

**STATEMENT OF R. ALEXANDER ACOSTA
SECRETARY OF LABOR
BEFORE THE
SUBCOMMITTEE ON LABOR,
HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
June 27, 2017**

Chairman Blunt, Ranking Member Murray, and members of the Subcommittee, thank you for the invitation to testify today. It is an honor to appear before the committee to outline this Administration's vision for the Department of Labor in Fiscal Year (FY) 2018 and beyond. Supporting the ability of all Americans to find good and safe jobs is a priority for President Trump and for me. And to be clear, a good job and a safe job are not mutually exclusive. We can have both. I am proud and humbled to lead the Department of Labor in this critical work.

We have a lot of work to do at the Department. Too many Americans struggle to get by. Too many Americans have seen good jobs in their communities disappear. Too many Americans see jobs that are available, but require skills that they do not possess. We at the Department look forward to working with you in the Legislative Branch to fulfill the Department of Labor's critical mission: to foster, promote, and develop the welfare of our Nation's workers, job seekers, and retirees.

The Administration is committed both to fiscal responsibility and to restoring the Federal government to its proper role. We are going to do more with less and we are going to focus the Department of Labor on its core mission by making smart investments in programs that work. The Budget makes hard but responsible choices: it eliminates programs that are less effective or less efficient, and dedicates taxpayer dollars to programs that we know are successful.

Our American economy has changed rapidly and has left many Americans behind. Our unemployment rate is now at 4.3 percent, a 16-year low. Nonetheless, we have 6.9 million Americans who are unemployed. The good news is that we have 6.0 million job openings. We can get most Americans back to work if we can match those who are looking for work with available jobs. But businesses report difficulty hiring workers with the right skills for jobs they need to fill. There is a mismatch between the needs of employers and the skills of jobseekers. We need to close this skills gap. We need to do so within an overall budget that respects the Administration's commitment to fiscal responsibility and to national security.

As part of this approach, the Budget prioritizes the programs that *do* work. It includes a total of \$130.0 million for Reemployment Services and Eligibility Assessments, an increase of \$15.0 million. These assessments are proven to help unemployed Americans get back to work more quickly and at higher wages. They also save taxpayer dollars. A recent study showed that by getting Americans back to work more quickly and reducing improper payments, this approach saved an average of \$536 per claimant in unemployment insurance benefit costs, demonstrating its potential for real savings for American taxpayers.

We need to make better efforts to align job training with the skills the market demands. The evidence tells us that effective Federal job training programs prepare job seekers for high-growth jobs that actually exist. One approach to preparing workers for these high-growth jobs is apprenticeship, a proven strategy for raising trainee employment rates and wages. High quality apprenticeships enable employers to be involved in the training of their future workforce so they can be sure new hires possess the skills needed to do the job. Apprentices receive wages and, just as importantly, skills that enable them to thrive in today's workforce. Apprentices earn nationally recognized certificates of completion leading to long-term career opportunities. Many Registered Apprenticeship programs also afford apprentices the opportunity to earn college credit towards a degree.

Getting Americans back to work also requires eliminating programs that are less effective at helping Americans get jobs. There are many programs intended to help Americans find or train for jobs, but some of them are duplicative, unnecessary, unproven, or ineffective. The Department is committed to streamlining or eliminating programs based upon a rigorous analysis of available data to assess programmatic effectiveness. The Department also believes that giving states more flexibility to administer DOL resources in a way that best suits their needs is another way to ensure DOL resources are used as efficiently and effectively as possible.

The Department is also seeking to reduce burdens on taxpayers and increase efficiencies by requesting authority to establish and retain fees to cover the operating costs for foreign labor certification programs, which serve to ensure that foreign workers brought in under work-based visas do not displace or undercut the wages of American workers. Once the fee structure is fully implemented, only the employers who want to bring in foreign labor will pay for these programs. This is fair. This will allow for a more reliable, workload-based source of funding that removes the taxpayer from footing the bill and ultimately eliminates the need for appropriations. This proposal allows for timely processing of labor certifications that will proceed in parallel with the Department efforts to ensure that foreign labor does not illegally displace American workers. This approach is consistent with the Department of Homeland Security's management of the foreign labor programs and is crucial to protecting American workers.

Too many Americans are faced with the difficult choice between caring for a new baby and getting back to work to earn a paycheck. The Administration believes this is a choice parents should not have to make, which is why the Budget delivers on the President's promise to provide paid parental leave. The Budget includes a fully paid-for proposal to establish a Federal-state paid parental leave benefit program within the Unemployment Insurance program that will provide mothers and fathers, including adoptive parents, with six weeks of benefits after the birth or adoption of a child.

The Department believes that a vast majority of employers across the nation are responsible actors, fully committed to following worker protection laws and to providing good and safe jobs for their employees. However, these laws can be complex. The Department has placed a priority on helping American employers understand and remain in compliance with worker protection laws. The Budget includes funding increases of \$16.6 million to the Department's worker protection agencies to support this goal. When the Department collaborates and works in

partnership with employers, compliance with labor laws increases and American workers benefit.

Compliance assistance to the employer community is vital. The Wage and Hour Division (WHD), the agency that enforces laws establishing minimum standards for wages and working conditions, has developed compliance assistance tools through engagement with industry leaders and the employer community. The Budget includes an additional \$3.0 million for WHD to expand upon this work and perform compliance assistance projects to further educate employer groups and industry associations on how to comply with the law.

The Occupational Safety and Health Administration (OSHA) ensures safe and healthful working conditions for working men and women by setting and enforcing standards and by providing training, outreach, education, and assistance. The Budget supports the Department's emphasis on compliance assistance and provides an additional \$4.0 million for OSHA's federal compliance assistance activity. This investment will allow OSHA to broaden its assistance and support to employers who are trying to best protect their workers.

The Employee Benefits Security Administration (EBSA) ensures the security of the retirement, health, and other workplace related benefits of America's workers and their families. EBSA's enforcement authority extends to an estimated 685,000 private retirement plans, 2.2 million health plans, and a similar number of other employee welfare plans which together hold \$9.3 trillion in assets. These plans provide critical benefits to America's workers, retirees, and their families. Our experience indicates that the volume and complexity of Employee Retirement Income Security Act (ERISA) disclosures can be overwhelming for some participants and beneficiaries. Complying with ERISA's disclosure requirements and effectively communicating with employees can be a particular challenge for small businesses that may not have a dedicated human resources department with employee benefits specialists. The Budget includes a \$1.3 million funding increase to improve the quality, readability, and delivery of ERISA disclosures to people in plans sponsored by small businesses.

The Budget provides \$46.6 million for the Office of Labor-Management Standards (OLMS) to administer the Labor-Management Reporting and Disclosure Act (LMRDA) and related laws, which establish safeguards for labor union democracy and financial integrity. The FY 2018 funding level re-establishes the International Compliance Audit Program, through which OLMS will audit and provide technical guidance and assistance to International Union officials to achieve compliance with the LMRDA.

The Office of the Solicitor (SOL) will support the execution of these priorities. The Budget provides SOL with \$2.2 million to support these compliance assistance initiatives by providing legal advice regarding establishing new compliance assistance programs, developing public-facing materials, preparing and conducting internal training programs, responding to inquiries, and defending legal challenges that may arise in response to these programs.

The Administration is committed to moving the nation toward fiscal responsibility and restoring the Federal government to its proper role. The Department will focus on work that furthers the Department's mission, and the Budget makes long overdue changes to move in that direction.

These changes include sensible budget reductions, organizational changes to reduce operational costs, and the elimination of unproven or duplicative activities.

Some of those changes mean moving programs from the Department of Labor. Where there is duplication throughout the government, programs, offices, and agencies can and should be consolidated to increase efficiency. For this reason, the Budget proposes to consolidate the Office of Federal Contract Compliance Programs (OFCCP) with the Equal Employment Opportunity Commission (EEOC). This commonsense change combines two civil rights agencies that already work together closely.

Other commonsense changes involve refocusing the Department's agencies on their core missions. For the Bureau of International Labor Affairs (ILAB), that means focusing the agency on ensuring that U.S. trade agreements and preference programs are fair for American workers. In addition to their reporting requirements on international child labor and forced labor and their charge to represent U.S. interests in international settings like the International Labor Organization, ILAB has a critical role to play in leveling the playing field to make sure that other countries are not undercutting American workers by violating trade commitments. The Budget eliminates ILAB's new grants programs as we ask other countries to invest more in these areas, saving America's taxpayers \$67.5 million.

The Budget refocuses the Office of Disability Employment Policy (ODEP) by investing agency resources in an initiative that is based on a program with demonstrated success: the State of Washington's Centers of Occupational Health and Education program, which is part of its workers' compensation program. ODEP's investment builds on a model proven to increase labor force participation of individuals with injuries and disabilities. The demonstration project, which will be run in partnership with the Social Security Administration, will test the effects of implementing key features of the model in other states or municipalities for a broader population.

The Department also proposes sensible reforms for the Pension Benefit Guaranty Corporation (PBGC). PBGC acts as a backstop to insure pension payments for workers and retirees whose companies and pension plans have failed. The Budget proposes premium reforms for the multiemployer insurance program that will improve the solvency of the program.

These commonsense changes will restore the Department to a focus on its core mission, save taxpayer resources, and increase the Department's effectiveness by investing in programs known to have a meaningful impact on American workers.

Americans want good and safe jobs. The Department is here to support Americans' desire to hold these jobs. The Budget restores the Department to this fundamental mission, investing in programs that we know are successful. The proposals are evidence-based and reflect the seriousness with which the Administration is taking its responsibilities.

We look forward to working with Congress on these important goals.