A History of the U.S. Department of Labor During the Clinton Administration 1993-2001

Prepared for the Clinton Administration History Project
Washington, DC
2000

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Introduction

This report covers activities in the U.S. Department of Labor (DOL) during the Clinton-Gore Administration (1993 – 2000). The report is divided into seven sections:

- Highlights – Provides an overview of the major policy achievements and events during the tenures of Secretary Robert Reich and Secretary Alexis Herman.

- Major Organizational and Personnel Changes – Discusses how the organization and key personnel changed to meet institutional needs during the Administration. The organization of the Department of Labor is likely to be of interest to those seeking an understanding of how DOL's many programs are coordinated and implemented. Related appendices introduce the various offices and agencies, their responsibilities, and information about key agency appointments during the Clinton-Gore Administration.

- Operations – Covers management improvements in the areas of financial accountability, Internet development, and outreach. During the Clinton-Gore Administration, many management improvements and streamlined systems of operations were instituted to better meet the challenges facing the Department.

- Accomplishments: Employment, Earnings and Assistance – Discusses historical developments in the areas affecting employment opportunities, job training, and data compilation. Major changes in the economy during the Clinton-Gore Administration required significant adjustments in the delivery of services to employers and prospective employees.

- Accomplishments: Economic Security – Covers important developments in the areas of compliance with wage and hour rules, the administration of worker benefits, increasing pension security. Increasing the minimum wage and cracking down on abuses in the garment industry were major focuses of both Secretaries.

- Accomplishments: Safe, Healthful and Fair Workplaces – Discusses activities in the areas of civil rights, safety and health standards, and international labor standards. DOL focused on better targeting of its enforcement efforts, creating new partnerships to achieve better compliance, raising awareness of the wage gap between women and men, and improving the lives of children throughout the world through international commitments to core labor standards.

- Challenges for the Future – Describes areas where DOL could have done better and where the challenges for the future lie.

Detailed documents that chronicle the events that occurred during the Clinton – Gore Administration are included as appendices to the report.

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

DEC 19 2000

From the Secretary of Labor
Alexis M. Herman Alexis M. Herman

I am very pleased to offer the William Jefferson Clinton Presidential Library a history of the U.S. Department of Labor during the Clinton Administration (1993-2000). The Administration's achievements in such areas as the minimum wage, parental leave, youth opportunity, welfare-to-work, workforce investment, equal opportunity, and many others brought lasting improvements to the lives of working men and women and their families. President Clinton set the agenda for these improvements and he stayed the course to fight for America's working families, sometimes in the face of very strong opposition.

I was honored and humbled by President Clinton's confidence in selecting me as Secretary of Labor. And I am deeply proud of the Department's staff for their tireless work in carrying out the President's policies. I will always be grateful that I served as Secretary of this dedicated Department -- in these exceptional times -- in this extraordinary Administration.

American businesses and American workers are the finest in the world. Together they have created economic opportunity other countries can only imagine. But not every seed took root; not every problem was solved; not every injustice was righted. Much work remains to be done. I hope that the record of our efforts and achievements will be of interest not only to historians, but also to those seeking to build on our successes and to finish the job the Department of Labor started eight years ago.

Mission of the Department of Labor

Created by a law signed by President William H. Taft on March 4, 1913, the U.S. Department of Labor is one of the oldest cabinet-level departments in the Federal government. The Department of Labor fosters and promotes the welfare of the job seekers, wage earners, and retirees of the United States by improving their working conditions, advancing their opportunities for profitable employment, and protecting their retirement investments. In carrying out this mission, the Department administers a variety of Federal Labor laws guaranteeing workers' rights to safe and healthful working conditions; a minimum hourly wage and overtime pay; freedom from employment discrimination; unemployment insurance; and other income support. The Department also protects workers' pension and other benefit rights; provides for job-training programs; helps workers find jobs; helps employers find workers; works to strengthen free collective bargaining; and keeps track of changes in employment, prices, and other national economic measurements.

Chapter I. Department of Labor Highlights 1993-2001

The dramatic changes in the Department of Labor (DOL) during the Clinton Administration tracked the extraordinary economic developments in the country as a whole. In 1992, unemployment stood at 7.5 percent; the poverty rate was 14.8 percent; median household income had dropped to an eight-year low of $36,379 (1999 dollars); the inflation rate was 3.0 percent; and the federal deficit reached $290 billion -- the largest deficit in American history. The federal minimum wage was $4.25; job-protected family and medical leave was available to relatively few workers; many private pensions were underfunded; and federal employment and training assistance was provided through a patchwork of programs.

The Labor Department, along with other federal agencies, was a key player in making changes possible for American workers and their families. The Department entered a period of sustained and consistent administration that provided the energy and the environment conducive to innovation and change. As a result, DOL made great strides in helping American workers obtain the help they needed to get good, safe jobs – and provide for their retirement. Over 22 million new jobs were created since the start of the Clinton Administration and the unemployment rate reached 3.9 percent, a 30-year low. (See Appendix A for a discussion of the factors behind the job growth.) Corporate profits rose 89 percent – from $453.1 billion in 1992 to $856 billion in 1999. Inflation increased only 19 percent over the same period. And this is only the beginning of the story. In 1999, the poverty rate fell to 11.8 percent, the lowest rate in 20 years; median household income reached an inflation-adjusted, all-time high of $40,816; and inflation was moderate at 2.2 percent. Between 1993 and 1999, welfare rolls fell by more than half, from

14.1 million to 6.6 million recipients. Moreover, the federal deficit was history. In fact, in FY 2000, the government recorded a surplus of $237 billion, the third consecutive annual surplus and the largest surplus ever recorded, even after adjusting for inflation. Job-protected family and medical leave was now available to millions of Americans; private pensions were better funded; federal employment and training efforts were organized into a coordinated workforce investment system, tailored to meet local needs; and the federal minimum wage was $5.15 an hour.

Although many of these achievements were the direct result of the booming economy, the Department's efforts over these eight years played an important part in making it all possible. Highlights of DOL's accomplishments under Secretaries Reich and Herman are listed below. More detailed descriptions of these and other agency accomplishments can be found in Chapters IV-VI.

Robert B. Reich became President Clinton's first Secretary of Labor and served in this capacity from 1993 to 1997. A native of Massachusetts, former summer intern for Senator Robert Kennedy, Rhodes Scholar, and Yale Law School graduate, Secretary Reich brought with him extraordinary credentials -- former Assistant to the Solicitor General of the Justice Department in the Ford Administration, former head of policy planning at the Federal Trade Commission in the Carter Administration, and later an instructor of political economics at Harvard University's John F. Kennedy School of Government. Secretary Reich was well known as a spokesman for President Clinton's campaign, and his creative mind, affable personality and dynamic speaking brought a new and immediate visibility to the Department's work.

At his confirmation hearings in January 1993, Robert Reich promised to work both to bring unemployment levels down in the short run and to improve the quality of jobs for all Americans in the long run. He promised to establish the Department of Labor as the "Department of the American Workforce," dedicated to the goal of creating better, higher-wage, safer, and healthier jobs for all employees.

Secretary Reich spent a great deal of his time and energy raising awareness of the growing wage gap between the highest and lowest paid working Americans. He was tireless in his search for new approaches to this enduring and perplexing problem. His speech on the eve of Labor Day 1994 highlighted the importance of this issue:

> "...Getting our fiscal house in order and reigniting job growth were essential to repair the damage of the recent past, but they are only the prerequisites to our broader agenda -- reversing the economic divisions that have undermined our sense of common destiny, and laying the foundation for a new middle class.
>
> "Even though it has been a long time since the picture was so bright for the average American worker, the experience of the average worker is becoming less and less relevant. Some workers are surging ahead, others are treading water, and still others are sinking fast -- in the same economy, at the same time. The state of the American workforce, in short, is divided.
>
> In the late 1960's, as my generation was joining the workforce, the vast majority of Americans were middle class, in reality as well as perception. Their status and prospects differed only moderately from the average. In an astonishingly short time, the old middle class has splintered. The erosion of a sense of shared

prospects poses what may be our nation's most critical challenge of the post-Cold War era. Reversing this erosion, giving all Americans a reason to believe once more that hard work will lead to a better life, is this Administration's central objective..."

Over the next six years, Secretaries Reich and Herman led efforts to narrow the wage gap – through increases in the minimum wage, the expansion of the earned income tax credit, and the improvements in skill training programs, including the passage of the Workforce Investment Act. Evidenced by the recent strong wage gains at both the bottom and top deciles of the earnings distribution, it is clear that these efforts are paying off.

During his tenure, Secretary Reich led sweeping changes in the Department that reinvigorated the staff and programs. In conjunction with Vice President Gore's National Performance Review Program,[1] Secretary Reich oversaw the elimination of unnecessary paperwork and administrative barriers to the empowerment of front line staff. Cumbersome processes for developing regulations were stripped away and the Department's agencies began to work more collaboratively in legislative and regulatory initiatives. Through his Town Hall meetings with the Department's staff, and his founding of the DOL Policy Center, Secretary Reich encouraged the development of ideas and solutions through a new openness in communications. One outstanding example of the Department's reinvention efforts was the Occupational Safety and Health Administration's "Maine 200" Program. The program started at the end of 1993 and was fully implemented during 1994. The "Maine 200" program selected 200 employers in that state with the highest number of workers compensation claims and offered them the choice between a partnership with OSHA to reduce hazards, or an OSHA inspection. During 1994, several versions of the program were piloted in 13 other States. As a result of the program, there was a reduction in injury and illness rates in the 65 percent of employers who chose a partnership with OSHA.

An example of the important role interagency efforts had under Secretary Reich was the team that developed the workforce reform proposal in 1993-1994, entitled the Reemployment Act of 1994. This legislative proposal was the product of the first policy team to occupy the Secretary's new Policy Center. The proposal emphasized several key elements needed to reform the workforce development system, including the consolidation of multiple DOL employment and worker training programs into a single comprehensive worker adjustment program; more flexibility to the Unemployment Insurance system to encourage workers to find reemployment quickly and to help some workers start new enterprises; and the establishment of a national network of One-Stop Career Centers and a national labor market information system. The proposal received significant criticism in Congress for limiting program consolidation to just DOL programs and no action was taken on the bill in 1994. However, the Act was a valuable building block in the Administration's effort to reform job training programs that culminated in passage of the Workforce Investment Act of 1998.

Secretary Reich was also a strong proponent of the North American Free Trade Agreement (NAFTA), which he saw as a critical step in expanding trade and job opportunities for American workers. In his first Labor Day speech as Secretary, he strongly defended the controversial trade agreement: "When NAFTA brings down tariffs on both sides, the 'giant sucking sound' you hear won't be American jobs, it will be American products going to Mexico. The result will be thousands more jobs here."

Among the major initiatives that reflected the new creativity, focus and energy of the Department during Secretary Reich's tenure were:

Passage of the Family and Medical Leave Act. By 1993, it was clear that the sharp rise in the number of single-parent and two-earner households over the prior quarter-century necessitated a national policy to help Americans balance work and family obligations -- without harming businesses. The Administration believed that providing time off to workers who needed to care for their families' needs was an important first step. In congressional testimony given in January 1993, Secretary Reich articulated two overarching needs for family and medical leave legislation: "The first concerns the needs of the new American workforce. Increasingly, America's children and elderly are completely dependent on people who must spend many hours at the office or the factory. And when a family emergency arises ... it is simply unfair to ask those working Americans to choose between their jobs and their families ... The second over-arching reason for this legislation, at this time, is that it encourages the development of high-performance work organizations. It is only when workers can count on durable links to their workplace that they are able to make their own full commitments to their jobs."

Congress passed the Family and Medical Leave Act in early 1993 – it was the first piece of legislation signed into law by President Clinton. The Act guarantees up to 12 weeks of unpaid leave annually to covered, eligible workers who need time to care for a newborn or a child newly adopted or in foster care, or to care for themselves or a family member who is seriously ill. Since then, millions of Americans have taken leave to care for their child or spouse, or for their own health needs – knowing that their job is secure.

Increasing retirement security. In 1993, the federal government's single-employer insurance program had a deficit of $2.9 billion. In order to strengthen the nation's private pension insurance system and ensure the solvency of the federal Pension Benefit Guaranty Corporation, the Administration proposed the Retirement Protection Act, which was enacted in 1994. As a result, the federal insurance system moved from a deficit status into one of surplus.

Secretary Reich also strongly and successfully opposed efforts in the Congress to amend the law to allow corporations to take $15 billion out of their pension plans to use for other corporate purposes, helping protect retirement security for workers.

In addition to protecting those who already had pensions, there was a recognition that millions of Americans were not prepared for their retirement. In July 1995, Secretary Reich joined with the Secretary of the Treasury and 65 public and private organizations to launch the Retirement Savings Education Campaign. The purpose of this campaign was to encourage Americans to save for retirement and build a secure financial future.

Increasing the minimum wage. By 1996, the buying power of the minimum wage had fallen to its lowest level in 40 years, and millions of full-time workers were unable to lift themselves and their families out of poverty. President Clinton and Secretary Reich successfully urged the Congress to enact legislation raising the minimum wage from $4.25 to $5.15. This minimum wage increase provided a pay raise for nearly 10 million of America's lowest-paid workers. At about the same time, the Administration succeeded in expanding the Earned Income

Tax Credit, which provided additional resources to 15 million working families with modest incomes. These two major steps brought financial independence to many of America's poorest working families. As Secretary Reich said after the minimum wage increase passed, "Today, we are affirming that the American dream is possible for everyone--janitors, maids, child-care workers, cashiers, bus boys, fork-lift operators, gas station attendants--the people who clean offices at night, file the papers, answer the phones, serve the food, cut and sew our clothes, pick the crops, sweep the floors, care for our children, our sick and our elderly."

Fighting sweatshops. Sweatshops re-emerged as a social issue in the country – in the early 1990's as many as half of the nation's 22,000 garment contractors were failing to comply with basic labor laws. Secretary Reich made sweatshop eradication a priority at DOL through the "No Sweat" campaign. He increased enforcement efforts and educated consumers in a high profile campaign to explain the severity of the problem and enlist the public's help in the battle to rid the country of sweatshops. DOL also helped thousands of garment workers recover wages that were owed them, while partnering with more than 50 garment manufacturing firms who pledged to help ensure that their contractors complied with the labor laws. The Department's "No Sweat" team earned the *Innovations in American Government* Award from the Harvard University's Kennedy School of Government and the Ford Foundation for attacking the proliferation of sweatshops in the garment industry.

Improving labor-management relations. Under Secretary Reich, the Administration undertook a comprehensive examination of ways to improve labor-management relations. Former Secretary of Labor John T. Dunlop was asked to Chair the Commission on the Future of Worker-Management Relations. The Commission's Report, which analyzed and provided recommendations with respect to the private sector, was delivered to Secretary Reich in December 1994. A parallel effort, the Task Force on Excellence in State and Local Government Through Labor-Management Cooperation, co-chaired by former New Jersey Governor James J. Florio and Louisville Mayor Jerry Abramson, directed its recommendations to the state and local government sector. The Report of that Task Force, "Working Together for Public Service," was completed in May, 1996. In a complementary effort, Secretary Reich asked Deputy Secretary Tom Glynn to explore how labor-management relations might be improved in the federal sector.

Alexis M. Herman became President Clinton's second Secretary of Labor and the first African American to head the Department. A native of Mobile, Alabama, graduate of Xavier University in New Orleans, Catholic Charities social worker, and national director of the Minority Women Employment Program of R-T-P in Atlanta, Secretary Herman was no stranger to the Department. Under President Carter, at age 29, Ms. Herman became the youngest person ever appointed as director of the Department of Labor's Women's Bureau. She later founded A.M. Herman & Associates, which provided expert advice to State and local governments and private corporations on ways to eliminate labor market barriers, improve training, mentoring and retention efforts, and link economic development activities to job creation and training strategies. Prior to her 1997 confirmation as Secretary of Labor, she served as assistant to the President and director of the White House Public Liaison Office.

In her first Labor Day address, Secretary Herman reported on a very different state of the American workforce than that of Secretary Reich's first address, one that showed the results of a healthy economy and the efforts of the Department of Labor over the previous five years. In her address at the National Cathedral in Washington, D.C., she said, "Unemployment has dropped to a 24-year low. We have added nearly 13 million new jobs in the last five years. Our Gross Domestic Product is climbing at a healthy rate. Inflation is at historic lows. Corporate profits are rising and setting records." But she noted that the Department's work was not done, "The task before us as a nation ... as a moral people ... I dare say, as children of God ... is to make sure that the economy's new buoyancy lifts the lives of all Americans. That a nation moving forward leaves no one behind. That we do not declare our work completed until America's new prosperity is shared by all."

Early in her tenure, Secretary Herman was faced with the challenge of a nationwide 15-day strike by 185,000 members of the Teamsters Union (IBT) against the United Parcel Service (UPS). This major strike had a significant economic impact on the country. More than $700 million in revenue was lost and earnings for the company were down for that quarter. Secretary Herman's personal intervention in the talks was critical in enabling the parties to work together – and helping them to recognize that they could not survive without one another. Talks were rejuvenated and the parties reached agreement, putting workers back on the job and ending a potentially more serious disruption to the economy.

With this issue successfully resolved, Secretary Herman turned her attention to the work before the Department. She established the three strategic goals for the Department that would guide its efforts over the next three years: A *Prepared Workforce*; a *Secure Workforce*; and *Quality Workplaces*. Through joint efforts and collaborative initiatives to promote these three strategic goals, the Department began to accomplish far more than the sum of its individual agency efforts. These three strategic goals formed the building blocks on which all of the Department's component agencies began to participate in program planning and budget formulation. In 1999, Secretary Herman issued the first "Annual Performance and Accountability Report" for the Department, covering the reporting requirements of the Government

Performance and Results Act (GPRA) and the Government Management Reform Act (GMRA). This report highlighted the achievements of the Department as it worked towards fulfilling its long-term goals.[2]

Under the goal of a *Prepared Workforce*, enhancing employment opportunities for America's workforce, DOL took a number of steps that have had a positive impact on workers. For example, the 1998 bipartisan Workforce Investment Act, anchored by America's Workforce Network, provides workers with the resources they need to prepare for good jobs, and helps employers find the skilled workers they need to compete in the global economy. Services such as One-Stop Career Centers, Rapid Response, and America's Job Bank, which now lists over 1.4 million jobs on-line, have given workers better access to high quality jobs and helped them to become career self-managers. The Department has also focused its attention on enhancing opportunities for young people by supporting a career preparation system for thousands of youth. These comprehensive services help young people who live in high poverty, urban and rural areas find and keep jobs.

Under the goal of a *Secure Workforce*, promoting the economic security of workers and families, the Department is advancing expanded pension coverage by seeking legislative changes and educating workers and employers on the need for retirement savings, and by improving pension security through tough enforcement. For example, through its pension education campaign, the Department helped increase the number of workers covered by an employer-sponsored pension plan by roughly five percent in 1999, particularly in target subgroups such as women, minorities, and workers in small businesses. But economic security is also important for workers while they are on the job or when they are temporarily out of work. Veterans had millions of dollars in lost wages and benefits, including pensions, recovered through the efforts of the Veterans Employment and Training Service under the Uniformed Services Employment and Reemployment Rights Act (USERRA). The Department has also been working with States, employers, and worker advocates to strengthen the employment service system and to reform the unemployment insurance program. Finally, DOL has promulgated regulations to permit States to use their unemployment compensation programs to provide new parents partial wage replacement following the birth or adoption of a child – another step towards helping workers balance work and family.

Under the goal of *Quality Workplaces*, fostering safe, healthful, and fair working environments, DOL's enforcement agencies implemented new initiatives and increased their efforts to improve workplaces. The major efforts of the DOL enforcement agencies that oversee these goals paid off in 1999. Injuries and illnesses again declined in the Nation's most hazardous industries, such as mining, logging, shipyards, and construction, as a result of the special attention from DOL safety and health inspectors. To help reduce these rates even further in the future, DOL published a number of regulations to improve workplace safety, including final rules to protect miners from hearing loss and to provide safety training for workers at sand, gravel, and stone mining operations. And Secretary Herman's Safe Work/Safe Kids initiative is designed to reduce the number of youth injured at work. On the international front, the Department's efforts resulted in President Clinton ratifying the International Labor Organization's 1999 Con-vention on the Elimination of the Worst Forms of Child Labor, as well as the ILO's Convention 176, Concerning Safety and Health in Mines.

The following are among the major initiatives that reflected the progress made towards the Department's three strategic goals.

Passage of the Workforce Investment Act. In the fall of 1998, President Clinton signed into law the Workforce Investment Act (WIA), legislation that streamlined the job training system. The WIA empowered individuals by giving adults more control and choice over their training or retraining; streamlined job training services by mandating the consolidation of a tangle of individual programs into a user-friendly, easily accessible system that includes a nationwide network of One-Stop Career Centers; enhanced accountability through tough performance standards for States, localities, and training providers; and increased flexibility so that States could innovate and experiment with new ways to better train America's workers. By the fall of 2000, all 50 States had either fully implemented WIA, or had plans to fully implement WIA by December 2000, and the number of One-Stop Career Centers had reached 1,200 nationwide.

Helping employ adults with disabilities. In response to an employment rate of only 27 percent for workers with disabilities, on March 13, 1998, President Clinton signed Executive Order 13078, establishing the Presidential Task Force on Employment of Adults with Disabilities. The mandate of the Task Force is to create a coordinated, aggressive national policy to increase the employment of adults with disabilities to a rate that is as close as possible to the employment rate of the general adult population. President Clinton named Secretary Herman as Chair of the 18-member Task Force. In a speech she gave in 1999, Secretary Herman made clear her commitment to the goals of the Executive Order: "We have to make sure that Americans with disabilities don't face barriers - that our policies are coordinated and that we keep working together to knock down obstacles to employment. The time for excuses is over. It is time for action."

Under Secretary Herman's leadership, the Task Force has provided the President with recommendations on actions that can be taken to remove barriers to employment, including legislative proposals, regulatory changes, and program and budget initiatives. Many of these recommendations have already been acted upon. In addition, in May 2000, DOL's Employment and Training Administration announced the availability of $20 million in competitive Work Incentive Grants to enhance the employment opportunities and career advancement of people with disabilities through the One-Stop Career Center delivery system established under WIA. The grant recipients, which included 23 states and non-profit entities, were announced on October 25, 2000.

Creating the Youth Opportunity (YO!) Movement. Secretary Herman recognized that, in spite of great prosperity brought by the growing economy, some Americans were being left behind, especially young people. Data and experience showed that young people who drop out of school or live in high poverty areas face additional hurdles in trying to get good jobs. In an effort to remove these hurdles, Secretary Herman started the Youth Opportunity Movement. She explained: "Unlocking the talents of our young people is good public policy. And it's good business. These young people are not part of our current prosperity but they are critical to ensuring our continued prosperity. The Youth Opportunity Movement is the partnership-building network that helps communities access all of their resources to help at-risk youth. It provides the chance for every American -- employers, individuals and young people -- to reach into the community and help out-of-school youth succeed. It is because of this involvement at the grassroots level that Youth Opportunity is a Movement rather than simply a program or initiative." President Clinton personally helped launch the Youth Opportunity Movement in Los Angeles in July of 1999 as part of the Administration's New Markets Tour. (The goal of the President's New Market initiative is to attract private sector investments, along with public resources and community involvement, to various communities around the country that have not benefited from the robust economy of the 1990s.)

The Youth Opportunity Movement is more than a public relations campaign, it is a real effort to help those who seek to improve the future of young people. On September 27, 2000, the Department announced the award of 36 five-year youth opportunity grants (with first-year funding totaling $223 million) to targeted high-poverty urban, rural, and Native American areas. These grants will expand employment, education, and training opportunities to at-risk in-school and out-of-school youth, ages 14 to 21. The funding will help establish partnerships among various federal, State, and local government officials, municipalities, businesses, educators, post-secondary institutions, community-based organizations, and parents -- as part of a comprehensive system of service delivery for youth. These efforts have successfully strengthened America's commitment to bringing the approximately 11 million out-of-school youth into the workforce.

Protecting children abroad. In recognition of the fact that many children were at risk in many countries – working at a very young age in unsafe conditions, sometimes far from their families – the International Labor Conference of the International Labor Organization (ILO) considered a Convention on the Elimination of the Worst Forms of Child Labor (No. 182) at its June 1999 meeting in Geneva. The U.S. delegation to the ILO, consisting of employer, worker and government representatives, was a leading proponent of Convention 182 and Secretary Herman was instrumental in promoting its adoption: "Some may say that much of what occurs at conferences like these won't long be remembered. But what happens in this room will. Because when our task is done—and done right—we can return to our homes, our families, our countries—and tell our children what we did here was larger than ourselves and lasting in its value. It will live on. It will endure. Not just in words or even a convention – but, most of all, in the faces, the hopes and the dreams of children. And there is no better legacy than that." President Clinton also addressed the ILO, becoming the first U.S. President to do so. In his address, the President stated: "Today, the time has come to build on the growing world consensus to ban the most abusive forms of child labor—to join together and to say there are some things we cannot and will not tolerate."

The hard work paid off and the Conference unanimously adopted the Convention. The United States then clearly signaled its commitment to end the worst forms of child labor by becoming one of the first countries to ratify Convention 182. Under the leadership of Secretary Herman, the Department has moved to the forefront of the U.S. Government's efforts to eradicate abusive child labor both in the United States and abroad.

Ensuring equal pay. On average, women who work full-time still face a pay gap – they earn only about 75 cents for every dollar that men earn, and the gap is even larger for women of color. This pay gap, in turn, leads to pension inequity. Secretary Herman established a program at DOL to raise public awareness that "Equal Pay Matters." The Equal Pay Initiative focused on three of the contributing factors to the pay gap within the Department's authority: ending pay discrimination, eliminating occupational segregation, and promoting pension equity. Among other achievements, this initiative secured more than $41 million in financial settlements for 8,000 working women and minorities, including more than $10 million in back pay.

The Department, as part of its commitment to end employment discrimination, close the pay gap, and ensure equal employment opportunities at America's federal contractor workplaces, also updated its Executive Order 11246 affirmative action regulations. Executive Order 11246 requires all Federal contractors and subcontractors and federally assisted construction contractors to apply a policy of nondiscrimination and affirmative action in employment with respect to race, color, religion, sex and national origin. The purpose of this regulatory update was to streamline and clarify the regulatory language, reduce the paperwork and compliance burdens, and improve the efficiency of the Department in administering and enforcing the Executive Order. Together, these changes will help reduce workplace discrimination and increase equal opportunity for all workers.

Benefits for working Americans. As noted previously, one of the major initiatives under Secretary Reich was to increase retirement security. Secretary Herman continued this effort. In July 2000, Secretary Herman celebrated the fifth anniversary of the Department's

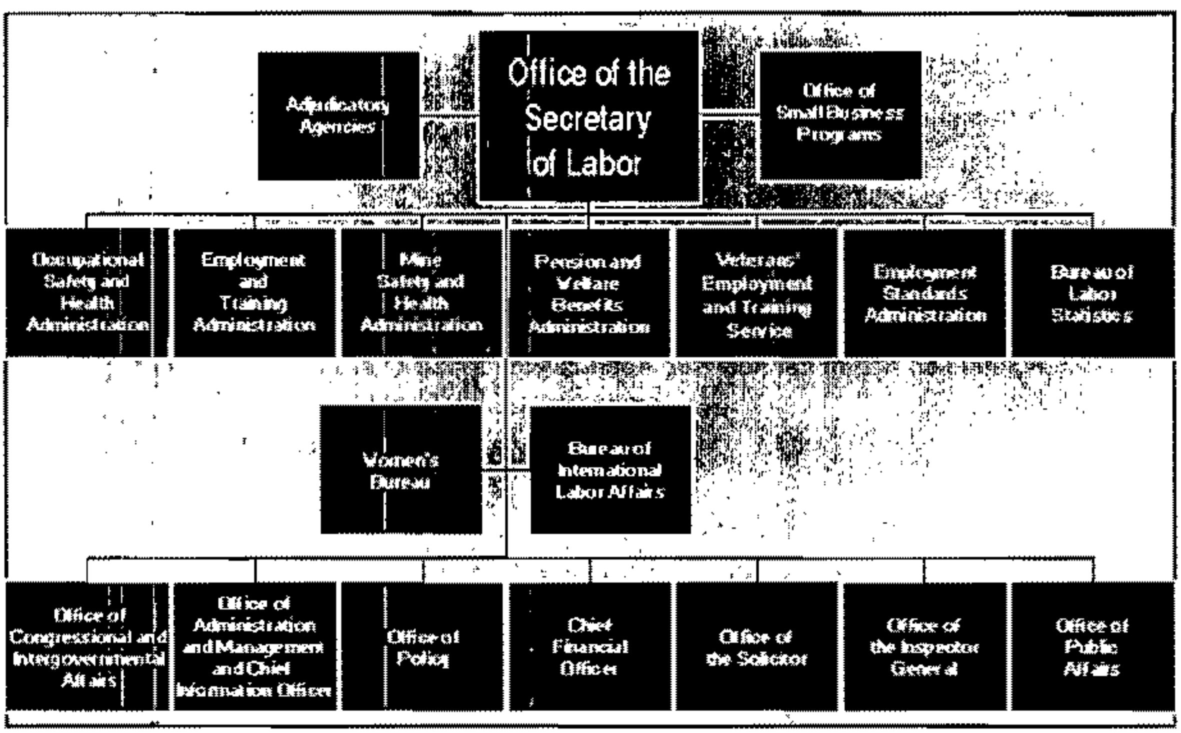
Retirement Savings Education Campaign with many of the Campaign's partners. The event was highlighted by the announcement of a number of new partnerships to reach small businesses, low wage workers, women, and older workers, as well as the presentation of the first Oseola McCarty Super Saver award. Secretary Herman, through the Campaign and its slogan, "Saving Matters!," led efforts to educate Americans on the importance of saving, especially through employment based pension plans, and making workers and employers aware that the Department can help. As part of the national recognition of the Department's efforts, the Secretary was featured in the February 19, 2000 issue of Parade Magazine where she announced the Department's release of a comprehensive financial planning educational booklet entitled "Savings Fitness."

Under Secretary Herman, the Department has also turned its attention to another worker benefit – health care. DOL has expanded health care protections in a number of areas including portability, non-discrimination, protection for newborns and mothers, mental health parity, and women's health. The Department continues to work to expand patient protections identified by the President's Advisory Commission on Consumer Protections and Health Care Quality, which was co-chaired by Secretary Herman, by strengthening the consumer protection provisions relevant to health benefit plans that are within the Department's current statutory authority.

Protecting worker safety. Significant improvements in worker safety were accomplished under Secretary Reich and these efforts continued under Secretary Herman. For example, in 1998, the overall occupational injury and illness rate, as measured by the Bureau of Labor Statistics, was the lowest since the Occupational Safety and Health Administration (OSHA) was created -- 6.7 per 100 workers. To reduce the rate of injuries even further, Secretary Herman made the promulgation of an ergonomics standard one of her top priorities. This initiative has been viewed as one of the most important efforts in recent history to enhance worker safety. OSHA's ergonomics standard will reduce the number of repetitive motion and musculoskeletal injuries in the workplace, which now occur an estimated 600,000 times a year. At the opening of OSHA's March 2000 public hearings on the proposed standard, Secretary Herman stated, "It is time to protect American workers from painful and costly musculoskeletal disorders (MSDs). Every year MSDs cost our economy a staggering 45 to 60 billion dollars. Every working day they rob employees of their vitality, their dignity and their livelihood, and they cheat employers of productivity, experience and profits. We must set a standard that will give working Americans a fighting chance to prevent back injuries, carpel tunnel syndrome, and other work-related MSDs that, together, represent the most serious occupational health hazards facing our nation." This standard was published in November 2000 and will become effective in January 2001.

Chapter II. Major Organizational and Personnel Changes

As an organization with diverse functions, the Department's mission is carried out by a number of offices and agencies, organized into major program areas, and headed by an Assistant Secretary or other official. Program areas are administered through a network of regional offices and a series of field, district, and area offices, and many are carried out through local-level



grantees and contractors in coordination with State and local governments. As discussed in Chapter III., these diverse, cross-cutting functions are integrated and linked to support the goals of the Department. The Department's agencies and their missions are described in Appendix B. An organization chart showing all of the Department's agencies is shown above.[3]

A number of DOL agencies altered their structure, re-organized their programs, or made other organizational changes to meet the challenges faced over the last eight years. Some organizational changes were due to new programs, legislation, or intergovernmental agreements, such as the Bureau of International Labor Affairs' National Administration Office which was established as part of the NAFTA side agreements on labor standards. Other changes were the result of streamlining or reinvention efforts such as that undertaken by the Veterans' Employment and Training Service. Yet other changes resulted from a revamping of the philosophy behind an agency's operations, such as the institution of the "New OSHA." And there was one organizational change made against the wishes of the Administration – in January 1995, Congress eliminated the Office of the American Workplace, which had been created by Secretary Reich to encourage high-performance work practices and policies. These and other major changes in DOL organizations are described in Appendix C.

As the Department's statutory responsibilities to workers and families have increased, the Department has responded by "working smarter." Consistent with the Vice President's reinvention approach, staff have been re-deployed from overhead positions to front-line positions, where much of the mission-related work of the Department is concentrated. As a result of the Department's National Performance Review efforts, more than one-quarter of the headquarter positions were eliminated. In September 1992, DOL employment was 18,019; at the end of FY 2000, it was 16,338.[4]

Highly qualified and dedicated appointed officials and career staff worked diligently on behalf of the President's programs and the needs of their agencies. As would be expected, over the course of the Clinton Administration, there were some changes in DOL's senior staff. A short chronology of heads of agencies is given in Appendix D, followed by the biographies of appointed officials.

Chapter III. DOL Operations

As organization, mandates, missions and officials have changed, so has the way the Department does business. Through internal and external reassessments, DOL has become more efficient and effective in fulfilling its mission.

A. Improving management

The Deputy Secretary of Labor oversees DOL operations. Since 1993, DOL has had several Deputies, all of whom have added to and built upon the efforts undertaken by the first Deputy, Thomas Glynn. Mr. Glynn led the efforts to reinvent the structure and processes of the Department in concert with the Vice-President's national reinvention program. Acting Deputy Secretary Cynthia Metzler, who followed Mr. Glynn in 1996, carried on the reinvention efforts begun in 1993.[5]

In 1997, Kathryn (Kitty) O'Leary Higgins became Deputy Secretary of Labor and took on the responsibility of compliance with the Government Performance and Results Act (GPRA). Through the newly created Management Review Council, she oversaw the work of the DOL agencies as they set their performance goals and developed the strategies they would use to fulfill them.

Dr. Edward Montgomery followed Ms. Higgins as Acting Deputy Secretary (1999) and then Deputy Secretary (2000). He serves as principal adviser to the Secretary of Labor on program policy and economic issues, and has focused his attention on the Departmental agencies' performance under GPRA.

The Department has adopted the strategic management and results oriented focus of the Government Performance and Results Act (GPRA) to ensure that its constituents will receive program services of the highest quality at the most efficient cost. GPRA has provided a valuable set of tools that enhance the Department's effectiveness. The formulation of the Department's three strategic goals -- a prepared workforce, a secure workforce and quality workplaces -- which cut across traditional program lines, has provided a focal point for these strategic, results oriented management efforts.

To meet the challenges of GPRA, new management processes have been put into place to foster inter-agency coordination, monitor progress, and provide active executive oversight. First, the Secretary established a DOL-wide Management Review Council to oversee GPRA planning activities (including publication of a 5-year Strategic Plan and Annual Performance Plans), better coordinate agency efforts, and develop cross-cutting approaches to program and administrative issues. The Deputy Secretary chairs the Council, which consists of Assistant Secretaries and other agency heads. A dedicated GPRA staff and an inter-agency working group labor together throughout the year to coordinate the Department's strategic management efforts. To ensure routine assessment of progress against its performance goals, the Deputy Secretary and agency executives meet several times each year to review performance results and related management issues. Agency officials are held accountable for meeting their goals. In fact, DOL was one of the first Cabinet agencies to establish a performance agreement between the Secretary and the

President. Subsequently, performance agreements were implemented between the Secretary and the Assistant Secretaries. The Department is also incorporating the achievement of GPRA goals as elements in the performance standards of individual executives and managers, to encourage a commitment to performance-based management and to continuous improvement in the results the Department achieves on behalf of working men and women. Several hundred Departmental managers and supervisors have been trained in developing results-oriented management approaches.

Fiscal Year 1999 was the first fiscal year when Federal agencies were required under GPRA to establish performance measures to assess the effectiveness of their programs and services. Each Department of Labor program agency developed an Annual Performance Plan (APP). Of the more than 200 goals included in the agencies' performance plans, 49 performance goals key to the accomplishment of DOL's strategic goals were identified for inclusion in the FY 1999 Departmental Performance Plan, providing a basis for assessing the Department's effectiveness in providing core services to constituents as well as the performance of individual DOL agencies. These Annual Plans reflected the long-term goals in the respective agency Strategic Plans.

DOL significantly strengthened these goals in its FY 2000, FY 2001 and FY 2002 Annual Performance Plans. The final FY 2000 APP did not have any goals categorized as "inadequate" by the Office of the Inspector General, and only a few output goals remained -- the majority of the output goals are now outcome goals. And, for the first time, the draft FY 2002 APP assigns budget authority and outlays at the outcome goal level. DOL also began elimination of duplicate reporting and streamlined the planning process by reaching an agreement with the Office of the Inspector General and Office of the Chief Financial Officer to combine the financial statement and Annual Report on Performance and Accountability. The Department fully met or exceeded a majority of its FY 2000 performance goals, and will raise planned service levels for many programs in FY 2001 and 2002. DOL's first "Annual Report on Performance and Accountability" (for FY 1999) ranked 5th out of 24 reports reviewed by George Mason University's Mercatus Center and GAO's review of the report was generally favorable.

Other major DOL management accomplishments outside of GPRA are described below. Additional related accomplishments are discussed in Appendix E.

Office of Budget. The Department increased integration of the strategic planning, budget formulation and justification, and performance reporting in the Department's internal decision-making process, including linking budget proposals with Departmental outcomes and planning for the acquisition of information technology (IT) capital assets.

Office of the Chief Financial Officer. The Government Management Reform Act and the Chief Financial Officers Act require the Department to produce annual financial statements and to have these statements audited. For three consecutive years since FY 1997, the Department's Inspector General has issued an unqualified or "clean" opinion on the Department's consolidated financial statements. In addition, no material weaknesses were found in the

Department's system of internal controls that would affect the accuracy of the financial statements. (See Appendix F for the accomplishments of the Office of Inspector General.)

This accomplishment was particularly remarkable considering the efforts needed throughout the Department to comply with new accounting standards that went into effect during this period. Most notably, the Department's compliance with a new managerial cost accounting standard established an important foundation for relating financial and program information under the GPRA.

Internet development. One of the ways the Department is working smarter is by employing innovative uses of technology to serve its customers and support its mission. A premier example is the expanded use of the Internet to make compliance information, regulations, and interpretations more accessible. The Department's Internet site has become a key tool for communicating with the public.

The DOL Internet Web Site was launched under Secretary Reich in September of 1995. Currently, it is made up of over 23 web servers, contains approximately 300,000 documents, and receives over 12.5 million "hits" per month (excluding America's Job Bank, which alone receives over 200 million" hits" per month). DOL's websites contain a vast range of documents of interest to both the public and the Department's employees. These materials include legislation, proposed and final regulations, compliance assistance brochures and fact sheets, job openings, budgetary data, descriptions of DOL programs and services, press releases, and Congressional testimony. The Department is working with other Federal agencies to tailor information to specific needs and communities, including small businesses and non-profit organizations. For example, the Department has developed web-based expert systems to assist employers and employees in complying with regulatory standards and labor law. In addition, to assist stakeholders in responding to proposed regulations, software is being tested that will enable individuals and organizations to file comments on proposed regulations electronically through the Internet.

The Department is committed to enhancing the usability and accessibility of its public web site; ensuring that its content is accurate, timely and complete; establishing on-line, inter-active client applications which are secure and ensure public privacy; and ensuring compliance with legislative and administrative mandates such as the Government Paperwork Act, the Government Paperwork Elimination Act, the Americans with Disabilities Act, and the Privacy Act. The Department is continuing to implement additional topical and client-targeted web interfaces, expand its on-line expert advisors, explore technological approaches to better meet user needs, and provide operational and developmental support to inter-governmental organizations developing new federal web sites such as *firstgov.gov*, *workers.gov*, and *disability.gov*.

In support of these objectives, Secretary Herman signed a Secretary's Order on Internet Support to establish policies and assign Department-wide responsibilities for the development, institutionalization, and continued support for the DOL Public Web Site. (See Appendix G.)

It established central management and coordination responsibilities for DOL agency public web content and services. It also established the DOL Internet Management Group which is responsible for promoting Internet content coordination throughout the Department; participating in the development and implementation of Departmental Internet policies; and exploring and implementing opportunities for improving the content and utility of the DOL Public Web Site.

B. Personnel policies and achievements

The Department's ability to successfully achieve its strategic goals is dependent on the availability of a high-performing workforce. DOL agencies are continually confronting new performance and accountability expectations, which require an aggressive human resource strategy to ensure the availability of a highly trained, flexible, and diverse staff.

Two major human resource efforts of the Department over the past eight years were to increase the diversity of its workforce and to play its part in moving people from welfare to work. Other HR initiatives, such as investments in lifelong learning, are described in Appendix H.

Increasing diversity. The Office of the Assistant Secretary for Administration and Management (OASAM) has established extensive diversity initiatives and is actively involved in the Secretary's Diversity Task Force. OASAM identified areas for DOL agency improvements not only in hiring, but also in providing developmental opportunities and in continuing to promote the values of a diverse workforce. Developmental opportunities for DOL employees have constantly increased as special programs have been improved.

One of the key personnel areas DOL has focused on is hiring persons with disabilities. Since 1993, the Department has worked aggressively in the area of recruiting and providing job opportunities for disabled employees. From 1995 to 2000, over 9 percent of the new hires have been persons with disabilities. DOL established a centralized office in OASAM to provide assistance to the Department's supervisors and managers in addressing a variety of accommodation issues for disabled workers. By providing a focal point of information and resources, OASAM facilitated the hiring, retention, and advancement of people with disabilities within DOL.[6]

Welfare to Work. Under President Clinton's Welfare-to-Work initiative, OASAM launched a major, innovative effort to give managers better workforce information, and to provide government-wide leadership in both recruiting and developing former welfare recipients. Through September 2000, DOL's goal was to hire 120 former welfare recipients. The Department exceeded this goal by 40 percent

C. Agency partnerships

To effectively and efficiently serve the needs of America's workers, the Department coordinates its programs with a wide range of Federal, State, local, and international organizations whose responsibilities complement DOL's mission. Success in meeting many of the performance goals the Department established under GPRA depends on the coordination and integration of DOL's programs with those of related agencies. In fact, the key to many of the Department's successes during the Clinton Administration was the establishment of very strong working relationships at the DOL agency level with its partners in business, labor and state and local governments. The examples below illustrate the effectiveness of these partnerships. A more detailed accounting of DOL's many partnerships can be found in Appendix I.

The significance of labor issues on international and bilateral agendas requires the Department's cooperation and collaboration with other Federal agencies and international organizations. For example, the Department works closely with the International Labor Organization's (ILO) International Program for the Elimination of Child Labor to develop regional, country, and sector-specific projects to reduce the incidence of abusive child labor and develop educational opportunities for children. In the course of these projects, the Department works with U.S. and foreign industry representatives and non-governmental organizations to ensure programs are effective and credible. The cross-cutting cooperation and collaboration on the international front resulted in the adoption of a new international convention on the worst forms of child labor abuses around the world.

The Administration was in the forefront of protecting mine workers worldwide. Technical safety and health specialists from the Mine Safety and Health Administration (MSHA) worked with mining representatives from Ukraine, South Africa, Russia, and Poland to share methods for protecting miners' safety and health. In 1999, MSHA hosted the first international mine rescue conference. And in 2000, President Clinton ratified ILO Convention 176, Concerning Safety and Health in Mines.

Creating and maintaining partnerships with the States is an important component of DOL's enforcement and compliance education efforts in the Wage and Hour Administration. This agency, part of the Employment Standards Administration, employs a number of strategies aimed at advancing the cooperative efforts between the Federal government and its State counterparts, including conducting joint compliance seminars and coordinating enforcement activities in low-wage industries. Wage and Hour has entered into a number of Memoranda of Understanding and joint resolutions with the States, particularly in the area of child labor. For example, the States and Wage and Hour conducted a joint child labor campaign, *Spring Into Safety*, to increase public awareness of State and federal child labor laws and their impact on safety. The campaign was an outgrowth of the joint Federal-State Task Force on Child Labor that Secretary Herman called for in her *Safe Work/Safe Kids* initiative to increase access to data on youth employment (including injury/fatality data) and to identify opportunities and avenues for sharing information and coordinating planning.

The Occupational Safety and Health Administration (OSHA) Strategic Partnership Program for Worker Safety and Health (OSPP), adopted on November 13, 1998, is an expansion and formalization of OSHA's substantial experience with voluntary programs. In a partnership, OSHA enters into an extended, voluntary, cooperative relationship with groups of employers, employees, and employee representatives in order to encourage, assist, and recognize their efforts to eliminate serious hazards and achieve a high level of worker safety and health.

OSHA and its partners have the opportunity to identify a common goal, develop plans for achieving that goal, cooperate in implementation, and measure success. Both small businesses and large corporations are choosing to partner with OSHA. Individual employers who fail to voluntarily protect their workers continue to face strong enforcement.

The Veterans' Employment and Training Service (VETS), along with the Department of Veterans Affairs (VA), created and now lead the Federal Interagency Task Force on Certification and Licensing of Transitioning Military Personnel. The Task Force partners with numerous other Federal agencies to advance the interests of transitioning military personnel who are seeking jobs requiring Federal licensing. For example, Task Force involvement led to the development of a program between the Federal Aviation Administration and the military services which will simplify the process for veterans to acquire airframe and power plant licenses needed for employment in the airlines industry.

The Women's Bureau has recently undertaken an initiative in coordination with the U.S. Department of Justice and the U.S. Department of Health and Human Service. A Sub-Committee on Victim's Assistance was implemented in August 2000 to find effective ways for utilizing federal resources to provide victims of trafficking with counseling, shelter, and other social support needed to integrate themselves back into society. The sub-committee is an outgrowth of the Worker Exploitation Task Force, which is an interagency effort headed by the Departments of Labor and Justice.

Chapter IV. Accomplishments: Employment, Earnings and Assistance

Technological change and the expanding global economy have changed workers' lives from the lifelong employment they knew just one generation ago. Today's workers, whether new or experienced, must engage in a continual process of skill development to perform effectively in the changing work environment. They must be ready, willing and able to make multiple job changes -- either with one employer or with several employers -- just as successful businesses often have to make changes in products or services or market focus. The dynamic nature of the global economy requires forward thinking and quick action to take advantage of the opportunities being created. Workers and employers must be increasingly informed about available and emerging employment and training options in order to make decisions that will ensure both their short- and long-term success.

In January 1995, DOL's Office of the Chief Economist published "What's Working (and What's Not): A Summary of Research on the Economic Impact of Employment and Training Programs." This report helped frame the debate on reforming the nation's job training system. A key strategy of the Clinton Administration has been to empower all American workers with the skills they needed to prosper. The Administration committed to reforming or terminating programs that failed to pay off. "What's Working" was the first comprehensive review of social science evidence on the economic impacts of employment, training, and education programs.

What followed was perhaps the biggest change in recent years in the area of employment and training, the passage of the Workforce Investment Act of 1998 (WIA). The WIA represented a national consensus on the need to restructure a multitude of workforce development programs into an integrated workforce investment system that can better respond to the employment needs of its customers -- current workers, unemployed workers, workers laid-off due to restructuring or downsizing, and new entrants to the labor force, as well as employers. Passage of this legislation completed a four-year bipartisan effort of the Administration and the Congress to design, in collaboration with States and local communities, a revitalized workforce investment system. This locally-operated, customer-focused, demand-driven workforce investment system will increase the employment, retention, earnings and occupational skill attainment of participants through improved career information and guidance, job search assistance, and training. Employers' needs are identified and used to help drive decisions of job seekers. This system, and the collaborative efforts of its many partners, will improve the quality of the workforce, reduce welfare dependency, and enhance the country's productivity and competitiveness.

WIA reflects a strong commitment among managers, providers and investors in the public employment and training system to fundamentally refocus the entire system on customer service and performance accountability. The Act incorporated several key principles to guide this redirection:

- Streamlined services through the integration of multiple employment and training programs at the "street level" through One-Stop Career Centers;

- Empowered workers through the information and resources needed to manage their own careers;

- Universal access for all job seekers, including those with disabilities, to a core set of career decision-making and job search tools;

- Increased accountability of the delivery system to achieve improved results in job placement, earnings, retention in unsubsidized employment, skill gains, and occupational/academic credentials earned;

- A strong role for local boards and the private sector by shifting emphasis from "nitty-gritty" operational details to strategic planning and oversight of the One-Stop delivery system;

- Increased State and local flexibility to ensure that delivery systems are responsive to the needs of local employers and individual communities; and

- Improved youth programs that strengthen linkages between academic and occupational learning and other youth development activities.

A. Coordinated services for adults

One-Stop Career Centers. Under the Workforce Investment Act, One-Stop Career Centers are a trusted source for training and labor exchange services. One-Stop Career Centers provide numerous training, education and employment services in a single, customer-focused, user-friendly service system at the local level.

The Act specifies 19 required One-Stop partners and five optional partners to help maximize customer choice. For example, the Unemployment Insurance (UI) program is a critical item on the menu of assistance because it is the temporary income support component of the effort to quickly return unemployed workers to suitable employment. WIA requires coordination among all Department of Labor-funded workforce programs -- including the U.S. Employment Service (Wagner-Peyser Act) programs, Unemployment Insurance, the Veterans' Employment and Training Service (VETS), Trade Adjustment Assistance (TAA), North American Free Trade Agreement-Transitional Adjustment Assistance (NAFTA-TAA), and the Welfare-to-Work program -- as well as other federal employment and training programs administered by the Departments of Education and Housing and Urban Development. Intergovernmental partnerships between all three levels of government -- federal, State and local -- has been critical to successfully building and implementing this new workforce investment system.

The concept of partnership in WIA has moved well beyond traditional coordination to *operational* collaboration, thus making more and better services available to the individual customer. States and local areas have been encouraged to think expansively, working with all partners, to develop integrated One-Stop systems with comprehensive, seamless, responsive service delivery to all customers, including recent graduates, new entrants to the labor force, welfare recipients, incumbent workers, unemployed workers, displaced homemakers, individuals seeking nontraditional training, older workers, workers with disabilities and others with multiple barriers to employment, and of course, to businesses.

To better serve customers, WIA requires that at least one physical location be established in each workforce investment area with access to all required core services. In order to make services available to all customers, the One-Stop system is designed to be accessible by persons with disabilities and by those who rely on public transportation.

While the workforce investment system has already taken great strides toward integration and partnership, moving this transition forward continues to be challenging. However, with WIA as the catalyst for change, its planning process has become an important opportunity for States and local stakeholders to develop a shared vision and strategy to move their systems forward.

Moving people from Welfare to Work. The extraordinary strength of the economy provided a unique opportunity to reform the welfare system. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and the Temporary Assistance for Needy Families (TANF) program it created, made moving people from welfare to work a primary goal of federal welfare policy. The Balanced Budget Act of 1997 furthered this goal, authorizing the

Department of Labor to award $3 billion in Welfare-to-Work grants to States and local communities to promote job opportunities and employment preparation for the hardest-to-employ recipients of TANF and for noncustodial parents of children on TANF. These programs -- coupled with long-term economic prosperity and record low unemployment -- led to extraordinary reductions in the numbers of persons receiving welfare benefits. By 2000, welfare rolls fell by more than half, from 14.1 million to 6.6 million.

In 1997, the Employment and Training Administration (ETA) launched the Welfare-to-Work initiative designed to move the hardest-to-serve welfare recipients into unsubsidized jobs and economic self-sufficiency. It found that individuals on welfare were eager to work, and that employers recognized that they were an important addition to the workforce. Although welfare caseloads were at their lowest level in 30 years, the Welfare-to-Work program was particularly important because the individuals remaining on the welfare rolls faced very difficult challenges. Getting these individuals a job was only the beginning; remediation needs to be continued after employment in order to ensure job retention. Welfare-to-Work funded grants to States and local communities for job creation, job placement, and job retention efforts such as wage subsidies and other critical post-employment support services. It targeted those who have the hardest time moving from welfare to work -- those who are long-term recipients with poor work histories, have the poorest skills, or have drug or alcohol problems. The program also served noncustodial parents with barriers to employment whose children were long-term welfare recipients.

In January 1998, the Department began to make available new Welfare-to-Work grants to help place people directly into jobs, and help them acquire the skills, work experience, and resources they need to find and keep permanent, unsubsidized employment. The grants were aimed at helping those who had the most significant barriers to employment in the welfare population. Individuals received assistance in obtaining permanent, unsubsidized jobs or, if appropriate, temporary employment opportunities as an interim step in their transition to permanent employment. Welfare recipients' job qualifications and employment readiness-needs were assessed before they began work activities.

In coordination with local elected officials, the grants have been operated and administered by Local Workforce Investment Boards, business-led organizations that guide and oversee federally funded job-training programs. About 75 percent of the $3 billion were distributed as formula grants to the States based on poverty and the number of welfare recipients in the State. The State was required to match the federal investment of the formula grants with $1 in State funds for every $2 in federal funds received. States then distributed most of the formula funds for use in local communities. The remaining portion (up to 15 percent) of the State's formula grant could be retained by the State to fund welfare-to-work projects of its choice.

The remaining 25 percent of the $3 billion were used to fund competitive grants awarded directly to local governments, Private Industry Councils (later replaced by Local Workforce Investment Boards), or other entities, such as community development corporations, community-based organizations, community action agencies, and other qualified private organizations. These competitive grants funded projects that were designed to transition welfare recipients who are least job ready into unsubsidized employment; emphasized coordinated approaches that confront the range of challenges the long-term welfare population faces; and expanded the base of knowledge about effective welfare-to-work strategies and approaches.

In addition to an expanded pool of workers, employers who hire these new workers may qualify for federal tax savings. Employers who hire long-term welfare recipients may qualify for the new Welfare-to-Work Tax Credit, which can provide businesses up to $8,500 per new hire in tax credits. Eight other targeted groups of job seekers with barriers to employment, including shorter-term welfare recipients, may earn their employers an enhanced Work Opportunity Tax Credit of up to $2,400 per new hire. Federal tax incentives for qualified businesses operating in the 105 federally designated Empowerment Zones and Enterprise Communities (EZ/ECs), or the District of Columbia Enterprise Zone, may also be available.

Reducing the skills shortage. In her February 29, 2000 testimony before the Senate Appropriations Committee, Secretary Herman stated, "Today we face two major workforce challenges: one new and one old. Many businesses report difficulty in filling vacancies. At the same time, millions of Americans, including many youth, dislocated workers and people with disabilities, are having a difficult time getting jobs, even during this period of unprecedented economic expansion. As I have often said, we do not have a worker shortage, but a skills shortage."

The Department of Labor took steps to address the skills shortage. On April 11, 2000, Secretary Herman and Federal Reserve Chairman Alan Greenspan joined corporate CEOs; small business entrepreneurs; leaders of organized labor, disability and community-based organizations; trade association representatives; academics; workers; and government officials for a National Skills Summit at Howard University in Washington, D.C. The day-long Summit was held to develop and exchange innovative, practical, and cost-effective strategies and to develop partnerships for satisfying employers' immediate needs for skilled workers. In her opening remarks, Secretary Herman stated, "To say there is a worker shortage is to say the people we need don't exist. However, they do exist. I have met them and so have you. They are people who have bills to pay, children to raise, and dreams to pursue, just as you and I do. What they lack are the skills demanded by today's economy."

The Summit was designed to showcase and further develop strategies enabling all workers to acquire the skills they need for jobs in the 21st century workplace. Some of the many success stories shared at the Summit are listed in Appendix J. A full compilation is available in "Building Skills for the New Economy, Innovative Initiatives," published by the Department of Labor in November 2000.

One of the ways to address the skills shortage issue is to ensure that veterans seeking civilian employment are able to take full advantage of the first class training and experience they received while serving the Nation. Many occupations now require some form of credentialing, through certification or licensing, to prove a certain level of skill and knowledge. This credentialing requirement has proved to be a barrier to both veterans and employers, since veterans generally have not acquired the necessary credentials while on active duty and the employers are unsure of the level of expertise of separating service members. Through an initiative begun in 1998, VETS entered into several partnerships to tear down this barrier. Working on the Federal level with other departments and independent agencies through the Interagency Task Force on Certification and Licensing of Transitioning Personnel, and with the States and private sector through pilot programs, the Department has educated Federal and State governments and businesses about the qualifications of veterans. These programs have begun to close the gaps between the training and experience veterans possess and those needed for passing certification and licensing tests. One of the outstanding results of this initiative is the creation of the UMET (Using your Military Experience and Training) web site, which provides a range of credentialing information of enormous value to transitioning service members and veterans, as well as to employers seeking skilled labor.[7]

B. Improved youth opportunities

America's ongoing transformation to a new age of technological change and global competition intensified the need for workers to upgrade their skills or risk falling behind. While many young people quickly adapt to these changing technologies through school or on-the-job training, others are being left on the far side of the digital divide. The Department has led many efforts to close this divide.

School-to-Work Opportunities Act. One of the first steps taken to improve economic prospects for young people was the enactment of the School-to-Work Opportunities Act (STWOA) of 1994. The STOWA recognized that three-fourths of American youth were entering the labor force without the academic and technical skills necessary to succeed in the changing workplace. This unique federal legislation provided States and communities with venture capital funds to coordinate their efforts in education reform, workforce development, and economic development to create a system that better prepares all young people for career-oriented work and further education and training. Since 1994, more than 1,300 School-to-Work community partnerships created innovative career-related learning opportunities for more than 2.5 million secondary school students. In addition, one half-million high school students began to get hands-on work experiences through School-to-Work apprenticeships. Early student performance data are encouraging -- STW students take more challenging courses, earn higher grades, and are more likely to graduate from high school and enroll in college. As the federal venture capital legislation sunsets, more and more States are investing in their systems and making the sustainability of the effort a reality.

Workforce Investment Act. The WIA encourages youth programs to be connected to the One-Stop system, as one way to connect youth to all available community resources and improve youth opportunities. Congress specifically authorized youth councils, as part of local Workforce Investment Boards, to provide local expertise for developing the youth-related portions of the Local Plans, recommending youth service providers to the local Boards, coordinating youth services, and conducting oversight of local youth programs and eligible providers of youth programs.

These youth councils have been charged with the responsibility to design youth programs that connect youth with the full range of services and community resources that will lead to academic and employment success. To do so, councils coordinate with all available resources, such as the Job Corps, School-to-Work, educational agencies, Youth Opportunity Grants, welfare agencies, local disability advocacy organizations, community colleges, and other youth-related programs and agencies.

Youth Opportunity Movement. The centerpiece of the Department's efforts to help young people is the Youth Opportunity (YO!) Movement. The purpose of the YO! Movement is to expand opportunities for the nation's youth. Specifically, over 16 million young people between the ages of 16 and 24 are not enrolled in school, and more than 11 million of these young people have a high school diploma or less. These 11 million young people are at high risk of permanent unemployment or under-employment. Many live where jobs have dried up or lack the skills that are needed in today's economy. Many also have learning disabilities or other challenges that make transition from school to work difficult. The evidence is clear that high unemployment in poor neighborhoods leads to crime, drug problems and gang activity. The lasting impact of "dropping out" is reflected in 1999 data for adults – only 65.5 percent of dropouts participated in the labor force, compared to 83.7 percent of those with a high school education and 93.5 percent of those with a college degree.

The Youth Opportunity Movement provides the chance for every American -- employers, individuals and young people -- to be part of the solution to this problem. It is because of this involvement at the grassroots level that Youth Opportunity is a movement rather than a program or initiative. However, even a grassroots effort needs resources. In the largest investment of its kind, on September 27, 2000, Secretary Herman awarded $223 million in grants to 36 communities[8] to attack unemployment among out-of-school youth. Twenty-six of the grants went to areas designated as Empowerment Zones or Enterprise Communities. Companies that invest in these communities get special tax credits. These grants were the first installment of a five-year, $1.375 billion effort to provide education and job training opportunities to young people who are most at-risk of permanent joblessness.

"We can tell our young people to be positive about the future because we are building the system to deliver on our promise," President Clinton said in announcing the grants. "We have the means to turn around tens of thousands of lives." Secretary Herman explained further: "The grants are the foundation of the Youth Opportunity (YO!) Movement to bring together entire communities to focus on helping these young people. I like to think of the YO! Movement as building a circle of support to help young people address the range of problems that have kept them from succeeding."

C. Meeting employer and local labor market needs

The effectiveness of the employment and training services for adults and youth is directly proportional to how well the services meet the needs of local employers -- small, medium and large -- in the local labor market. As a critical customer group, employers continue to be extensively involved in setting job and skill requirements. For this reason, the local Workforce Investment Boards [9] are led by key employers in the community who have the flexibility and authority to develop locally-tailored systems to meet local labor market needs. This locally designed approach is reflected in the job orders and labor market information available through the One-Stop delivery system.

The following two examples of One-Stop integration best illustrate the success of this effort to meet employers' needs at the local level. The first is the Kenosha Center in Wisconsin. Housed in a 62,000 square foot building, and accessible by public transportation, this One-Stop Career Center offers a fully integrated and consolidated delivery system consisting of 16 partners providing comprehensive employment and training services. The partnership includes agencies administering employment and training programs, the Employment Service, child care resources, the local technical college, the county human services agency, the local school district, a community action agency, the senior community service employment program, various community-based organizations, and a number of private for-profit organizations. The Center has one outreach campaign directed toward job seekers and employers, and one single point of contact for employers, which brokers all available employment and training programs and services. This One-Stop Center also has one client/management/ financial information system, which allows any partner to access and input information. From providing personalized career counseling and employment services that help job seekers establish career goals and update their skills, to providing businesses with much needed personnel resources and customized action plans to help them locate skilled workers, this One-Stop Center has forged a vital link between employers and those seeking employment.

NOVA, another One-Stop partnership in California, includes representatives of 38 programs and organizations, from the Community College Districts to the Employment Security Agency to the Department of Social Services. This One-Stop places a high priority on the needs of the employer customer, as well as those of the job seeker. Unlike the Kenosha Center, this One-Stop system is not housed at just one physical location, but rather includes a number of "no wrong door" Centers or "campuses" that are customized to the needs of different customer groups. These include a One-Stop at the local mall serving youth, a Next Step Center for veterans, and a One-Stop for seniors, with additional entry points through the Community College Districts. The anchor campus focuses on adult job seekers and services to employers. It houses workforce development services, the Employment Service, a job club for professionals, and a state-of-the-art resource center with core job search services for the public. The campus setting encourages collaboration and fosters a growing sense of working together for the benefit of the customer, not the separate agencies. As new partners join the One-Stop, they bring new resources, talents, and options to the table that enable the system to better serve its customers.

D. Increased opportunities for persons with disabilities

On March 13, 1998, President Clinton signed Executive Order 13078, establishing the Presidential Task Force on the Employment of Adults with Disabilities. Part of the mandate of the Task Force is to evaluate existing Federal programs to determine what changes, modifications, and innovations may be necessary to remove barriers to employment opportunities faced by adults with disabilities. Some of the areas the Task Force has been focusing on include: reasonable accommodations; inadequate access to health care and transportation; lack of consumer-driven, long-term supports and services; accessible and integrated housing; assistive technology; availability of community services, child care, education, vocational rehabilitation, and training services; employment retention; promotion and discrimination; on-the-job supports; and economic incentives to work.

The President appointed Secretary Herman as Chair of the Task Force, and Tony Coelho, Chair of the President's Committee on Employment of People with Disabilities, as Vice Chair.[10] The Task Force works through six interagency committees and one subcommittee. The committees, composed of senior officials from multiple federal departments and agencies, meet regularly for the purpose of developing recommendations for change in many areas, including employment opportunities for youth, civil rights, health care, life-long learning, and self-employment and entrepreneurship.

The Task Force's first report, "Re-charting the Course,"[11] which was sent to the President on November 15, 1998, recommended that the President propose a program to increase the employment rate of adults with disabilities by fostering interdisciplinary consortia and service integration by providers of services to adults with disabilities at the state and local level. In response to the recommendation, the President's FY 2000 budget included a work incentives grant program in the Department of Labor. The $20 million in competitive Work Incentive Grants (WIGs) are to be used to enhance the employability and career advancement of people with disabilities in the new One-Stop delivery system. These grants were awarded in late October 2000 to partnerships of public and private non-profit entities working in coordination with a state and/or local One-Stop delivery system.

The Presidential Task Force on Employment of Adults with disabilities has made an impact in a number of other areas. The website, ***www.disability.gov***, which was unveiled on July 26, 2000, is one of its success stories. This new Web site provides Americans with disabilities, and their families, access to information and services throughout the Federal government.

Some of the Executive Orders and memoranda resulting from Task Force recommendations have had an impact on the operations of Federal agencies. The federal initiatives include a plan to hire 100,000 qualified individuals with disabilities by 2005; new procedures to facilitate reasonable accommodations; recruitment of people with significant disabilities for home-based employment opportunities with Federal agencies; release of the Office of Personnel Management model plan: "Accessing Opportunity: The Plan for Employment of People with Disabilities in the Federal Government;" changing Federal job announcements so they contain a statement that reasonable accommodations will be made for applicants with disabilities; new regulations making it easier for federal agencies to hire people with psychiatric disabilities; and a Presidential memorandum to Federal agencies on development and transfer of assistive technology and universal design.

Another success story was the *Real Choice, Real Jobs, Real Pay: Employment for the 21st Century Summit* which was convened by the Task Force on April 7, 2000, to discuss practices and strategies for increasing choice, employment, and wages for individuals with the most significant disabilities. Innovative recommendations and input from the proceedings were instrumental in President Clinton's direction to agencies within the Federal government to utilize qualified people with significant disabilities to fill Federal jobs that can be performed at alternate work sites, including the home.

Given the past track record on employment of persons with disabilities (72 percent of unemployed working age persons with disabilities want to work), the Task Force recommended that a new Labor Department office be established to improve opportunities for people with disabilities. The Department accepted this recommendation, and DOL's proposed 2001 budget included funding for a new Office of Disability Policy.[12] The new office will be headed by an assistant secretary and will be charged with increasing the employment rate of people with disabilities. "This new office will provide leadership in helping people with disabilities enter, reenter and remain in the workforce," Secretary Herman said in February 2000. "With the recent passage of the Workforce Incentives Improvement Act and the Workforce Investment Act, the stage is set to achieve real change in the unemployment rate for people with disabilities."

In addition, on June 20-21, 2000, the Task Force convened a National Transition Summit on Young People with Disabilities, "Bridging Systems to Improve Transition Results." Recommendations developed during this Summit, which were incorporated into an Executive Order signed by President Clinton on October 25, 2000, will form the basis for a new "Youth-to-Work" Initiative designed to ensure that young people with disabilities who transition from school to employment, post-secondary education, and independent living, have the tools necessary to allow them to participate fully in all aspects of society.

E. Gathering and reporting information on the U.S. economy

The Department of Labor's Bureau of Labor Statistics (BLS) is responsible for producing some of the Nation's most sensitive and important economic indicators. These indicators are key sources of data used by the President, Congress, and other Federal policy-makers, and by public and private institutions, for economic planning and analysis. In addition, as seen in the discussion above, BLS information is used by individuals who are seeking to improve their chances to succeed in today's job market. Seven BLS series have been designated as Principal Federal Economic Indicators: the Employment Situation; Consumer Price Index; Producer Price Index; U.S. Import and Export Price Indexes; Employment Cost Index; Real Earnings; and Productivity and Costs.

The public and private sectors rely heavily upon BLS data for use in a wide range of sensitive contexts, including wage setting, escalating contracts and payments, and allocating Federal and State funds. The effectiveness of BLS data is determined through a number of criteria pertaining to timeliness and reliability. Ensuring the high quality of BLS' data series is of considerable importance.

BLS continuously improves its statistical processes and products. For example, a major redesign of the Current Population Survey was completed in February 1994 and became effective with the January 1995 release. The primary aim of the redesign was to improve the quality of the data derived from the survey by introducing a new questionnaire and modernized data collection methods. The January release was preceded by a wide range of outreach activities to inform data users, including a media briefing, technical conference, and mailings to all members of Congress, all Governors, and other data users.

BLS undertook a comprehensive sample redesign of the Current Employment Statistics (CES) Survey in June 1995. The initial research phase was completed in 1997, when the Bureau launched a production test of the new sample design. The production test for the wholesale trade industry was concluded in June 2000, when the first estimates from the new design were published. The remaining industry divisions will be phased in with subsequent years' benchmark releases between 2001 and 2003.

In 1996, the Bureau of Labor Statistics introduced improvements to the Occupational Employment Survey (OES). The improvements to the OES sample included an expanded survey sample, collection of wage data by detailed occupation, and an expansion of the survey coverage to include all establishments. A number of technical survey design improvements also were introduced. In addition, the OES program implemented the new Standard Occupational Classification System.

The sixth major revision of the Consumer Price Index (CPI) was completed with the release of January data in 1998. The revision encompassed changes ranging from reselecting areas, items, and outlets, to new systems for data collecting and processing. Expenditure weights for 1993-95 were introduced in 1998, replacing weights that were about 15 years old. In addition, to make the CPI more accurate, BLS introduced other major methodological improvements. These improvements included the introduction of quality adjustments using hedonic models for computers, televisions, consumer audio products, camcorders, VCRs, DVDs, refrigerators and microwave ovens. BLS also addressed within-item-category consumer substitution using a geometric mean formula.

This revision was of great interest to policy makers and other users. BLS research indicates that the measured rate of inflation would have been lower since 1978 if methods currently used in calculating the CPI for All Urban Consumers had been in place from that year to the present. The BLS developed and published a research series that applies the current methods used to calculate the CPI back to 1978.

In 1999, the Bureau completed a plan to establish a new Job Openings and Labor Turnover Survey (JOLTS) program. BLS began collecting data in April 2000 and will begin publishing an experimental series in 2001. BLS collaborated with several other Federal statistical agencies as well as agencies in Canada and Mexico to improve, update, and standardize the industrial classification system. The product of this cooperative effort is the North American Industry Classification System (NAICS), which will provide common industry definitions for Canada, Mexico, and the United States.

In addition to improvements in many of its data series, BLS published new analyzes that were of interest to many of its customers. BLS released its first "Report on the American Workforce" on Labor Day 1994. The report addresses a fundamental set of analytical issues that cut across virtually every area of the Department's responsibility. The tradition of providing an analytical foundation to address the many interdependent issues facing the Department of Labor continued with the release of subsequent reports on Labor Day in 1995, 1997, and 1999. These reports add to the body of knowledge that can be shared by policy makers, researchers, and American workers and their families.

The Bureau's June 2000 "Report on the Youth Labor Force" [13] provided a comprehensive, overall look at youth labor in the United States, including regulations on child labor, current work experience of youth and how the patterns of youth employment have changed over time, and the outcomes of youth employment. The report drew on a variety of Department of Labor data sources.

Workforce Investment Act. BLS' main interest in the Workforce Investment Act is Section 309, which amended the Wagner-Peyser Act to establish a national employment statistics system. It extends the partnership between the Federal agencies involved in workforce information, primarily BLS and ETA, and DOL's state colleagues. (Several of BLS' employment statistics programs have, for many years, been Federal-State cooperative programs.) The section establishes a Workforce Information Council, made up of ten state employment statistics agency representatives elected by their peers, and representatives of BLS and ETA from the Department of Labor. The Council is responsible for producing an annual plan that outlines the direction of the employment statistics system over the short and long terms. The goals and objectives outlined in the first annual plan, submitted to Congress in 1999, make it clear that expanding the quantity and quality of State and local data will be a principal focus of the Council's efforts in the foreseeable future.

F. Other related accomplishments

DOL is committed to enhancing opportunities for America's workforce by providing the tools and assistance necessary for success in today's job market to people new to the labor force or wishing to improve their potential. Special emphasis, as indicated in the above section, has been placed on closing the employment gap for out-of-school youth, providing long term jobs for individuals moving from welfare to work, and increasing the opportunities for persons with disabilities. The need to provide accurate and timely labor market information is critical to the success of these goals. Additional accomplishments reflecting the Department's efforts to increase employment and earnings of workers are listed in Appendix K.