and "Rules to Live By II." This program includes industry outreach and education to raise awareness as well as enhanced enforcement.

MSHA met its Noise Reduction Performance Goal of reducing miners' noise overexposures. The protections instituted and the reductions achieved improved the health and safety of the nation's miners, increased their quality of life, and reduced future medical costs.

MSHA met its Respirable Coal Mine Dust Performance Goal by using strategies which consisted of a multi-faceted approach that includes, for example, requiring mine operators to implement dust control parameters proven to be effective in controlling respirable dust.

Strategic Goal 3: Assure fair and high quality work-life environments

Three outcome goals support Strategic Goal 3:

3.1 Break down barriers to fair and diverse workplaces so that every worker's contribution is respected;
3.2 Provide workplace flexibility for family and personal care-giving; and
3.3 Ensure worker voice in the workplace.

Eight DOL agencies have programs, performance goals, and measures that contribute to achievement of this goal. Through the work of the OFCCP, DOL ensures that over 200,000 contractors and sub-contractors working under contracts with the federal government provide equal employment opportunities. ODEP develops policy and policy strategies to reduce barriers to employment for individuals with disabilities. The Women's Bureau (WB) formulates standards and policies to promote the welfare of wage-earning women and, with WHD, promotes workplace flexibility for family and personal care-giving. The Office of Labor-Management Standards (OLMS), ILAB, OSHA, MSHA, and WHD conduct outreach so that workers are better informed of their rights, are better able to freely exercise those rights without fear of adverse consequences, and are better positioned to meaningfully participate in workplace decision-making. Through these advances, workers increase their voice in the workplace.

Results for key agency performance goals and measures that support Strategic Goal 3 are provided in tabular form (see below). Following each table is a brief narrative that explains significant successes, challenges, and trends.

Performance Goal OLMS 3.3 – Ensure union financial integrity, democracy, and transparency.						
*Target reached (Y), improved (I), or not reached (N)		FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Percent of disclosure reports filed electronically	Target	—	—	—	baseline	**18.5%**
	Result	—	—	—	17.4%	**20.6%**
	*	—	—	—	—	**Y**
Average number of days to resolve union officer election complaints	Target	—	—	baseline	88	**84**
	Result	—	—	92	70	**81**
	*	—	—	—	Y	**Y**
Percent of targeted audits that result in a criminal case	Target	—	—	baseline	12.0%	**12.5%**
	Result	—	—	11.5%	12.1%	**14.6%**
	*	—	—	—	Y	**Y**

In 2010, OLMS met or exceeded all performance goals while setting baselines for four new goals. The new goals endeavor to increase public disclosure reporting of employer-consultant agreements to persuade employees concerning their collective bargaining rights, decrease the number of delinquent filers of labor organization financial reports, decrease the number of chronically delinquent filers of labor organization financial reports, and improve customer satisfaction with the OLMS web site.

The increased complexity of union financial transactions continues to be a major challenge. By identifying anomalies in union financial reports and using other targeting measures, OLMS strives to more effectively identify unions where criminal activity may be present. OLMS exceeded the target for its performance goal in both 2009 and 2010.

This year, OLMS implemented a new, web-based system for the electronic filing of LM-2 reports that ameliorates barriers to electronic filing that have been identified by OLMS stakeholders. Continued outreach enabled OLMS to reach its e-filing goal in 2010. In both 2009 and 2010, OLMS exceeded its goals for resolving election complaints and continues to examine new methods for reducing its elapsed days further. A new team-based approach for handling election cases has proven successful this year and will continue to be implemented throughout OLMS during 2011.

Strategic Goal 4: Secure health benefits, and for those not working, provide income security

Three outcome goals support Strategic Goal 4:

4.1 Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work;
4.2 Ensure income support when work is impossible or unavailable; and
4.3 Improve health benefits and retirement security for all workers.

Seven DOL agencies, as well as a government corporation whose board is chaired by the Secretary of Labor, have programs that contribute to Strategic Goal 4. OWCP administers four compensation programs that provide a critically important safety net for injured or ill workers. Program benefits include monetary compensation for injury or illness, wage replacement, medical treatment, and vocational rehabilitation and other reemployment services. In support of the OWCP program for federal workers, the OSHA plays an important role in promoting safe and healthy workplaces through the POWER initiative. ETA administers the Unemployment Insurance (UI) Program which provides the unemployed with some income while they seek work, while the Employee Benefits Security Administration (EBSA) administers the appeals process for denials of the Consolidated Omnibus Budget Reconciliation Act (COBRA) benefits subsidy added by the American Recovery and Reinvestment Act that helps dislocated workers to pay for health insurance coverage. EBSA also, through its enforcement of Title I of the Employee Retirement Income Security Act of 1974 (ERISA), protects the security of retirement and health plan benefits and assets for all workers who have employer-sponsored plans. The Pension Benefit Guaranty Corporation (PBGC), the aforementioned government corporation, was created to encourage the continuation and maintenance of private-sector defined-benefit pension plans, provide timely and uninterrupted payment of pension benefits, and keep pension insurance premiums at a minimum.

Results for key agency performance goals and measures that support Strategic Goal 4 are provided in tabular form (see below). Following each table is a brief narrative that explains significant successes, challenges, and trends.

Performance Goal OWCP 4.1 – Assist in the recovery and re-employment of injured workers.						
*Target reached (Y), improved (I), or not reached (N)		FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Government-wide Lost Production Day rate in non-Postal government agencies	Target	60.0	49.0	48.5	42.0	**35.4**
	Result	52.2	46.3	41.3	35.8	**34.6**
	*	Y	Y	Y	Y	**Y**
Percent of injured Federal workers coming under Federal Employees' Compensation Act (FECA) Disability Management that are reemployed by (non-Postal) federal agencies	Target	—	—	—	—	**86.9%**
	Result	—	—	—	—	**89.7%**
	*	—	—	—	—	**Y**

Return to work is most successful through early identification of work injury or illness, prompt development of case information, and efficient provision of assistance services that will support recovery and return to work. Achievement of this is measured by using two key indicators: disability duration, measured as lost production days, and the percentage of workers successfully returned to employment following injury or illness. The agency provides assistance to Federal employing agencies to elevate their participation in reemploying workers; make greater use of technology to improve communications and data and information exchanges with employers and claimants; and, through regular monitoring of longer-term disability cases, identifies cases whose medical conditions improve and individuals who could benefit from vocational rehabilitation and job placement services.

Under POWER, individual Executive Branch agencies are directed to reduce Lost Production Day (LPD) rates (per 100 employees) by 1 percent per year through FY 2014. The Government-wide LPD rate was reduced in FY 2010 to 34.6 days from the FY 2009 result of 35.8 days. Success is due to OWCP's early intervention strategies in assisting injured workers to return to work, and employing agencies' continuing dedication to reemploying their workers, emphasized under POWER's antecedents – Federal Worker 2000 and SHARE.

POWER's four-year target is to increase the overall share of cases that are returned to work by the 14 largest Executive Branch agencies to 92 percent within two years of their start of the cases' management by OWCP. Results for those agencies increased the share from 85.8 percent in FY 2009 to 87.8 percent in FY 2010. These results also reflect the continuing success of OWCP early intervention strategies in assisting injured workers to return to work, and employing agencies' continuing dedication to reemploying their workers.

Performance Goal ETA 4.2 – Facilitate timely and accurate payments to unemployed workers.						
*Target reached (Y), improved (I), or not reached (N)		FY/PY 2006	FY/PY 2007	FY/PY 2008	FY/PY 2009	FY/PY 2010
Percent of all intrastate first payments made within 21 days	Target	89.9%	90.0%	88.4%	85.7%	**85.9%**
	Result	87.6%	88.2%	86.8%	82.9%	**82.2%**
	*	N	N	N	N	**N**
Percent of the amount of estimated overpayments that states detect established for recovery	Target	59.5%	60.0%	56.0%	51.8%	**52.8%**
	Result	62.1%	54.8%	56.2%	52.9%	**49.5%**
	*	Y	N	Y	Y	**N**
Percent of determinations about UI tax liability of new employers made within 90 days of the end of the first quarter they became liable	Target	82.5%	82.8%	84.9%	88.7%	**90.0%**
	Result	83.7%	85.6%	84.9%	84.1%	**86.4%**
	*	Y	Y	Y	N	**I**

The FY 2010 performance targets were not achieved.

Making timely payments to unemployed workers is critical to fulfilling the UI system's key statutory objective of making full payment of unemployment compensation "when due." The FY 2010 target of 85.9 percent was not attained; 82.2 percent of first payments were made within 14/21 days, down from the FY 2009 level of 82.9 percent. First payment timeliness declined in 31 states. The 32 states performing below the 87 percent minimum acceptable level of performance in the UI performance management system (UI Performs) have submitted corrective action plans that outline the actions they will take to improve their performance as part of their FY 2011 State Quality Service Plan.

Ensuring that benefits are paid only to those who meet eligibility requirements and that erroneous payments are detected and recovered is critical to any benefit payment program. In FY 2010, states detected and established for recovery 49.5 percent of the estimated overpayments, which was below the FY 2010 target of 52.8 percent. Recoverable overpayments estimated by the Benefit Accuracy Measurement (BAM) survey increased from $2.8 billion in FY 2009 to $4.0 billion in FY 2010 as benefits paid increased by 50 percent, from $50 billion to $76 billion. Although states increased overpayment detections by 31 percent, from $1.5 billion to almost $2.0 billion, they could not keep pace with the increase in overpayments. Thirty-two states' detection of overpayments ratios fell from FY 2009 to FY 2010 as a result. States failing to achieve the 50 percent UI Performs Acceptable Level of Performance standard must develop a Corrective Action Plan as part of the State Quality Service Plan.

Promptly enrolling new employers in the UI program is key to fulfilling major program objectives of supporting the timely payment of taxes – which fund UI benefits – and making timely and accurate eligibility determinations based on employer-reported wages. In FY 2010, 86.4 percent of new status determinations for tax liability were made within the specified 90-day period. Although this is considerably short of the 90 percent target, it represents a 2.3 percentage point improvement from the year before. Statistical studies have indicated that new status timeliness is broadly countercyclical with a significant upward trend since 1997. As economic activity falls, status timeliness tends to rise because the status determinations workload falls. However, the broad historical relationship was broken temporarily by the recent recession, as it appears that many states reassigned staff from tax to UI claims functions in response to the sharply increased claims workloads. This caused status determinations timeliness to decline between FY 2008 and FY 2009 despite a fall in status determinations workloads. Staff diversion seems to have moderated between FY 2009 and

FY 2010 as status performance improved. Reflecting the 2007-2009 recession's impact, the FY 2012 target has been set at 86.9 percent.

Performance Goal EBSA 4.3 – Improve health benefits and retirement security for all workers.							
*Target reached (Y), improved (I), or not reached (N)		FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Ratio of criminal cases accepted for prosecution to cases referred	Target	—	48%	50%	52%	**67%**
	Result	—	67%	74%	**79%**	**79%**
	*	—	Y	Y	Y	**Y**
Ratio of closed civil cases with corrected fiduciary violations to civil closed cases	Target	—	61%	64%	67%	**67%**
	Result	—	69%	70%	72%	**72%**
	*	—	Y	Y	Y	**Y**

During FY 2010, EBSA's program was significantly impacted by the ongoing implementation of the COBRA premium assistance program and the increased call volume from the public that it created for the agency's participant assistance program as well as the passage of the Affordable Care Act (ACA). Despite this unprecedented workload, EBSA achieved its performance targets.

Despite experiencing unprecedented call volume from the public in FY 2010, the Office of Participant Assistance responded to 99 percent of all written inquiries within 30 days of receipt and over 99 percent of telephone inquiries by the close of the next business day. Total inquiry volume for the fiscal year exceeded 376,000 including the adjudication of over 15,000 COBRA subsidy denial appeals. More than 99 percent of the appeals were processed within the 15 business day statutory requirement. Benefit recoveries achieved by the participant assistance program contributed more than $164 million to EBSA's overall monetary results of over $1 billion.[4]

In 2011, EBSA, for the first time, will begin conducting investigations that will lead to measuring overall compliance with ERISA and the impact of EBSA investigations on the compliance rate. These broad-based composite measures will provide information related to compliance in the community beyond those investigations that EBSA conducted. In addition, EBSA will resume its measurement of the level of customer satisfaction with the Participant Assistance Program. The evaluation results will allow EBSA to make direct process improvements as necessary.

[4] Monetary results are a product of EBSA's investigative, compliance and participant assistance activities.

Strategic Goal 5: Produce timely and accurate data on the economic conditions of workers and their families

One outcome goal supports Strategic Goal 5:

Outcome Goal 5.1: Provide sound and impartial information on labor market activity, working conditions, and price changes in the economy for decision making, including support for the formulation of economic and social policy affecting virtually all Americans.

The Bureau of Labor Statistics (BLS) of the U.S. Department of Labor is the principal Federal agency responsible for measuring labor market activity, working conditions, and price changes in the economy. Its mission is to collect, analyze, and disseminate essential economic information to support public and private decision-making. As an independent statistical agency, BLS serves its diverse user communities by providing products and services that are objective, timely, accurate, and relevant.

Results for the agency performance goal and five of fourteen measures that support Strategic Goal 5 are provided in tabular form (see below). Following the table is a brief narrative that explains significant successes, challenges, and trends.

Performance Goal BLS 5.1 – Improve the timeliness, accuracy, and relevance of information on labor market activity, working conditions, and price changes in the economy						
*Target reached (Y), improved (I), or not reached (N)		FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Percent of timeliness targets achieved for the Compensation and Working Conditions Principal Federal Economic Indicator (PFEI).	**Target**	—	—	—	—	**baseline**
	Result	—	—	—	—	**100%**
	*	—	—	—	—	**—**
Percent of accuracy targets achieved for the Compensation and Working Conditions PFEI.	**Target**	—	—	—	—	**baseline**
	Result	—	—	—	—	**100%**
	*	—	—	—	—	**—**
Percent of relevance targets achieved for the Compensation and Working Conditions PFEI.		—	—	—	—	**baseline**
		—	—	—	—	**0%**
		—	—	—	—	**—**
Average number of Internet site user sessions each month (Dissemination).	**Target**	2,900,000	3,700,000	4,300,000	5,100,000	**6,100,000**
	Result	3,658,814	4,223,523	5,032,111	6,090,587	**6,972,577**
	*	Y	Y	Y	Y	**Y**
Customer satisfaction with BLS products and services as measured by the American Customer Satisfaction Index (Mission Achievement).	**Target**	—	—	—	—	**baseline**
	Result	—	—	—	—	**75**
	Status	—	—	—	—	—

BLS revised its performance framework in 2010. For most performance measures, 2010 is the baseline year. In 2010, BLS reached 100 percent of the underlying timeliness, accuracy and relevance targets for its Labor Force Statistics, Prices and Living Conditions, and Productivity and Technology Principal Federal Economic Indicators. The Office of Compensation and Working Conditions reached 100 percent of the underlying timeliness and accuracy targets, but missed its relevance target for the number of indexes published (quarterly) for the Employment Cost Index (ECI) program. BLS incorporates seasonal revisions into its estimates once per year, in the 3rd quarter. BLS dropped several series that did not exhibit seasonality. Beginning in 2011, BLS will report only on non-seasonally adjusted indexes in this performance measure.

In addition, BLS measured dissemination through the average number of Internet site user sessions each month, and exceeded its target of 6.1 million in FY 2010 by reaching nearly 7.0 million user sessions. Finally, in FY 2010, BLS expanded its use of the American Customer Satisfaction Index (ACSI) to measure customer satisfaction with its full Web site. BLS achieved a score of 75.

American Recovery and Reinvestment Act of 2009 (Recovery Act)

Since our nation's greatest resource is its workers, the Recovery Act targeted investments to key areas that create and preserve good jobs. DOL has two key roles in this recovery effort: providing worker training for these jobs; and easing the burden of the recession on workers and employers by providing extended and expanded unemployment benefits and assisting and educating them regarding expanded access to continued health benefits. Listed below are descriptions of a few of the largest (by funding level) among DOL's 24 Recovery Act programs. More details are posted on the Web at www.recovery.gov and www.dol.gov/recovery.

Unemployment Insurance – Extension of the Emergency Unemployment Compensation, 2008 (EUC08) and Federal Additional Compensation Program (FAC). The Recovery Act extended the Emergency UI program, commonly known as EUC08, which provides weekly UI benefits to individuals who have exhausted their regular State-financed UI benefits, through December 31, 2009. Subsequent legislation further extended these benefits to November 30, 2010. The Recovery Act also created a new federally-funded program (FAC) which temporarily increases UI benefits by $25 a week.

Unemployment Insurance – Modernization ($7 Billion Incentive Fund). The Federal-State UI Program provides unemployment benefits to eligible workers who are unemployed because of a lack of suitable work, and meet other eligibility requirements. States operate UI programs under their own laws, which must conform to Federal law. The Modernization Program helps States make UI more accessible to workers by temporarily defraying the costs of certain eligibility liberalizations.

Workforce Investment Act Dislocated Worker Program. An additional $1.25 billion was made available to the program for expanding services, as authorized by WIA, using the same State and local allocation formula. States were expected to improve assessments and career counseling to place workers in high growth sectors with long term opportunities.

Workforce Investment Act Youth. The Recovery Act made an additional $1.2 billion available for WIA Youth activities, using the same formula as the regular appropriation and extended the youth eligibility age from 21 to 24. Grantees focused on creating summer employment opportunities for youth, including opportunities in the health care sector and in green jobs within the construction, energy efficiency, renewable energy, and other related industries.

RECOVERY.GOV

Financial Performance Overview

Message from the Chief Financial Officer

The U.S. Department of Labor implemented a new core financial management system this year to increase productivity and reduce costs when processing financial transactions and preparing financial reports. The event marked the first implementation of a secure, shared service provider, financial management solution by a cabinet-level agency.

New technology, such as this, enables employees to perform their jobs efficiently and effectively, eliminating the need for cumbersome paper processes. By moving to a shared service provider system, the Department expects to drive major operational efficiencies, saving time and financial investments in hardware, software, and maintenance. This system is clearly aligned with the Obama administration's push for modernizing government through technology.

Another goal of the Obama administration and this Department is to provide billions of dollars for programs to foster American workers' efforts to find jobs, develop new skills in the workforce, and support an economic recovery during FY 2010. Through the American Recovery and Reinvestment Act of 2009, unemployment benefits eased the burdens of unemployment on the American workforce and stimulated a recessed economy. The Department's financial operations monitored the appropriate use of these funds.

As a consequence of converting to the New Core Financial Management System, the auditors were unable to complete a full examination of the Department's FY 2010 financial statements. Difficulties with the timely migration of data from the legacy system delayed the new system's audit readiness, imposing limitations on the auditors' scope of work which caused the Inspector General to withhold an opinion on the Department's FY 2010 financial statements.

A clean audit opinion provides independent confirmation that the Department's financial statements are presented fairly and in conformity with generally accepted accounting principles. Accurate and timely financial information improves the DOL's accountability to Americans and allows the department to make informed operational, budget, and policy decisions. DOL is committed to regaining the unqualified (clean) audit opinion it held for the previous 13 years.

The Office of the Chief Financial Officer leads the Department's financial management and fiscal integrity effort and, as stewards of the taxpayers' dollars, we take our responsibility seriously. The Department will continue to strive for financial management excellence during 2011.

James L. Taylor
Chief Financial Officer

February 15, 2011

FINANCIAL REPORTING ENTITY

DOL reports its financial activities annually in Consolidated Financial Statements, prepared in accordance with U.S. generally accepted accounting principles and the financial reporting requirements of the Office of Management and Budget (OMB). For fiscal years 2010 and 2009, five principal financial statements, the *Consolidated Balance Sheet, Consolidated Statement of Net Cost, Consolidated Statement of Changes in Net Position, Combined Statement of Budgetary Resources,* and *Statement of Social Insurance*, were presented with accompanying notes and other required information. These Consolidated Financial Statements were included in DOL's FY 2010 Agency Financial Report, produced by the Department instead of the Performance and Accountability Report issued in prior years.

The DOL financial reporting entity is organized by major program agencies, which conduct operations in five major program areas, through execution of DOL's annual budget. The Department's FY 2010 net operating costs by major program agency and by major program are shown in the table below:

NET COST OF OPERATIONS BY MAJOR PROGRAM AGENCY AND MAJOR PROGRAM

DOL'S NET COST BY MAJOR PROGRAM AGENCY	
MAJOR PROGRAM OPERATING AGENCIES[1]	**2010 Net Cost (000s)**
Employment and Training Administration (ETA)	$168,464,055
Employment Standards Administration (ESA)[2]	7,923,611
Office of Job Corps (OJC)	1,553,358
Veterans' Employment and Training Service (VETS)	256,196
Occupational Safety and Health Administration (OSHA)	692,952
Mine Safety and Health Administration (MSHA)	400,428
Employee Benefits Security Administration (EBSA)	197,488
Bureau of Labor Statistics (BLS)	676,275
Departmental Management (DM)	146,161
TOTAL NET COST OF OPERATIONS	**$180,310,524**

DOL'S NET COST BY MAJOR PROGRAM		
MAJOR PROGRAMS	**Operating Agencies**	**2010 Net Cost (000s)**
Income maintenance	ETA, ESA, OSHA, EBSA, DM	$170,380,346
Employment and training	ETA, ESA, OJC, VETS, DM	7,293,251
Labor, employment and pension standards	ESA, EBSA, VETS, DM	771,122
Worker safety and health	OSHA, MSHA, DM	1,091,193
Statistics	BLS, DM	681,284
Cost not assigned to programs	DM	93,328
TOTAL NET COST OF OPERATIONS		**$180,310,524**

(1) The Pension Benefit Guaranty Corporation (PBGC), a Federal corporation under the chairmanship of the Secretary of Labor, is designated by OMB as a separate reporting entity for financial statement purposes and is not included in this financial overview.

(2) At the beginning of FY 2010, DOL dissolved the Employment Standards Administration (ESA) and established its four component offices/divisions as stand-alone agencies reporting directly to the Office of the Secretary. This reorganization was reflected in DOL's FY 2011 budget. In FY 2010, all applicable appropriations occurred under the previous ESA structure. Consequently, references to ESA are retained throughout this financial overview.

FINANCIAL POSITION

Highlights of DOL's financial position for the fiscal years ended September 30, 2010 and 2009 follow:

SUMMARY OF CONSOLIDATED BALANCE SHEET		
As of September 30, 2010 and 2009 (Dollars in Thousands)		
ASSETS		
	2010	**2009**
Funds with U.S. Treasury	$ 13,426,485	$ 14,406,751
Investments in Treasury securities	19,281,093	20,111,346
Advances and receivables, net	9,636,361	8,512,436
Property, plant and equipment, net	1,174,713	1,154,240
TOTAL ASSETS	**$43,518,652**	**$44,184,773**

LIABILITIES AND NET POSITION		
LIABILITIES	**2010**	**2009**
Accounts payable and other liabilities	$ 1,197,593	$ 1,724,157
Debt	40,400,725	14,351,967
Workers' benefits, current period	6,426,980	4,627,250
Workers' benefits, future periods	14,190,027	8,952,822
Total liabilities	**62,215,325**	**29,656,196**
NET POSITION		
Unexpended appropriations	12,435,481	10,825,237
Cumulative results of operations	(31,132,154)	3,703,340
Total net position	**(18,696,673)**	**14,528,577**
TOTAL LIABILITIES AND NET POSITION	**$43,518,652**	**$44,184,773**

ASSETS AND LIABILITIES - 2010

TOTAL ASSETS were $43.5 billion at the end of FY 2010, a decrease of 1.5% from 2009.

Funds with U.S. Treasury (30.9% of total assets) represent balances available to DOL ($12.5 billion) as well as restricted balances not available ($0.9 billion).

Investments in Treasury securities (44.3%) consist of non-marketable, special issue Treasury securities held primarily in the UTF.

Advances and receivables, net (22.1%) consist primarily of amounts due from other Federal agencies for benefits ($5.1 billion) paid by DOL and from States for UI taxes, advances and benefit overpayments ($4.1 billion).

Property, plant and equipment, net (2.7%) primarily consists of depreciated PP&E held by 124 Job Corps centers located in the territorial U.S. (75%), improvements to GSA leased facilities (14%) and internal software (10%).

TOTAL LIABILITIES were $62.2 billion at the end of FY 2010, a $32.6 billion (110%) increase over 2009.

Debt rose by $26.0 billion (182%), caused by increases in Treasury advances to the UTF to pay unemployment benefits.

Workers' benefits liabilities increased by $7.0 billion (52%) due to increases in accrued UI benefits for the current period and Federal employee, Black Lung and Energy employee compensation benefits for the current period and future periods.

NET POSITION

Net Position represents the difference between DOL's assets and liablities, measured by it's two components, Cumulative Results of Operations and Unexpended Appropriations.

Cumulative Results of Operations accounts for DOL's net results of operations since inception, plus any prior period adjustments not affecting net results. **Net results of operations** represent the difference between **financing sources**, as reported on *the Consolidated Statement of Changes in Net Position,* and the **net cost of operations**, as reported on the *Consolidated Statement of Net Cost.*

Unexpended Appropriations measures the cumulative difference between **appropriations received** by DOL from Treasury and **appropriations used, transferred or unavailable**. Appropriations are considered used by DOL when goods and services have been received or benefits provided.

Highlights of the changes in DOL's net position for the fiscal years ended September 30, 2010 and 2009 follow:

SUMMARY OF CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION		
For The Years Ending September 30, 2010 and 2009 (Dollars in Thousands)		
CUMULATIVE RESULTS OF OPERATIONS	**2010**	**2009**
Beginning balance, as adjusted	$3,703,340	$59,114,323
Financing sources		
Appropriations used	98,631,528	42,689,532
Employer taxes and reimbursements	45,785,373	38,718,195
Interest, assessments and other	1,058,129	2,299,781
Total financing sources	145,475,030	83,707,508
Net cost of operations	(180,310,524)	(139,118,491)
Net change	(34,835,494)	(55,410,983)
Cumulative results of operations, ending	**($31,132,154)**	**$3,703,340**
UNEXPENDED APPROPRIATIONS		
Beginning balance, as adjusted	$10,825,237	$8,169,166
Financing sources		
Appropriations received	130,316,852	43,475,352
Appropriations used	(98,631,528)	(42,689,532)
Appropriations transferred or unavailable	(30,075,080)	1,870,251
Total financing sources	1,610,244	2,656,071
Unexpended appropriations, ending	**$12,435,481**	**$10,825,237**
NET POSITION	**$(18,696,673)**	**$14,528,577**

CHANGES IN NET POSITION – 2010

DOL's ***Net Position*** decreased by $33.2 billion in 2010, a 229% decrease from 2009, primarily caused by a $34.8 billion decrease in ***Cumulative Results of Operations,*** offset by a $1.6 billion increase in ***Unexpended Appropriations.***

Cumulative Results of Operations accounts for the residual surplus or deficit in DOLS's earmarked funds and all other funds. Earmarked funds are financed by specific revenues used for specific purposes. The UTF and BLDTF are DOL's largest earmarked funds. The decrease in *Cumulative Results of Operations* was caused by the excess of 2010 net operating costs ($180.3 billion) over 2010 Financing Sources ($145.5 billion).

Financing Sources in 2010 included ***Employer taxes and reimbursements*** of $45.9 billion to fund UI and Black Lung disability benefits (31% of total financing sources); ***Appropriations used*** of $98.6 billion (68%), authorized by DOL's budget; and ***Interest and assessments*** of $1.1 billion (1% of total financing sources), earned on DOL's trust fund investments and fines levied by DOL's enforcement agencies.

NET COST OF OPERATIONS

DOL reports its net cost of operations by major program on the Consolidated Statement of Net Cost. Net cost is calculated by deducting the **earned revenues** attributable to a program from that program's gross cost to arrive at its net operating cost. In FY 2010, DOL reported gross costs of $184.7 billion, earned revenues of $4.4 billion, and a net cost of operations of $180.3 billion.

DOL's net operating cost in FY 2010 increased by $41.2 billion (30%) over the prior year. This increase was primarily attributable to the $40.8 billion (32%) rise in income maintenance program costs in FY 2010, caused by a 31% increase in unemployment benefits. Income maintenance costs comprised over 93% of DOL's total net operating costs in both fiscal years 2010 and 2009.

Highlights of DOL's net cost of operations for the fiscal years ended September 30, 2010 and 2009 follow:

SUMMARY OF CONSOLIDATED STATEMENT OF NET COST BY MAJOR PROGRAM COMPONENT

For The Years Ending September 30, 2010 and 2009 (Dollars in Thousands)

NET COST BY MAJOR PROGRAM COMPONENT	2010	2009
INCOME MAINTENANCE		
Unemployment Insurance (ETA)		
Unemployment benefits, net	$156,588,068	$119,896,933
Grants to States to administer UI program	4,710,025	4,475,166
Other	1,644,216	510,099
Total unemployment insurance	162,942,309	124,882,198
Workers' Benefits (ESA)		
Net Federal workers' compensation benefits	6,753,682	1,368,062
Black Lung disability benefits	220,977	240,625
Interest on repayable advances, BLDTF	223,923	231,292
Other	199,081	2,840,820
Total workers' benefits	7,397,663	4,680,799
Other Departmental programs	40,374	8,302
Total income maintenance	**170,380,346**	**129,571,299**
EMPLOYMENT AND TRAINING		
ETA employment and training programs	5,521,746	5,482,390
Job Corps employment and training program	1,553,358	1,497,092
Veterans employment and training programs	224,568	213,545
Other Departmental employment and training	(6,421)	1,180
Total employment and training	**7,293,251**	**7,194,207**
LABOR EMPLOYMENT AND PENSION STANDARDS		
Employment Standards Administration	553,367	379,552
Employee Benefits Security Administration	172,190	175,012
Veterans Employment and Training Service	31,628	20,492
Other Departmental programs	33,937	132,263
Total labor, employment and pension standards	**771,122**	**707,319**
WORKER SAFETY AND HEALTH		
Occupational Safety and Health Administration	668,761	541,548
Mine Safety and Health Administration	400,428	388,096
Other Departmental programs	2,004	11,414
Total worker safety and health	**1,091,193**	**941,058**
STATISTICS		
Bureau of Labor Statistics	676,275	588,263
Other Departmental programs	5,009	32,815
Total statistics	**681,284**	**621,078**
Costs not assigned to programs	93,328	83,530
NET COSTS OF OPERATIONS	**$180,310,524**	**$139,118,491**

Income Maintenance

Unemployment Insurance (UI) managed by ETA through the Federal / State UI system, provides grants to States, and regular and emergency UI benefits to covered workers, financed by employer taxes, Treasury borrowings and appropriations. Total UI system costs were $162.9 billion in FY 2010, a 30% increase over 2009, caused by a $37 billion (31%) increase in UI benefits. ESA's ***Workers' Benefit*** programs provide benefits to injured Federal employees and their survivors for lost wages, and benefits to eligible Energy workers, coal miners and their survivors disabled by occupational diseases including black lung. Net workers' compensation and disability benefits in FY 2010 rose by 394%, due to a $7.0 billion increase (52%) in the liability for benefits.

Employment and Training

ETA, Job Corps and **VETS** provide employment and training to economically disadvantaged workers and veterans through adult, youth, dislocated worker and older worker training programs using Federal, State and local service providers, and a network of contractors and grantees. The net cost of these programs in FY 2010 was $7.3 billion, a 9% increase over 2009.

Labor, Employment and Pension Standards

ESA programs enforce compliance with minimum wage, overtime, child labor, and labor union standards. **EBSA** programs protect private employee retirement, health, and other benefit plans from abuse; and **VETS** programs assist service members with issues affecting civilian employment. The total net cost of these programs in FY 2010 was $0.77 billion, up 9% over 2009.

Worker Safety and Health

OSHA and **MSHA** operate programs to protect the safety and health of America's workforce through enforcement, workplace inspection and compliance assistance. The net cost of these programs in FY 2010 was $1.1 billion, up 16% over 2009.

Statistics

BLS programs disseminate timely, relevant economic information to the public. The net cost of these programs in FY 2010 was $0.68 billion, up 10% over 2009.

Top Management Challenges

For 2010, the Office of Inspector General (OIG) considers the following as the most serious management and performance challenges facing the
Department:

- Achieving the Goals and Protecting the Investment Provided by the American Recovery and Reinvestment Act
- Protecting the Safety and Health of Workers
- Improving Performance Accountability of Workforce Investment Act Grants
- Ensuring the Effectiveness of the Job Corps Program
- Safeguarding Unemployment Insurance
- Improving the Management of Workers' Compensation Programs
- Maintaining the Integrity of Foreign Labor Certification Programs
- Securing Information Technology Systems and Protecting Related Information Assets
- Ensuring the Security of Employee Benefit Plan Assets
- Ensuring DOL's New Core Financial Management System Produces Reliable, Accurate, and Timely Financial Information

These top management challenges are intended to identify and help resolve serious weaknesses in areas that involve substantial resources and provide critical services to the public. The complete description of these challenges, the Department's progress, and what remains to be done – as identified by the OIG – and Management's response are available at: http://www.dol.gov/_sec/media/reports/annual2010/2010annualreport.pdf.

The table below summarizes ten challenges confronting Departmental management in 2010.

Top Management Challenge	Issue	Departmental Progress	What Remains to be Done
Achieving the Goals and Protecting the Investment of the ARRA	• Ensuring program effectiveness in meeting ARRA requirements • Focusing on unspent funds • Obtaining continued funding to monitor ARRA grants	• Audits indicated ARRA grants managed in accordance with relevant criteria and that comprehensive monitoring procedures were in place	• Continue efforts ensuring grant funds are spent properly and for intended purposes • Assess grant performance and best use of unused funds
Protecting the Safety and Health of Workers	• Targeting of most serious violators and at risk worker populations • Ability of penalty reductions to reduce workplace hazards • Recruitment and training of mine inspectors • Backlog of mine safety plan reviews and cases before Federal Mine Safety and Health Review Commission (FMSHRC) • Rise in Black Lung Disease	• Began Severe Violator Enforcement Program (SVEP) • Introduced process to evaluate worker protection agencies and enforcement strategies • Hired mine inspectors within authorizations and to improved their training • Worked to reduce backlog of contested cases • Finalize regulations for coal dust exposure levels	• Monitor the SVEP to ensure results are achieved • Evaluate penalty reductions on workplace safety and health • Implement new information system as planned • Recruit and train enforcement personal • Reduce the backlog of mine contested cases • Evaluate efforts to reduce the rise in Black Lung Disease

Top Management Challenge	Issue	Departmental Progress	What Remains to be Done
Improving Performance Accountability of WIA Grants	• Ensuring that WIA grants accomplish program objectives • Ensuring that State Workforce Agencies (SWAs) evaluate WIA programs and share results • Developing monitoring strategy using reduced funds • Improving the quality and reporting of performance data	• Commissioned evaluations and issued guidance on reporting of information on WIA activities • Requested funding for additional grant monitoring positions and developed plans to absorb workload into ongoing operations	• Develop process to analyze evaluation results and improve service delivery nationally • Share best practices through on-line technical assistance • Ensure that data evaluations are performed as part of regional grant monitoring
Ensuring the Effectiveness of the Job Corps Program	• Meeting placement and recruitment goals • Ensuring safety and quality of life at Job Corps centers • Ensuring integrity of center's financial and performance data	• Developed new recruitment and training materials • Issued instructions and training on safety issues • Added improving data Integrity to assessment standards	• Evaluate female recruitment efforts • Improve strategies to address drop in graduate placements • Provide proactive oversight of center contractors
Safeguarding Unemployment Insurance	• Reducing UI improper payments estimated at $15.2 billion for the current year due to large increases in claims • Ensuring that SWAs have adequate IT contingency plans	• Implemented State Information Data Exchange System (SIDES) • Increased State use of National Directory of New Hires (NDNH) • Provided funding to 31 states to develop IT contingency plans	• Fully implement SIDES • Ensure that CA adopts NDNH • Promote use of databases to detect improper payments • Work with States to develop IT disaster contingency plans
Improving the Management of Workers' Compensation Programs	• Timeliness of Energy Workers' Compensation claims decisions • Minimizing improper payments and fraud in FECA program	• Implemented guidance on claim development and developed processes to inform workers of program benefits • Increased oversight of workers' continuing eligibility for benefits through modifications to the Integrated Federal Employees' Compensation System (iFECS).	• Continue efforts to reduce Energy case processing time • Seek legislative reforms to reduce unnecessary FECA claims
Maintaining the Integrity of Foreign Labor Certification Programs	• Fraudulent FLC applications • Improving the H-1B application process	• Office of Foreign Labor Certification (OFLC) continues to work closely with the OIG to reduce fraud in the FLC application process	• Continue work with the OIG to reduce FLC program fraud • Make adjustments to enhance integrity of H-1B application processing system
Securing Information Technology Systems and Protecting Information Assets	• Control deficiencies over access to key IT systems increase the potential for the unauthorized access and exchange of financial and personal information	• Although disagreeing with the gravity of the OIG's system access issues, continued to participate on Federal Councils to develop policies addressing many of the OIG's concerns	• Establish an independent Chief Information Officer (CIO) to provide exclusive oversight of all issues affecting the Department's IT capabilities

Top Management Challenge	Issue	Departmental Progress	What Remains to be Done
Ensuring the Security of Employee Benefit Plans	• Increasing authority to oversee plan audits and assess the effectiveness of enforcement programs covering private retirement plans, health plans and other welfare benefit plans covering $6.1 trillion in assets • Developing new regulations, enforcement programs and research strategies to implement provisions of the Health Care Reform Act	• Improved accuracy of recorded financial transactions and timeliness of daily processing • Revised training efforts and improved User Guides • Reduced late payment penalties near pre-implementation levels	• Work with OMB, Treasury and the OIG to improve data quality and financial reporting • Improve the operational efficiencies of the new system, including the further reduction of late payment penalties
Ensuring NCFMS Produces Accurate and Timely Financial Information	• Larger than expected user base • Late processing of transactions • Inability to produce auditable financial statements • Substantial increase in late payment penalties	• Improved accuracy of recorded financial transactions and timeliness of daily processing • Revised training efforts and improved User Guides • Reduced late payment penalties near pre-implementation levels	• Work with OMB, Treasury and the OIG to improve data quality and financial reporting • Improve the operational efficiencies of the new system, including the further reduction of late payment penalties • Continue to enhance training materials and continue the training of NCFMS users

U.S. Department of Labor