

News Release

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Labor Secretary Elaine L. Chao Unveils Budget for FY 2007

Announces Job Training Innovations and More Resources for Worker Protection

WASHINGTON — U.S. Secretary of Labor Elaine L. Chao today outlined the President's Fiscal Year (FY) 2007 Labor Department budget, which provides added resources for enforcement and compliance assistance to protect workers' health, safety, pay and benefits; and for updating key economic data. The budget also proposes new job training initiatives that make federal-state training programs more flexible and effective, and calls for passage of several legislative initiatives related to the department's agencies and programs.

"The President's budget protects worker safety, health and long term retirement security while striving to be fiscally responsible with taxpayers' dollars to optimize and provide effective programs. This has been a hallmark of the Department of Labor in this Administration," said Secretary Chao. "Additional resources are directed to job training initiatives that deliver results for workers; and we will continue our aggressive, record-breaking enforcement of federal laws protecting workers' wages, benefits, health and safety."

Details of the department's FY 2007 budget include the following:

Worker Protections

The department will spend \$771.5 million to strengthen workplace safety and health, including innovative partnerships and cooperative agreements with employers. These partnerships will be complemented by strong, fair enforcement; outreach; education, and compliance assistance. This balanced approach is producing notable outcomes. Since 2000, the fatality rate has declined by 4.9 percent, and the fatality rate of Hispanic workers has fallen by 12.5 percent. Injury and illness rates have also declined, down 9.4 percent since 2002.

A portion of the FY 2007 increase of \$11.2 million for the Occupational Safety and Health Administration (OSHA) will support additional compliance assistance targeted to Hispanic and non-English speaking workers and the development of an improved system for data analysis, targeting and performance measurement.

Building on the agency's success in collecting back wages in previous years, the Wage and Hour Division is requesting an additional \$6.0 million to sustain a proactive enforcement program of directed investigations in low-wage industries and to continue to meet its goals for investigating complaints in a timely manner.

An additional \$4.5 million for the Office of Labor Management Standards (OLMS) will strengthen union financial integrity protections and Labor Management Reporting and Disclosure Act compliance.

The FY 2007 budget includes \$12.0 million for the Employee Benefits Security Administration (EBSA) to launch a new data system that will electronically process annual reports of employee benefit plan information. This technology will provide workers timely and accurate information about their employee benefit plans and help them make informed decisions about their retirement. When fully implemented, the new system will provide comprehensive data on employee benefits and will support the President's plan to ensure the transparency of retirement information for workers, investors and retirees. The system also will help EBSA, the Pension Benefit Guaranty Corporation (PBGC) and other federal agencies effectively target enforcement efforts and strengthen compliance with the law. Funds for this system are included in both the request for EBSA and PBGC.

An increase in civil monetary penalties for violations of laws administered by the Mine Safety and Health Administration is among the legislative initiatives in the FY 2007 budget. The proposal would raise the maximum penalty for egregious violations from \$60,000 to \$220,000. In addition, a \$1.0 million increase is included for mine rescue technology.

The 2007 budget also proposes legislation designed to further strengthen worker rights and protect families by increasing the amount of civil monetary penalties that can be assessed against employers who willfully violate child labor laws.

Job Training Innovations

The FY 2007 budget includes \$3.4 billion for the Administration's new Career Advancement Accounts job training proposal. Funds for these self-directed accounts would be targeted toward individuals in need of employment assistance — primarily out-of-school youth, low-income adults and dislocated workers — but could be used by others as well, for example, current workers and part-time students. This funding also would be used by states to provide basic employment services to job seekers and employers either through a network of community-based career centers or in partnership with the private sector.

This reform, along with a \$150 million request for the President's Community-Based Job Training Grants initiative, continues to build on efforts to offer flexible, effective training options to educate and prepare workers for the competitive global economy.

The FY 2007 budget transfers the \$50 million YouthBuild program, which targets 16-24 year olds for training for construction jobs, from the Department of Housing and Urban Development to the Department of Labor. In addition, the budget includes \$19.6 million for the department's portion of the Prisoner Re-entry Initiative, which is administered jointly with the Departments of Justice and Housing and Urban Development.

Updating Key Economic Data

Because the Consumer Price Index (CPI) has a major effect on the nation's economy, including consumers, financial markets and government benefit programs, the Bureau of Labor Statistics (BLS) must ensure that its data is accurate and up-to-date. The 2007 Budget includes \$8.0 million to update housing and geographic area samples for the CPI, improving accuracy by incorporating recent demographic and geographic trends and changes in the nation's housing stock.

The balance of the department's FY 2007 budget is comprised of benefits payments, including unemployment insurance and workers' compensation. Under the President's budget, total Department of Labor budget authority (discretionary and mandatory) for FY 2007 would be \$54.1 billion, up from \$51.3 billion in FY 2006.

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