UNITED STATES DEPARTMENT OF LABOR

AGENCY FINANCIAL REPORT

FISCAL YEAR 2020

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This report can be found on the Internet at:

https://www.dol.gov/general/aboutdol#budget

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Message from the Secretary of Labor

As Secretary of Labor, I'm responsible for prudently marshaling the resources and taxpayer dollars entrusted to the Department of Labor to further the interests of American workers and retirees. I'm privileged to hold this public trust, and am honored to help President Trump "take care that the laws be faithfully executed." The Department of Labor's Fiscal Year 2020 Agency Financial Report (the "Report") details the Department's stewardship of its financial resources over the past year. It will give Congress and the American people insight into the Department's operations, spending, and strategic planning.

The Department is proud that it has again received an unmodified 'clean' opinion from an independent audit of our financial statements. The Report provides the auditors an unqualified statement of reasonable assurance in the Department's internal controls, as required by the Federal Managers Financial Integrity Act (FMFIA) of 1982 and Office of Management and Budget Circular A-123. The "Management's Discussion and Analysis" section of this Report provides a further, detailed assessment of internal controls and compliance within the Department's financial management systems. The financial data and summary performance results provided in the Report are reliable and complete in accordance with federal requirements.

The Department strives to use taxpayer money as effectively as possible to better the lives of workers and their families. We aim to continually assess and improve our programs, and this Report is part of that process. The Report catalogues our accomplishments and provides metrics to help us strengthen successful initiatives and change programs that are not measuring up. Information on the evaluations of program effectiveness may be found in the "Program Performance Overview" section, within "Management's Discussion and Analysis." Additional in-depth performance information is available in the Department's Annual Performance Report and Budget on DOL.gov.

The challenges of this past fiscal year have highlighted the importance of the Department of Labor's mission. We will continue our efforts to expand opportunity for all Americans, to protect workers in the workplace, and to safeguard hard-earned employment benefits.


Eugene Scalia
U.S. Secretary of Labor

The Department of Labor's Mission:
"To foster, promote, and develop the welfare of the wage earners, job seekers, and retirees of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights."

EUGENE SCALIA
U.S. Secretary of Labor
November 16, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our Mission:

To foster, promote, and develop the welfare of the wage earners, job seekers, and retirees of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights.

The U.S. Department of Labor's (DOL or the Department) annual Agency Financial Report (AFR) provides fiscal data and summary performance results that enable the President, Congress, and American people to assess the Department's accomplishments for each fiscal year (October 1 through September 30). This report provides an overview of programs, accomplishments, challenges, and management's accountability for the resources entrusted to the Department. The AFR is prepared in accordance with the requirements of Office of Management and Budget (OMB) Circular No. A-136, *Financial Reporting Requirements* (08/27/2020).

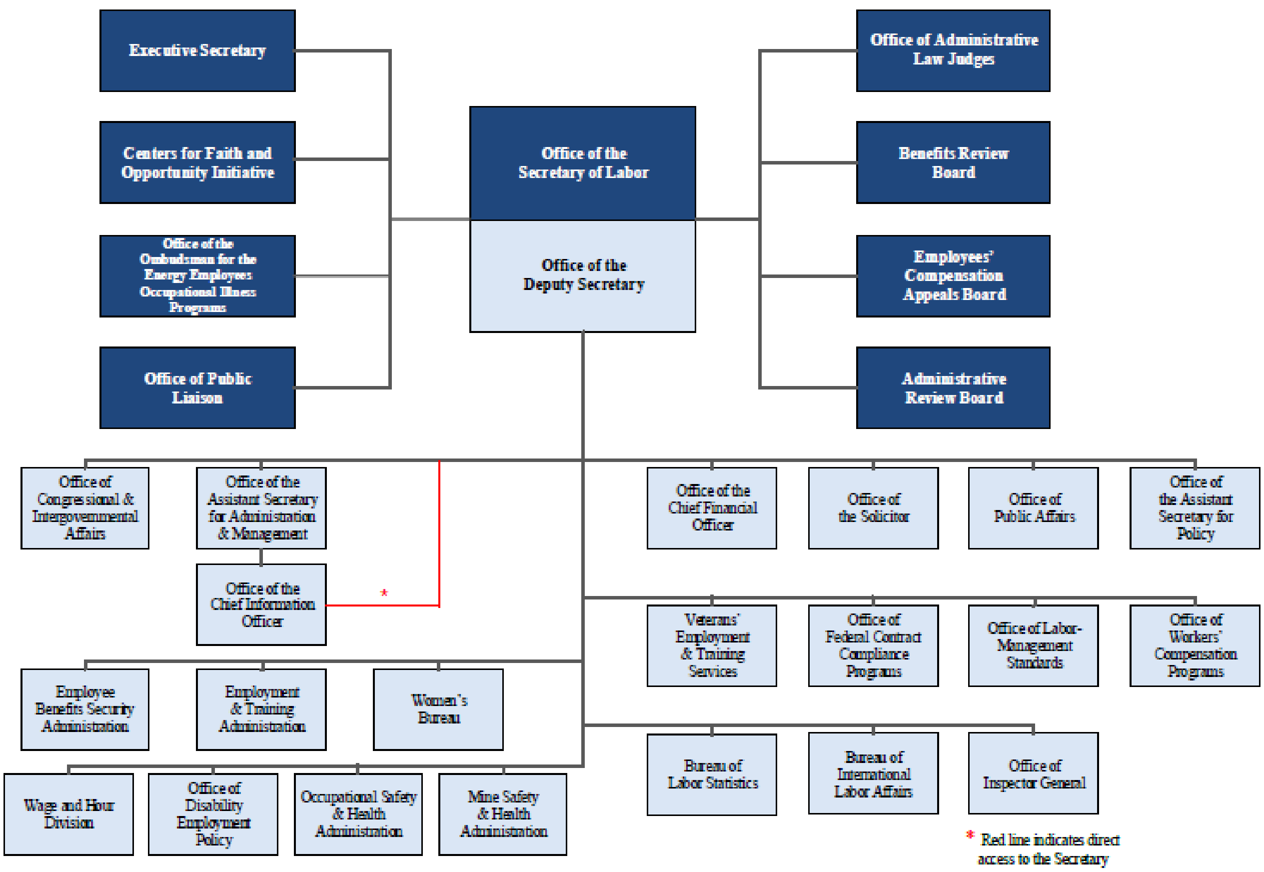
Mission Statement and Organizational Structure

DOL's mission remains as relevant today as at the Department's founding in 1913:

> *"To foster, promote, and develop the welfare of the wage earners, job seekers, and retirees of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights."*

The Department accomplishes this mission through component agencies and offices that administer various statutes and programs. These programs are carried out through a network of regional offices and smaller field, district, and area offices, as well as through grantees and contractors.

US Department of Labor Organizational Chart



*Office of the Chief Information Officer is a component of Office of the Assistant Secretary for Administration and Management but has direct access to the Secretary.

U.S. Department of Labor Headquarters: Frances Perkins Building

DOL Headquarters, Frances Perkins Building
Washington, D.C., USA

Program Performance Overview

The Program Performance Overview discusses the Department's key performance measures and program priorities. This section includes results for measures related to spending as reported in the following Financial Section. Performance results for outcome measures reported under the Government Performance and Results Act are included in the *Annual Performance Report*, which will be published by February 3, 2021 with the FY 2022 Congressional Budget Justification. These reports will be posted at https://www.dol.gov/general/aboutdol#budget.

The Program Performance Overview organizes DOL program agencies into three categories that report FY 2020 performance data. The Department's mission is also supported by administrative, policy, legal, public affairs, and Congressional liaison offices.

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

The following section presents a brief description of the programs administered by each agency, a brief statement of forward-looking information, and the most recent results for key performance measures. The Department tracks performance through over 400 measures. The selected measures below are most representative of agency activities.

EMPLOYMENT AND STATISTICAL PROGRAMS

Employment and Training Administration (ETA)

ETA provides employment assistance, labor market information, and job training through the administration of programs authorized by the Workforce Innovation and Opportunity Act (WIOA) for adults, youth, dislocated workers, and other populations. Additionally, ETA administers the Job Corps program; the Trade Adjustment Assistance program; the Employment Service, authorized under the Wagner-Peyser Act; Foreign Labor Certification activities; the Community Service Employment for Older Americans program; and Apprenticeship programs. WIOA underscores the importance of strategic efforts and strong communication with our federal partners, including coordination of technical assistance and monitoring activities. All ETA grants are monitored on an ongoing basis to ensure accountability and to track performance outcomes.

Staff in the six ETA Regional Offices, as well as field offices, monitor grants to ensure compliance with federal statutes and regulations and assess performance progress through enhanced desk monitoring reviews and on-site monitoring reviews. ETA monitored 24.69% of all active grants assigned to the regions in FY 2020, which was slightly below the target of 26% because travel was curtailed due to the COVID-19 pandemic. This outcome includes all monitoring that resulted in a monitoring report, irrespective of the type of monitoring conducted (enhanced desk monitoring review or on-site monitoring review).

Looking Forward: As of October 1, 2020, ETA has a total of 2,374 active grants with funding totaling $24.2 billion; 1,880 grants are assigned to 188 regional FTE, and 494 grants are assigned to approximately 15 FTE in the national office. ETA will maintain the same grant monitoring target of 26% in FY 2021.

Veterans' Employment and Training Service (VETS)

VETS is committed to meeting the employment and training needs of veterans, transitioning service members, and eligible spouses – especially those with significant barriers to employment. VETS also focuses on connecting employers across the country with work-ready veterans. VETS' mission is to prepare America's veterans, service members, and their spouses for meaningful careers; provide them with employment resources and expertise; protect their employment rights; and promote their employment opportunities.

One component of VETS' service to veterans with significant barriers to employment is the Homeless Veterans' Reintegration Program (HVRP). HVRP addresses the needs of one of the most vulnerable populations of veterans, those who are homeless or at risk of homelessness. HVRP provides employment and training services to homeless veterans, equipping them with the skills to gain meaningful employment. In FY 2020, VETS placed 63.2% of the targeted 66.0% of HVRP participants in jobs, reaching 96% of their target and serving over 17,000 participants.

VETS is also responsible for administering the Uniformed Services Employment and Reemployment Rights Act (USERRA) program, which protects civilian job rights and benefits for active duty service members, veterans, and members of the National Guard and Reserves. USERRA provides anti-discrimination provisions that prohibit employers from taking adverse actions against any current or prospective employee, due in part to those individuals' past, present, or future military service, status, or obligations. To provide prompt resolution for both claimants and employers, VETS assesses the percent of closed USERRA cases that meet the agency's quality standard and the customer satisfaction of USERRA cases. In FY 2020, VETS achieved its target with a result of 96.0%, compared to a 95.0% target.

Looking Forward: In FY 2021, VETS will continue to measure HVRP success by using the job placement after exit metric in conjunction with average hourly wages of those job placements. VETS will work with our partner, the National Veterans Technical Assistance Center (NVTAC) to provide training to HVRP grantees focused on placing participants into career paths with sustainable wages as this is a key to ensuring the participant's success.

VETS will continue to improve the USERRA Case Management System that was deployed in FY 2020 by enhancing Report of Investigation (ROI) functionality and building an internal case review module. VETS will also leverage the use of full time investigators to improve case processing efficiency.

Veterans' Employment and Training Service (VETS)					
Measure	**FY2016**	**FY2017**	**FY2018**	**FY2019**	**FY2020**
Percent of closed USERRA cases meeting the agency's quality standard (annual)	95.5%	99.0%	96.0%	98.0%	96.0%

Office of Disability Employment Policy (ODEP)

ODEP uses data and evidence to promote the adoption and implementation of policy strategies and effective practices to increase the number and quality of job opportunities for people with disabilities. Based on research and evaluation, ODEP develops and identifies effective policies and practices, conducts outreach to share this critical information, and provides technical assistance to all levels of government and employers to aid them in adoption and implementation.

In FY 2020, ODEP monitored Policy Outputs and Implementation Tools as key performance measures. ODEP issued 51 Policy Outputs, against a target of 35, which include documents recommending or implementing a significant policy change or an interpretation of existing policy related to disability employment. ODEP issued 98 Implementation Tools, which are technical assistance and informational materials developed to aid entities in adopting and implementing proven practices.

In FY 2020, ODEP implemented the Retaining Employment and Talent After Injury/Illness Network (RETAIN) Demonstration Projects to promote Stay-at-Work/Return-to-Work policies and practices. The demonstration projects, in eight states, will build evidence for what works in retaining employees or bringing them back to work after a temporary absence due to occupational as well as non-occupational illness and/or injury. ODEP also worked with several other states that are interested in adopting systemic changes that facilitate retention and return-to-work rates after a temporary work disability.

Looking Forward: In FY 2021, ODEP will award additional funds to a subset of RETAIN grants to continue with Phase 2 of the Demonstration Projects. Phase 2 will scale up the pilots and build evidence on what works in early intervention strategies. ODEP will continue its work with states to promote disability employment policy through its State Exchange on Employment and Disability Initiative. ODEP will continue to create apprenticeship opportunities for people with disabilities by assisting employers to design inclusive apprenticeship programs. Additionally, ODEP will ramp up the work of two new Policy Development Centers focused on serving adults and youth with disabilities who engage the public workforce system for their employment needs.

Women's Bureau (WB)

WB conducts research to formulate practices and policies aimed at increasing equal economic and employment opportunity and advancement for working women and their families. WB identifies trends, data gaps, policy and programmatic needs, and strategic interventions necessary to safeguard the interests of working women. These efforts allow WB to inform and educate individuals and organizations at the local, state, and national levels about the issues facing women in the labor force.

In FY 2020, WB increased funding for its Women in Apprenticeship and Nontraditional Occupations (WANTO) grants program to $4.1 million, and awarded 6 grants to community based organizations to help recruit, train, and retain women in pre-apprenticeship and apprenticeship programs. Approximately 3,258 women were served by the WANTO grants since 2017 through participation in job related training, including formal pre-apprenticeship and apprenticeship programs, safety training, and trade exploratory classes. In addition, 10,520 information sessions were provided to women and young girls on apprenticeable and nontraditional occupations.

In the summer of 2020, WB's Director participated in several national discussions regarding safely re-opening child care programs in the wake of COVID-19. In FY 2020, WB advised on the child care provisions of various COVID-19 relief policies and facilitated a White House dialogue event among federal policy makers on child care and paid leave. Additionally, WB published a Request for Information (RFI) seeking information from employers, employees, and researchers on their experience regarding paid leave that can lead to the development of recommendations and/or future policy.

In FY 2020, WB created 17 policy and research deliverables, exceeding its target of 15 and highlighting its role as a thought leader and consistent government source of emerging research, gender analyses, and resources for women in the labor force. Some of these deliverables include a first-of-its-kind national database cataloguing local costs for various types of child care, a case-based resource guide illustrating four promising approaches for recruiting and retaining women in apprenticeship, and a new centennial themed web-based interactive depicting changes in the most prominent occupations for women over the last 100 years.

Looking Forward: In FY 2021, WB plans to continue supporting women's access to apprenticeships and nontraditional occupations by funding the WANTO grant program and developing a resource guide for recruiting women into the Job Corps training program. WB will also examine policies that increase access to child care and conduct data projects examining how the cost of child care relates to women's labor force participation and median income. WB will also study the impact of hours worked on the gender wage ratio, as women's median earnings exceed men's until they reach 40+ hours per week. WB will commission a broad public survey of women in prime working age years to determine women's attitudes towards work and their child care needs before and after COVID-19. Additionally, WB will analyze public comments received on its paid leave RFI, and advance the discussion on paid parental leave through webinars and listening sessions. In support of military spouses, WB will raise public awareness while updating its license portability map to include states with active online credential apps.

Bureau of Labor Statistics (BLS)

BLS is the principal federal statistical agency responsible for measuring labor market activity, working conditions, price changes, and productivity in the U.S. economy to support public and private decision making. BLS executes its mission with independence from partisan interests while protecting the confidentiality of data providers and strives to meet the needs of a diverse set of customers for accurate, objective, relevant, timely, and accessible information and analysis.

BLS strives to ensure that its data products meet users' needs and are readily accessible to its customers through the internet, most commonly through www.bls.gov. BLS uses the average number of website page views to track the dissemination of its data. In addition, BLS uses the ForeSee Experience Index (FXI) to measure customer feedback with its website. The FXI survey prompts users for feedback while they are on the www.bls.gov website regarding the extent to which the website meets their needs. BLS uses these results to improve the website, better serve its stakeholders, and measure mission achievement.

As detailed in the table below, in FY 2020, BLS once again reached 100% of the underlying timeliness and accuracy targets for all its Principal Federal Economic Indicators (PFEIs), while achieving 86% of the underlying relevance targets. BLS experienced fewer average website page views, as compared to FY 2019, with customer satisfaction with the BLS website remaining steady with a year-end score of 75. Results for the five performance measures are shown in the table below.

Looking Forward: BLS will continue to report timeliness, accuracy, and relevance for its PFEIs; track dissemination of its data; and assess the quality of its website. BLS also will continue to evaluate its targets in the interest of continuous improvement.

Bureau of Labor Statistics (BLS)

Measure	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Percentage of timeliness targets achieved for the Principal Federal Economic Indicators (PFEIs)	100%	100%	100%	100%	100%
Percentage of accuracy targets achieved for the PFEIs	100%	100%	85%	100%	100%
Percentage of relevance targets achieved for the PFEIs	100%	100%	88%	75%	86%[1]
Average number of BLS website page views each month (Dissemination)	16,324,885	15,514,973	14,924,242	13,682,746	12,960,823[2]
Customer satisfaction with the BLS website through the ForeSee Experience Index (Mission Achievement)	76	75	77	75	75

[1] In FY 2020, the Consumer Price Index (CPI) missed its indexes published monthly measure target because fewer average price series met publication standards due to the impacts of COVID-19 on collection.
[2] Modern methods of accessing data, such as retrieving data through intermediaries, potentially have impacted the number of page views across the website.

WORKER PROTECTION PROGRAMS

Occupational Safety and Health Administration (OSHA)

OSHA is authorized by the Occupational Safety and Health Act of 1970 (OSH Act) to assure safe and healthful conditions for working men and women by setting and enforcing standards and providing training, outreach, education, and technical assistance. OSHA aims to reduce the number of work related illnesses, injuries, and fatalities and contributes to the broader goal to promote competitiveness of America's economy. The most recent data for key measures of OSHA's activity the number of safety and health inspections—are presented in the table below.

Safety inspections conducted in general industry and construction take place in a variety of high-hazard industries. Health inspections conducted in general industry and construction address chemical, biological, physical, and ergonomic hazards.

Preliminary results show a 37 percent decrease in safety inspections to 17,486 in FY 2020, down from 27,890 in FY 2019. The preliminary number for completed health inspections is 4,103, a 26 percent decrease in the number of previous years' health inspections, 5,511 in FY 2019. These decreases resulted from the COVID-19 pandemic, which greatly affected operations in this fiscal year. OSHA continued to allocate significant enforcement resources to respond to employer-reported incidents in accordance with OSHA's severe injury reporting (SIR) requirements. These requirements stem from the Occupational Injury and Illness Recording and Reporting Requirements-North American Industry Classification System Update and Reporting Revisions regulation, in effect since January 1, 2015. The SIR increased the number of employer-reported referrals, as employers must now report hospitalizations of one employee or more and any fatality to the Agency. OSHA addressed these reports through either unprogrammed inspections or non-formal rapid response investigations (RRI). This activity reduced the time and resources available for previously programmed inspection activity, which prioritized high hazard industries or focused on program related inspections. Preliminary data indicate the RRI activity increased the unprogrammed workload by adding slightly more than 8,600 non-formal investigations for FY 2020.

OSHA administers the whistleblower protection provisions of Section 11(c) of the OSH Act. Section 11(c) prohibits any person from discharging or in any manner retaliating against any employee because the employee has exercised rights under the OSH Act. Also, OSHA protects workers from retaliation through 23 other whistleblower protection statutes; this includes reported violations of various airline, commercial motor carrier, consumer product, environmental, financial, food safety, health care, nuclear, pipeline, public transportation agency, railroad, maritime, and securities laws. In FY 2020, according to preliminary data, OSHA completed 3,114 whistleblower investigations, exceeding the targeted 2,650 investigations, and awarding more than $30.09 million to complainants including 56 reinstatements.

Looking Forward: In FY 2021, OSHA's effort to promote Safety and Health Programs (SHP) will unite the various programmatic components of the agency in a common, proactive, and positive message addressing the agency's core mission. The agency expects the COVID-19 pandemic to continue to impact OSHA's operations in FY 2021. The agency will assess enforcement and compliance assistance activities and assign safety and health priorities through local, regional, and national emphasis programs. Companies that adopt an SHP improve both their safety culture and safety performance. In addition, OSHA cooperative program participants often reach stakeholders that OSHA may not otherwise interact with through dissemination of safety and health information locally, within their company, or industry. OSHA will also continue to focus on reducing the burden on small employers, providing assistance and trying to reach more small businesses with proactive and helpful information and services. Finally, OSHA will continue refining current enforcement strategies and implementing new programs to target inspection resources to the most egregious employers and serious hazards. OSHA will also continue outreach efforts to assist employers who are routinely reassessing necessary safety and health practices to address COVID-19 in their workplaces as the situation throughout the U.S. changes.

Occupational Safety and Health Administration (OSHA)					
Measure	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**
Safety Inspections	25,704	26,607	26,453	27,890[r][3]	17,486[e][4]
Health Inspections	6,244	5,789	5,567	5,511[r]	4,103[e]

Mine Safety and Health Administration (MSHA)

The Mine Safety and Health Administration works to prevent death, disease, and injury from mining and promote safe and healthful workplaces for the nation's miners. MSHA enforces provisions of the Federal Mine Safety and Health Act of 1977 (Mine Act), as amended by the Mine Improvement and New Emergency Response Act of 2006 (MINER Act).

The foundation of MSHA's enforcement program is the mandatory inspections required under the Mine Act. MSHA is required to conduct four inspections annually at active underground mines and two inspections annually at active surface mines. In the past, MSHA reported the number of inspections conducted by mine type. Fluctuations in the number of inspections over time reflect the variation in the number of mines operating during any given year. Thus, MSHA determined that targeted outputs for statutorily mandated inspections based on historical data was not an effective measure of enforcement effectiveness. In FY 2019, MSHA began reporting the percent of regular mandated inspections for underground and surface mines. In FY 2020, MSHA achieved the goal of 100 percent compliance for both mine types.

Looking Forward: To protect the safety and health of America's miners, MSHA will use the following strategies in pursuit of achieving its mission: reducing powered haulage injuries, increasing inspection and enforcement effectiveness, strengthening and modernizing training and education, strengthening safety and health standards, and enhancing efforts to protect miners from discrimination.

Mine Safety and Health Administration (MSHA)					
Measure	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**
Percent of regular mandated underground inspections	100%	100%	100%	100%	100%
Percent of regular mandated surface inspections	100%	100%	100%	100%	100%

Wage and Hour Division (WHD)

WHD is responsible for administering and enforcing laws that establish the minimum standards for wages and working conditions. WHD enforces and administers the minimum wage, overtime, and child labor provisions of the Fair Labor Standards Act; the prevailing wage requirements, and wage determination provisions of the Davis-Bacon Act and Related Acts, Service Contract Act, Contract Work Hours and Safety Standards Act, Walsh-Healey Act, and Copeland Act; the wages and working conditions under the Migrant and Seasonal Agricultural Worker Protection Act; the Family and Medical Leave Act; the Employee Polygraph Protection Act; the garnishment provisions of the Consumer Credit Protection Act; the Labor Value Content requirements of the United States-Mexico-Canada Implementation Act; and the paid sick leave and expanded family and medical leave requirements of the Families First Coronavirus Response Act (FFCRA). WHD also enforces the field sanitation and temporary labor camp standards in agriculture as well as certain employment standards and worker protections of the Immigration and Nationality Act. Collectively, these labor standards cover most private, state, and local government employment. They protect over 148 million workers in more than 10.2 million establishments throughout the U.S., and its territories.

Responding to the COVID-19 pandemic remains a top priority for WHD since the public emergency was first announced. The agency's response throughout this continuing crisis has been swift and comprehensive. WHD has simultaneously

[3] [r] Indicates revised result from the FY 2019 AFR.
[4] [e] Indicates estimated preliminary result.

addressed the critical need to provide information to the American workforce about their rights and benefits available under the FFCRA, while enforcing the new law to ensure workers receive the protections they need and deserve. In addition, WHD is ensuring the safety and wellbeing of agency staff and the uninterrupted continuation of the agency's mission. WHD continues to take steps to monitor the impacts on operations and performance, and to employ innovative strategies to mitigate effects on performance while emphasizing and supporting quality investigations.

WHD relies on a combination of rigorous enforcement and robust compliance assistance efforts to achieve the greatest impact. Employers and employees benefit when businesses manage costs through innovation and efficiencies rather than by violating the law. The agency uses data and evidence to identify areas and industries in which serious violations may be widespread, and often organizes educational and enforcement initiatives in those areas. WHD complements enforcement with outreach and education to employers, employees, and industry stakeholders. By producing meaningful compliance assistance, WHD increases voluntary compliance with the laws it enforces. By combining enforcement with education, more workers in this country can obtain stable and secure income and responsible businesses can succeed. In FY 2020, WHD continued to maintain a high percentage of "Agency-Initiated Investigations" within high violation industries that employ low-wage workers. More than 46% of concluded investigations falling into this category.

"Percent of Investigations in Priority Industries" reflects WHD's commitment to prioritizing enforcement resources in those industries where data and evidence demonstrate the most serious violations exist, rather than burdening compliant employers with investigations. The increased level of agency-initiated investigations, as well as prioritization of complaints, has increased the agency's presence in those priority industries with a history of violations. WHD's performance has produced significant outcomes. In the last 5 years, WHD helped more than 1.3 million workers and recovered more than $1.4 billion in back wages. In FY 2020 alone, WHD collected more than $250 million in back wages and found on average more than $1,120 for each employee due back wages.

Looking Forward: To protect fair and vigorous competition, WHD addresses compliance issues systemically, and works to prevent violations through compliance assistance to reach a broader audience. Given the size of the organization relative to the size of the regulated community–over 148 million workers and 10.2 million workplaces–WHD must maximize the effectiveness of every resource. WHD's FY 2021 performance framework reflects continued development through critical feedback from the field. The agency is replacing two outdated measures and critically analyzing all measures to identify opportunities for improvement. WHD will continue evaluating and refining performance measures to ensure a balance that incentivizes efficiency, productivity, impactful enforcement, and outreach. This evolving approach requires flexibility as the agency continues to increase and improve data analysis.

In addition to the performance framework, WHD is improving and increasing the use of data and reporting tools to monitor and advance case inventory efficiently and expeditiously. Compliance assistance is a central component of WHD's efforts to meet its mission, and the demand for accessible information about the laws WHD enforces remains high. WHD will continue efforts to modernize compliance assistance information, produce and update materials in plain language, and reach and inform a broader audience.

Office of Federal Contract Compliance Programs (OFCCP)

OFCCP works to ensure that nearly 120,000 Federal contractor establishments provide equal employment opportunities leading to a fair and diverse workplace. OFCCP enforces three legal authorities: Executive Order 11246, as amended, Section 503 of the Rehabilitation Act of 1973, as amended, and the Vietnam Era Veterans' Readjustment Assistance Act (VEVRAA) of 1974, as amended. Together, these legal authorities make it illegal for contractors and subcontractors doing business with the federal government to discriminate in employment because of race, color, religion, sex, sexual orientation, gender identity, national origin, disability, or status as a protected veteran. In addition, contractors and subcontractors are prohibited from discriminating against applicants or employees because they have inquired about, discussed, or disclosed their compensation or the compensation of others subject to certain limitations, and may not retaliate against applicants or employees for engaging in protected activities. These laws also require that federal contractors provide equal employment opportunity through affirmative action.

OFCCP's objective since FY 2019 has been to touch more total contractors, including medium-sized ones, with a goal of having all contractors achieve maximum compliance with EEO requirements. OFCCP is achieving this goal by scheduling more compliance evaluations, providing compliance assistance, and focusing on specific program areas. For example, the FY 2019 scheduling list included 3,500 establishments, including more than 1,200 parent companies, Section 503 Focused Reviews, and Compliance Checks. OFCCP issued a supplement to the FY 2019 list with VEVRAA Focused Reviews. A focused review is dedicated to an in-depth review of one or more components of the federal contractor's organization or one or more aspects of the contractor's employment practices. Each focused review includes an onsite interview with the company, which are being done virtually during the pandemic. The agency also publishes compliance assistance and best practices in conjunction with these reviews. In FY 2020, OFCCP expanded its focused review initiative to Promotions and Accommodations–in addition to the Section 503 and VEVRAA Focused Reviews that the agency began scheduling in FY 2019. Additionally, OFCCP used a risk-based approach and focused on three industries with the highest rate of violations in the last five years; these establishments comprised one third of the scheduling list. The FY 2020 scheduling list included 2,250 establishments covering Focused Reviews, Compliance Checks, and regular Compliance Reviews. OFCCP also issued a single scheduling list of 200 construction projects using a risk-based approach and neutral selection criteria.

OFCCP is dedicated to its important mission of ensuring equal employment opportunity and non-discrimination in employment for the approximately 25% of America's workforce employed by federal contractors. In FY 2018, OFCCP obtained over $16.4 million in financial remedies for affected class members. In FY 2019, OFCCP set the record for recoveries at $40.6 million, almost double any other year since the agency's inception. Also in FY 2019, OFCCP completed 86% of construction evaluations from high-impact construction projects, and exceeded the target of a measure created in FY 2018, "Percent of Discrimination Conciliation Agreements with Systemic Pay Discrimination Findings," with a result of 100%. In FY 2020, during the pandemic, OFCCP closed 1,318 compliance evaluations that returned financial remedies of $35.6 million, the second highest year in history. The agency exceeded the targets for two new measures in FY 2020, "Percent of Aged Cases Open" and "Percent of Compliance Evaluations Closed with Discrimination Findings," with a result of 100% for both. Despite OFCCP's record setting results and high productivity levels, COVID-19 had an impact on the following FY 2020 performance measures: The agency decreased the targets for "Construction Evaluations Completed" and "Number of Cases Closed," and placed on hold the "Percent of Cases without Major Deficiencies" and "Percent of Cases without Technical Deficiencies" until FY 2021.

Looking Forward: In FY 2021, OFCCP will continue to conduct more focused reviews of compliance, prioritize larger systemic cases, and maximize remedies to reach more contractors, and achieve speedier resolutions and corporate-wide settlements. OFCCP will continue to implement Directive 2018-07, to ensure that all federal contractors prepare affirmative action plans. The agency will develop its program to implement Executive Order 13950 to combat race and sex stereotyping in training programs. OFCCP will also expand its compliance assistance and education to the regulated community to promote compliance. The agency will issue its first ever agency–wide neutral scheduling list of construction contractors.

Bureau of International Labor Affairs (ILAB)

ILAB promotes a level global playing field for workers and businesses in the United States and around the world by improving labor conditions and advancing U.S. labor priorities in key countries. ILAB's goal is to ensure that countries that fail to enforce their labor laws, or allow exported goods to be produced through exploitative labor conditions, do not receive an unfair advantage at the expense of children and forced laborers.

ILAB supports quality jobs in the United States by ensuring U.S. trade agreements and preference programs are fair for American workers; combating international child labor, forced labor, and human trafficking; and improving global working conditions. ILAB has four main cross-cutting strategies for achieving this goal: (1) monitoring, evaluating, and reporting to strictly enforce countries' compliance with labor-related trade commitments and relevant labor standards; (2) developing, advocating for, and negotiating policy positions that advance U.S. interests; (3) overseeing technical assistance and cooperative activities to strengthen implementation of labor laws and standards and reduce the exploitation of vulnerable workers and children in key countries; and (4) conducting and disseminating research on various international labor, trade, and/or economic issues and conditions.

In FY 2020, ILAB received additional labor monitoring and enforcement responsibilities with the passage of the United States-Mexico-Canada Agreement (USMCA) Implementation Act.

Also in FY 2020, the COVID-19 pandemic required adjustments in the way that ILAB implemented the four cross-cutting strategies identified above. ILAB utilized telework and technology to the maximum extent possible to continue working with stakeholders on trade enforcement, policy engagement, technical assistance, and research and reporting.

Looking Forward: In FY 2021, ILAB will continue to engage trading partner countries to encourage compliance with their labor commitments and implementing actions to improve protection of labor rights, including monitoring labor conditions and enforcement where necessary, with the goal of leveling the playing field for U.S. workers and businesses. To achieve its program goals, ILAB will continue to engage in negotiating, monitoring, enforcing, reporting, technical cooperation, and research and evaluation activities. With respect to the implementation of the USMCA, ILAB will continue implementing its monitoring and enforcement responsibilities, including by placing three labor attachés in Mexico to provide direct support for these efforts.

Office of Labor-Management Standards (OLMS)

OLMS protects the rights of American workers by administering the Labor-Management Reporting and Disclosure Act (LMRDA) and related laws, which safeguard union democracy and financial integrity, and promote financial transparency.

OLMS focuses audit resources by using advanced targeting techniques to identify the labor unions most likely to be subject to a violation of the law. The success of audit targeting strategies is measured by the "Percent of Targeted Audits that Result in a Criminal Case (Fallout Rate)". Since the implementation of this performance measure, OLMS has progressively increased the fallout rate target from 13% in FY 2011 to a target of 16.50% in FY 2020. Although OLMS' target for FY 2020 was a fallout rate of 16.50%, the agency finished the year with a 20% fallout rate. Timely resolution of union election complaints is a paramount goal of the LMRDA, and OLMS gauges its progress against this goal through the "Average Number of Days to Resolve Union Officer Election Complaints" measure. From an average of 79 days in FY 2011, OLMS has reduced the average number of days to resolve complaints to 64.9 days, below the 68-day target for FY 2020.

OLMS is also making it easier for unions, employers, and consultants to file the financial and activity reports required under the LMRDA, and tracks success in these efforts through the "Percent of Disclosure Reports Filed Electronically" measure. OLMS continues to use existing outreach tools (e.g., seminars, compliance assistance incidental to an audit, and its Voluntary Compliance Partnership program) to introduce and assist union leaders and other filers to use web-based forms. In FY 2020, OLMS achieved an e-filing rate of 89.6% against a target of 80%.

Looking Forward: OLMS will focus on continued improvements in the results for its three highest-priority measures. For the fallout measure, OLMS will refine targeting techniques to direct investigative resources toward the most productive audits and has increased its fallout measure target for FY 2021 to 17%. The target for the average number of elapsed days to complete election investigations has been decreased to 67 days and will be met by identifying new means of communications and coordination between the National Office, SOL, and field staff. Finally, OLMS will increase the FY 2021 electronic filing rate target to 85% of all disclosure reports. It will meet this goal through three methods. First, regulatory changes now mandate electronic filing for 8 of the 13 forms that filers submit to OLMS (i.e., Forms LM-1, LM-2, LM-3, LM-4, LM-10, LM-20, LM-21, and the Form T-1). Second, OLMS will continue to develop electronic versions of forms that are not yet available to be filed electronically (i.e., the trusteeship Forms LM-15, LM-15A, and LM-16, as well as the Form S-1 filed by surety companies). Third, OLMS will leverage its Voluntary Compliance Partnership program, which is a cooperative compliance assistance effort with 43 international and national unions, to foster greater use of electronic filing among their affiliates through targeted outreach.

Employee Benefits Security Administration (EBSA)

EBSA is charged with protecting 154 million workers, retirees, and their families who are covered by approximately 2.5 million health plans, a similar number of other welfare plans, and 722,000 private pension plans. Together, these plans hold estimated assets of $10.7 trillion. It also includes interpretive and regulatory responsibilities for Individual Retirement Accounts, which hold about $9.5 trillion in assets. EBSA's proactive enforcement and outreach and education programs protect the most vulnerable populations while ensuring broad compliance with the Employee Retirement Income Security Act of 1974 (ERISA) and related laws. EBSA assists plan fiduciaries and others in understanding their obligations under ERISA by providing interpretive guidance and making related materials available through the agency's website and publications, training programs, and more. EBSA is also committed to helping workers and retirees understand their benefits and receive the benefits they have earned. The primary objectives of EBSA's enforcement program are to remedy the harm caused by fiduciary violations by recovering losses and compelling disgorgement of unjust profits, deter future wrongdoing, and promote greater legal compliance.

EBSA's enforcement program seeks to detect and correct violations of Title I of ERISA and to obtain relief for those violations, including monetary recoveries for losses suffered by employee benefit plans, participants, and beneficiaries, and other corrective remedies as needed, such as broad-based reforms of large plans and service providers. In FY 2014, EBSA strategically changed its performance measures to emphasize the overall impact of its investigations instead of the number of cases processed. As a result, EBSA replaced its cases closed measures in FY 2015 with three measures that track investigation timeliness. EBSA's FY 2020 results exceeded the FY 2020 targets for these measures, with 88% of Civil Non-Major Cases closed or referred for litigation within 30 months of opening, 96% of Criminal Cases closed or referred within 18 months, and 84% of cases within Office of Enforcement's 2a categories (delinquent employee contributions, abandoned plans, bonding, Health-ERISA Part 7 violations, and other reporting and disclosure non-fiduciary breaches) closed or referred within 18 months of opening. In FY 2018, EBSA implemented two additional performance measures to evaluate the effectiveness and efficiency of the Major Case Enforcement Priority. The Major Case Enforcement Priority concentrates a significant portion of the agency's enforcement resources on cases and issues that are likely to have the greatest impact on the protection of plan assets and participants' benefits. EBSA focused its FY 2020 enforcement resources on National Enforcement Projects, the Major Case Enforcement Priority, and the Employee Contributions Initiative.

Looking Forward: In FY 2021, EBSA will continue to assist individuals in understanding their rights and responsibilities under ERISA. In particular, the agency's compliance and participant outreach education, and assistance programs will focus on disseminating information related to health and retirement benefit protections and retirement savings education. EBSA will also continue to implement performance measurement changes designed to increase the effectiveness of its enforcement program. The following overlapping and related attributes will be emphasized: data analysis; prompt detection and pursuit of violations; the successful pursuit of monetary recoveries; non-monetary results that promote compliance with ERISA; and the aggressive and timely pursuit of participant tips and complaints.

COMPENSATION AND BENEFITS PROGRAMS

Office of Workers' Compensation Programs (OWCP)

OWCP provides workers' compensation benefits through four programs: *Federal Employees Program* provides wage-loss compensation, payment for medical treatment, and return-to-work assistance for federal employees who are injured or ill on the job; the *Longshore Program* oversees the delivery of benefits by private sector employers and insurance carriers to injured workers in certain maritime and related employment, and to federal government contractors working overseas; the *Black Lung Program* oversees or provides compensation and medical benefits to coal miners who are totally disabled due to pneumoconiosis arising out of coal mine employment, and compensation to survivors of coal miners whose death is attributable to the disease; and the *Energy Workers Program* provides compensation to employees or survivors of employees of the Department of Energy (DOE) and contractors or subcontractors of DOE, who worked on the nuclear weapons program and became ill due to exposure to radiation or toxic substances.

The Federal Employees program prioritizes payment of compensation to injured workers who are out of work and losing wages. The prompt adjudication of claims filed for wage-loss compensation is of particular importance to ensure the worker does not undergo unnecessary financial hardship. The percent of claims that do not require further development paid within 14 days increased from 91.8% in FY 2016 to 94.0% in FY 2020 and the percent of all claims, including those that required development prior to payment, processed within 90 days increased from 94.8% in FY 2016 to 97.6% in FY 2020.

A major aspect of the Longshore program focuses on ensuring that employer injury reports and first payment of benefits are timely. In FY 2020, the program issued 84% of First Payments of Compensation for non-Defense Base Act cases within 28 days.

The COVID-19 pandemic significantly impacted the Black Lung program's operations in FY 2020. A vital piece of required evidence in the adjudication of most Black Lung claims is a complete pulmonary examination, to which all miners are entitled and for which the Department pays. However, due to the COVID-19 pandemic, most physicians suspended these examinations for an extended period. In addition, to accommodate difficulties in obtaining and submitting documentation and evidence during the pandemic, the program automatically extended claims-processing deadlines for all parties by 60 days and granted further extensions beyond 60 days in many cases. In spite of the difficult circumstances, the program exceeded the target for each of its new innovative timeliness metrics which focus on employee touch times — the key points in the claims process that are within the direct control of claims staff — and maintained overall claims processing time at 307 days, an increase of less than 1% over FY 2019. The program also sustained strong productivity, issuing more than 6,100 decisions. Moreover, after successfully reducing the percentage of claims pending for more than 365 days from 20% to 12% over the prior two years, the program worked to mitigate the impact of the pandemic on claims inventory management with particular emphasis on claims that were pending for more than 365 days. As a result of this effort, the percentage of claims pending for more than 365 days only increased from 12% to 15%. This increase is attributable to circumstances associated with the COVID-19 pandemic including the widespread cancelation of Black Lung exams, as well as historically low incoming claims volumes for several months. These factors significantly reduced the total pending claims inventory and made it difficult to maintain the percentage at the target level.

The Energy Workers program works closely with DOE, the Department of Justice, the Social Security Administration, and the National Institute for Occupational Safety and Health (NIOSH) to issue claim decisions. The average number of days between filing date and final decision for cases not sent to NIOSH when a hearing was not held was reduced from 167 days in FY 2016 to 161 days in FY 2020 (exceeding the FY 2020 target of 170 days); this measure accounts for approximately 70% of all claims.

Looking Forward: In FY 2021, The Federal Employees program will coordinate with the Occupational Safety and Health Administration to recommit federal departments and agencies to safety goals, ensure that the workforce receives timely benefits through a modern and efficient workers' compensation system, and work with agencies across the federal government to meet their individualized Protecting Employees, Enabling Reemployment performance targets. The Longshore program will continue to implement the OWCP Workers' Compensation System, a claims processing and management system. The Black Lung program will continue to work to increase efficiency by transitioning to a fully digital claims environment and by modernizing its data reporting technology and will also continue to coordinate with providers to mitigate the impacts of COVID-19 on claims processing. OWCP will also create efficiencies in the Energy Workers program by centralizing certain administrative functions and will utilize the OWCP Employees' Compensation Operations and Management Portal to afford claimants access to their digital case files.

Federal-State Unemployment Insurance (UI) Program (administered by ETA)

The Federal-State UI Program, authorized under the Federal Unemployment Tax Act and Title III of the Social Security Act, provides temporary, partial wage replacement for eligible unemployed workers, providing them with income support when suitable work is unavailable. To qualify for benefits, unemployed workers must meet eligibility requirements established by state laws that conform to federal law, including that they have worked recently, are involuntarily unemployed, are able and available for work, and are actively seeking work.

As of June 30, 2020, one of the key measures for this program, "First Payment Timeliness" (Percent of All Intrastate First Payments Made within 21 Days after the Last Day of the First Compensable Week) had a preliminary FY 2020 result of 70.5%. In FY 2019, the UI program made significant progress that yielded a performance result of 86.3% for this measure. However, the unprecedented increase in claims and associated workload due to the national emergency health declaration relating to the coronavirus disease (COVID-19) in quarters ending March and June 2020 negatively impacted performance for this measure in FY 2020.

In FY 2020, ETA worked with all states failing to meet the performance standard for the "First Payment Timeliness" measure by requiring them to submit a Corrective Action Plan (CAP) as part of their State Quality Service Plan. Additionally, ETA continued to provide intensive technical assistance and enhanced monitoring to the nine states that were designated "High Priority" for poor overall performance. Due to ETA's efforts, two of the "High Priority" states made significant progress in their performance and were removed from "High Priority" designation in FY 2020. The remaining seven states continued to make good progress over FY 2020 in meeting the core measure target but experienced a performance setback in the quarter ending June 2020 due to the COVID-19 pandemic. Please refer to UI Program Letter No. 17-16 for details on the selection criteria for these "High Priority" states: https://wdr.doleta.gov/directives/attach/UIPL/UIPL_17-16.pdf.

Looking Forward: In FY 2021, ETA UI staff will continue its work with "High Priority" states to develop comprehensive CAPs designed to improve performance. Additionally, ETA will continue with enhanced monitoring of these states and provide customized technical assistance to support performance improvement.

Employment and Training Administration - Unemployment Insurance					
Measure	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**
First Payment Timeliness (Unemployment Insurance)	84.4%[r]	84.2%[r]	83.8%[r]	86.3%[r]	70.6%

[1] Results that have been revised since publication of the FY 2019 AFR are marked [r].

Financial Performance Overview

Sound financial management is an integral part of the Department's efforts to deliver services and administer programs. With the Department's emphasis on internal controls, accurate financial information delivery to key decision makers, and transparent and accountable reporting, the Department's stakeholders can be confident that resources are used efficiently and effectively.

DOL implemented the FY 2016 requirements of OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control (revised July 15, 2016)* and the Government Accountability Office's (GAO's) *Standards for Internal Control in the Federal Government (revised September 2014)*. DOL's internal control program and centralized processes for reporting financial data help to ensure the relevance and reliability of financial performance data, including compliance with the Digital Accountability and Transparency Act of 2014 (the DATA Act) and Circular A-123's Appendix A, *Management and Reporting of Data Integrity Risk*. Through its Data Quality Plan, DOL has tailored its control structure to address risks to data quality in Federal spending data and the system of controls that manage such risks. DOL's comprehensive internal control program has the objective of providing, on a continuing basis, reasonable assurance that all financial, non-financial, performance, statistical records, and related reports are reliable. DOL's internal control program helps ensure that appropriate internal controls are in place for financial performance management and that agencies institute sound, effective internal control policies and procedures for financial performance measurement and regular evaluation of their processes. Financial performance is evaluated during comprehensive ongoing financial management reviews and corrective actions are implemented as required to resolve audit findings and increase efficiency. One of these evaluations is DOL's assessment of its internal controls over reporting conducted in accordance with the requirements of Appendix A; management was able to provide reasonable assurance on the effectiveness of its internal controls over reporting as of September 30, 2020. These business processes help to ensure that reported financial performance information is relevant and reliable.

In FY 2020 and FY 2019, DOL used managerial cost accounting for costing programs and performance indicator results in accordance with the Federal Accounting Standards Advisory Board's (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) No. 4, *Managerial Cost Accounting Standards and Concepts*, as amended. The statement outlines the standards for Federal entities to provide "reliable and timely information on the full cost of Federal programs, their activities, and outputs." This information can be used to allocate resources and evaluate program performance. Managerial cost accounting directly supports the sections of the AFR that address Net Program Cost in the Statements of Net Cost. Total Net Cost of DOL activities was $506.2 billion for FY 2020 and $44.9 billion for FY 2019.

Analysis of Financial Statements and Stewardship Information

The principal financial statements summarize the Department's financial position, net cost of operations, and changes in net position, and provide information on budgetary resources and social insurance.

Figure 1: Summary of Selected Financial Data for FY 2020 and FY 2019

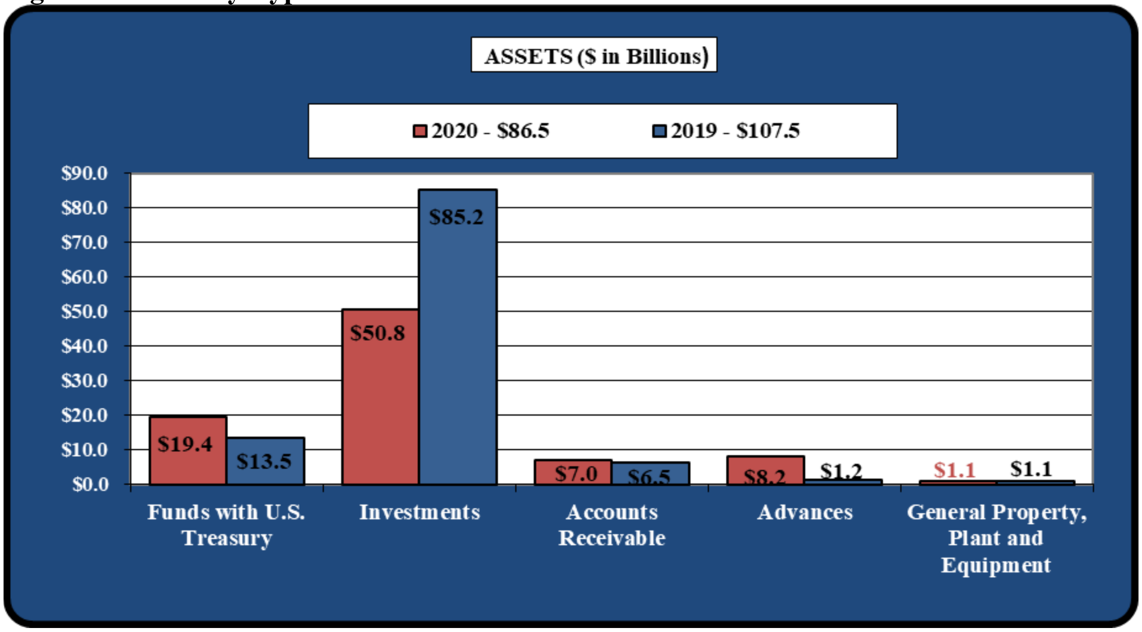
Summary of Selected Financial Data

(Dollars in billions)	**2020**	**2019**	**Change Amount**	**Change Percent**
Financial position				
Total assets	$ 86.5	$ 107.5	$ (21.0)	(19.5)%
Funds with U.S. Treasury	19.4	13.5	5.9	43.7%
Investments	50.8	85.2	(34.4)	(40.4)%
Advances	8.2	1.2	7.0	583.3%
Total liabilities	$ 101.8	$ 38.3	$ 63.5	165.8%
Debt	42.4	6.0	36.4	606.7%
Accrued benefits	16.8	1.1	15.7	1427.3%
Energy employees occupational illness compensation benefits	37.5	26.7	10.8	40.4%
Net cost of operations				
Net cost of operations	$ 506.2	$ 44.9	$ 461.3	1027.4%
Income maintenance	497.5	36.1	461.4	1278.1%
Employment and training	6.1	6.2	(0.1)	(1.6)%
Budgetary resources				
Total budgetary resources	$ 606.3	$ 54.3	$ 552.0	1016.6%
New obligations and upward adjustments (total)	600.8	49.3	551.5	1118.7%
Appropriations (discretionary and mandatory)	555.3	42.5	512.8	1206.6%
Agency outlays, net (discretionary and mandatory)	486.4	41.3	445.1	1077.7%

Financial Position

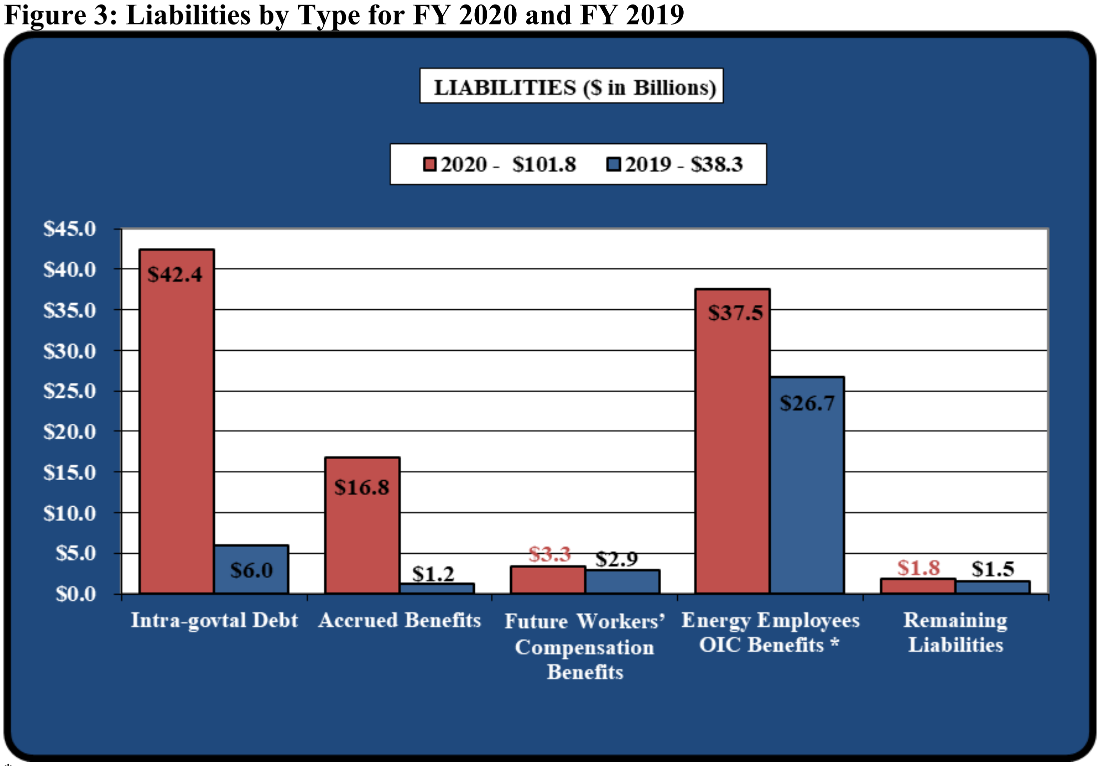
The Department's Balance Sheet presents DOL's financial position through the identification of agency assets, liabilities, and net position, as shown below. The Department's total assets decreased from $107.5 billion at the end of FY 2019 to $86.5 billion at the end of FY 2020, a decrease of (19.5)%, primarily due to a decrease in investments. Investments decreased primarily due to net outflows from the Unemployment Trust Fund (UTF) as there was increased advances to States to fund the benefits due to the coronavirus pandemic. Funds with U.S. Treasury increased by $5.9 billion [43.7%] primarily due to increased funding for the Federal Pandemic Unemployment Compensation Program (FPUC) which provided an additional $600 in weekly unemployment benefits payments, but remained unpaid at yearend. Advances increased by $7.0 billion [583.3%] primarily due to advance payments to states for unemployment benefits. (See Figure 2 on next page for reported Assets by Type for FY 2020 and FY 2019.)

Figure 2: Assets by Type for FY 2020 and FY 2019



Liabilities increased from $38.3 billion at the end of FY 2019 to $101.8 billion at the end of FY 2020, an increase of $63.5 billion or 165.8%. The increase was due to a combination of factors, including the increase in: intragovernmental debt from UTF borrowing from the General Fund of the Treasury to fund increased advances to States for unemployment benefits during the coronavirus pandemic [$36.4 billion or 606.7%]; accrued benefits for unemployment benefits during the coronavirus pandemic [$15.7 billion or 1,427.3%]; and the actuarial liability for the Energy Employees Occupational Illness Compensation Benefits due to the increase in new cases and increases in costs from existing cases [$10.8 billion or 40.4%].

Figure 3: Liabilities by Type for FY 2020 and FY 2019

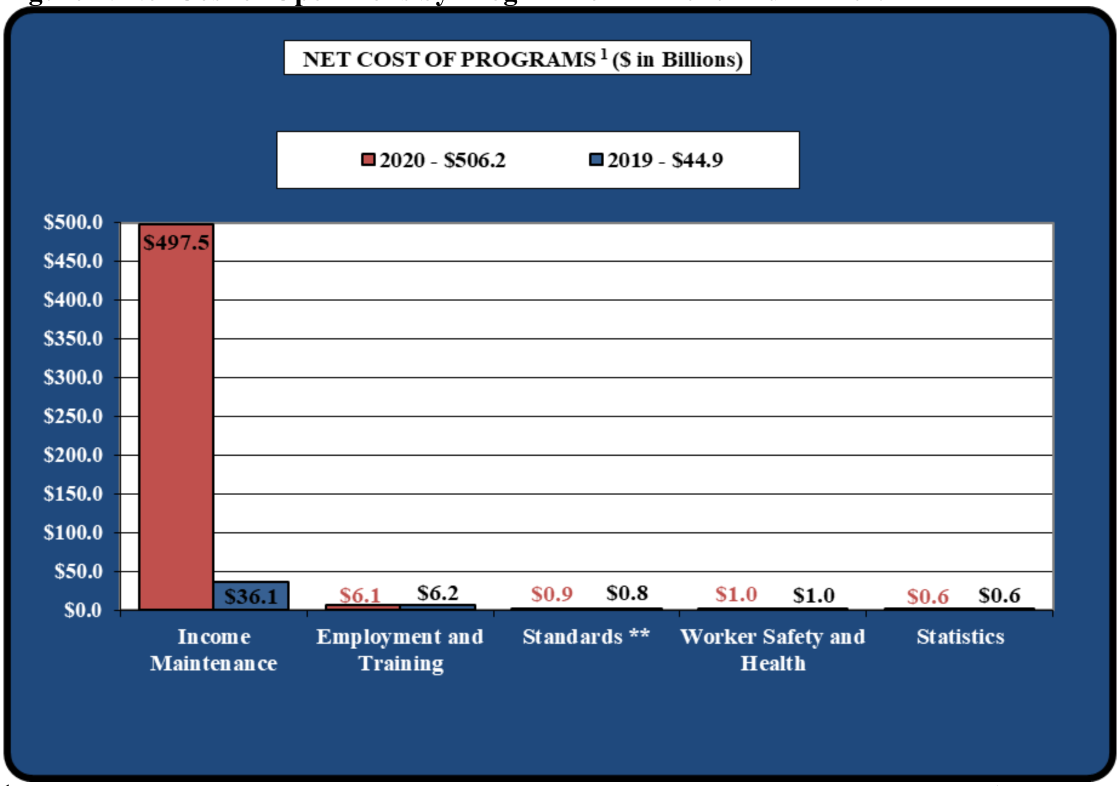


* OIC = Occupational Illness Compensation.

Net Cost of Operations

The Department's net cost of operations for the year ended September 30, 2020, was $506.2 billion, an increase of $461.3 billion or [1,027.4%] from FY 2019. This increase was attributable to increases in program costs discussed below:

Figure 4: Net Cost of Operations by Program for FY 2020 and FY 2019



[1] The Department's Net Cost of Programs include costs not assigned to specific programs, which were $(6.2) million and $32.5 million for FY 2020 and FY 2019, respectively.
**Represents Labor, Employment, and Pension Standards.

Income Maintenance programs continue to comprise the major portion of departmental costs. These programs include unemployment benefits paid to covered individuals who are out of work and seeking employment, as well as payments to individuals who qualify for disability benefits due to injury or illness suffered on the job, and the costs to administer these programs. Income maintenance net costs were $497.5 billion in FY 2020, an increase of $461.4 billion [1,278.1%] from FY 2019. This increase is primarily due to unemployment benefits authorized by the CARES Act in response to the coronavirus pandemic.

Employment and Training programs comprise DOL's second largest cost. These programs are designed to help individuals deal with the loss of a job, identify new occupational opportunities, find training to acquire different skills, start a new job, and make long-term career plans, as well as connect employers to workers with the skills they need. Employment and training costs were $6.1 billion and $6.2 billion in FY 2020 and FY 2019, respectively.

Budgetary Resources

The Statements of Budgetary Resources report the budgetary resources available to DOL to effectively carry out the activities of the Department during FY 2020 and FY 2019, as well as the status of these resources at the end of each fiscal year. During FY 2020, total budgetary resources increased $552.0 billion or 1,016.6% from $54.3 billion to $606.3 billion, primarily due to an increase in appropriations funding, with corresponding increases in obligations and outlays, for supplemental unemployment benefits in response to the coronavirus pandemic.

COVID-19

As authorized by the Families First Coronavirus Response Act (FFCRA), Division D, the Emergency Unemployment Insurance Stabilization and Access (EUISA) Act of 2020, provided $1 billion for emergency administration grants to the states. During FY 2020, obligations incurred were $1 billion; as of September 30, 2020, no funds were available for future expenditures.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act included the following programs:

- The Federal Pandemic Unemployment Compensation (FPUC) program provides an additional $600 of weekly unemployment benefits. The Department received funding of $292.5 billion to cover benefits costs and $100 million for administrative costs for this program, which expired on the 31st of July, 2020. As of September 30, 2020, the obligations incurred were $279.2 billion and $15.2 million for benefit and administrative costs, respectively. The program is funded by indefinite authority.

- The Pandemic Unemployment Assistance (PUA) program, which is set to expire December 27, 2020, provides temporary benefits for individuals who are not eligible for regular/traditional unemployment insurance. The Department received funding of $65.9 billion to cover benefits costs and $761 million for administrative costs associated with this programs. As of September 30, 2020, the obligations incurred were $60.9 billion and $721.4 million for benefit and administrative costs, respectively. The programs are funded by indefinite authority.

- The Pandemic Emergency Unemployment Compensation (PEUC) program, which is set to expire December 27, 2020, provides an additional 13 weeks of benefits to a regular claim for eligible persons. The Department received funding of $16.9 billion to cover benefits costs and $236 million for administrative costs associated with this program. As of September 30, 2020, the obligations incurred were $9.7 billion and $101.8 million for benefits and administrative costs, respectively. The program is funded by indefinite authority.

- Federal funding of the Short-time Compensation (STC) program, which provides alternatives to layoffs for employers experiencing a reduction in available work, is set to expire December 27, 2020. The Department received funding of $1.3 billion and $37.5 million for benefits and administrative costs, respectively. As of September 30, 2020, the obligations incurred were $686.0 million for benefits and there were no obligations for administrative costs. The program is funded by indefinite authority.

- The Federal Unemployment Account (FUA) provides advances to states whose unemployment insurance accounts are depleted. The Department was authorized to receive funding of $68 billion to cover advances to states for benefits expenses. As of September 30, 2020, $36.0 billion were incurred for advances. The FUA is funded by indefinite authority.

The summary of selected financial data for COVID-19 activity as of and for the year ended September 30, 2020.

Summary of Selected Financial Data

(Dollars in billions)	FPUC	UTF	Total
Financial position			
Total assets	$ 6.3	$ 16.5	$ 23.1
Funds with U.S. Treasury	4.3	13.9	18.4
Total liabilities	$ 4.2	$ 7.3	$ 11.5
Accrued benefits	4.2	7.3	11.4
Net results of operations			
Net cost of operations	$ 277.1	$ 74.5	$ 352.1
Benefits	276.7	74.1	350.9
Net financing sources	$ 279.3	$ 83.8	$ 363.8
Appropriations received	292.6	-	293.9
Transfers-in(out)	-	84.1	84.1
Net position, end of year	$ 2.2	$ 9.3	$ 11.6

Social Insurance and the Black Lung Disability Benefit Program

FASAB has classified the Black Lung Disability Benefit Program as a social insurance program that is required to report a Statement of Social Insurance (SOSI) and a Statement of Changes in Social Insurance Amounts (SCSIA) for the Black Lung Disability Trust Fund (BLDTF); these are sustainability statements.

The SOSI reports for the projection period (which begins on the September 30 valuation date of the reporting year) for current and new participants (the open group), the open group measure, which is the present value of estimated future coal excise tax income, less the present value of estimated future administrative costs and the actuarial present value of future benefit payments. The SOSI also reports the closed group measure, which is measured in a similar manner, for the current participants only (the closed group). The difference between the open group measure and the closed group measure is the inclusion of new participants that will be added to the rolls after the valuation date; new participants include participants for whom the BLDTF has an adjudicated liability as of September 30 (due to, among other things, bankruptcy of the responsible mine operator), but had not yet been added to the rolls. For the SOSI as of September 30, 2016, the projection period had a fixed terminus of September 30, 2040. In FY 2017, DOL revised the projection period from the fixed terminus to a rolling 25-year projection period that begins on the September 30 valuation date; the revised projection period became effective for the September 30, 2017 valuation date with a rolling 25-year projection period through September 30, 2042. For the September 30, 2020 valuation date, the rolling 25-year projection period ends September 30, 2045.

For the five years presented in the SOSI, the open group measure has decreased significantly from a positive $890.0 million as of September 30, 2016 to a negative $(1.97) billion as of September 30, 2020. The decrease in the open group measure is primarily due to the decrease in the present value of estimated future coal excise tax income, which depends on, among other things, the business and regulatory environment of the coal industry. Assumptions that, among other things, lead to favorable conditions for energy sources that compete with coal will reduce coal's market share; lower demand for coal will lead to lower collections of excise taxes.

Figure 5: Black Lung Disability Benefit Program - Table of Key Measures for FY 2020 and FY 2019 (Dollars in millions)

Black Lung Disability Benefit Program - Table of Key Measures			Change	
(Dollars in millions)	2020	2019	Amount	Percent
Financial position				
Total assets	$ 433.1	$ 124.8	$ 308.3	247.0%
Less: total liabilities	(6,409.3)	(5,971.4)	(437.9)	(7.3)%
Net position (assets net of liabilities)	$ (5,976.2)	$ (5,846.6)	$ (129.6)	(2.2)%
Costs and changes in net position				
Net cost of operations	$ (366.3)	$ (357.1)	$ (9.2)	(2.6)%
Total financing sources	236.7	152.4	84.3	55.3%
Net change in cumulative results of operations	$ (129.6)	$ (204.7)	$ 75.1	36.7%
Social insurance				
Open group measure, beginning of year	$ (1,511.5)	$ (1,028.7)	$ (482.8)	(46.9)%
Open group measure, end of year	$ (1,968.8)	$ (1,511.5)	$ (457.3)	(30.3)%

The increase in the total assets of $308.3 million [247.0%] was due to a higher Funds with U.S. Treasury balance as of September 30, 2020. FY 2020 total financing sources increased $84.3 million [55.3%] from FY 2019 primarily because of the change in the coal excise tax rates. P.L. 110-343, Division B—Energy Improvement and Extension Act of 2008 allowed for a temporary increase in coal excise tax rates that continued until December 31, 2018: the coal excise tax rates were $1.10 per ton of underground-mined coal and $0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price. Beginning January 1, 2019, the coal excise tax rates reverted to the statutory limit under the Internal Revenue Code: $0.50 per ton of underground-mined coal and $0.25 per ton of surface-mined coal sold, with a limit of 2.0 percent of sales price. On December 20, 2019, after the SOSI as of September 30, 2019 was published, P.L. 116-94, Further Consolidated Appropriations Act 2020, temporarily increased the excise tax rates back to the higher rates of to $1.10 per ton of underground-mined coal and $0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price for the period January 1, 2020 through December 31, 2020. In accordance with the laws in effect as of September 30, 2020, the tax rates will revert to $0.50 per ton of underground-mined coal and $0.25 per ton of surface-mined coal sold, with a limit of 2.0 percent of sales price on January 1, 2021 and these assumptions were used for the SOSI as of September 30, 2020. The resulting net change of cumulative results of operations for FY 2020 was $(129.6) million, an improvement of $75.1 million [36.7%] from FY 2019.

Total liabilities increased $437.9 million [(7.3)%] at the end of FY 2020. The BLDTF paid maturing debt and interest on September 30, 2020, but borrowed again on that date. The increase in the debt level is important because it demonstrates that although the BLDTF repaid debt of $2.1 billion, the debt level increased due to additional borrowing $2.2 billion and accrued interest of $104.3 million as of September 30, 2020. In FYs 2020 and 2019, the open group measure decreased by $(457.3) million and $(482.8) million, respectively, primarily due to the net effect of lower projected coal excise tax revenues and lower interest rates.

The total of open group measure plus fund assets as of September 30, 2020 represents a projected net cash flow that may be used to liquidate the liabilities of the BLDTF. As of September 30, 2020, the open group measure plus fund assets is more than $(1.5) billion, a decline in the condition of the fund of $(142.1) million; for the BLDTF debt, the principal and interest that will mature on September 30, 2021 will be nearly $2.4 billion, which will contribute to increasing debt and the continuing poor financial condition of the fund; the carrying value of the debt as of September 30, 2020 is $6.4 billion, an increase in debt of $437.9 million which contributed to the continuing poor financial condition of the fund; and the fund deficit was nearly $(6.0) billion, a decline in the financial condition of the fund of $129.6 million. Together, the excess of BLDTF debt over the negative open group measure plus fund assets, the fund deficit, and the continuing poor financial condition of the fund represent risks and conditions with unfavorable effects on the long-term sustainability of the BLDTF.

Refer to Notes 1-W, 1-Y, and 21, and Required Supplementary Information (RSI) for additional information on the SOSI, including the summary section; SCSIA; the Black Lung Disability Benefit Program; its reported activity and balances; and projections and sensitivity analysis in constant dollars through 2045.

Education and Training Programs

Education and training programs are maintained by DOL on behalf of the nation, providing long-term benefits that cannot be measured in traditional financial reports. These programs are created for the general public and are intended to maintain or increase national economic productive capacity. DOL's education and training programs are reported as employment and training expenses in DOL's net cost of operations. Within DOL, the Employment and Training Administration (ETA), including the Office of Job Corps (OJC), and the Veterans' Employment and Training Service (VETS) administer training programs. Below is a discussion of ETA programs. Please refer to the Other Information section for a discussion of VETS programs.

Employment and Training Administration

ETA, including the Office of Job Corps, incurred total net costs of $489 billion in FY 2020. The majority of these costs consisted of unemployment benefits, which totaled $477 billion in FY 2020, an increase of $451 billion (1695%) over the previous fiscal year. Also included in ETA's total net costs were education and training programs of $4.2 billion, which provided services to over 1.7 million participants in FY 2020. These costs consisted of job training programs authorized by the Workforce Innovation and Opportunity Act (WIOA) of 2014, previously authorized by the Workforce Investment Act of 1998 (WIA), Title V of the Older Americans Act, as amended, the Trade Act of 1974, as amended, the Health Care and Education Reconciliation Act of 2010, the National Apprenticeship Act of 1937, and other legislation.

Within ETA the Office of Job Corps (OJC) also invests in education and training through WIOA's Job Corps training program. OJC's costs in FY 2020 were $1.6 billion, providing services to 84.6 thousand participants in primarily residential settings at 121 Job Corps centers. The job training programs authorized by WIOA and other legislation are discussed below.

Adult, Dislocated Worker, Youth, and Job Corps Programs
Authorized by the Workforce Innovation and Opportunity Act (WIOA) of 2014

- **Apprenticeship grants program –** ETA awards grants to the states to be used to support innovative, job-driven approaches that result in the growth of Apprenticeship programs to train workers with 21st Century skills that meet employer and industry workforce needs. ETA's FY 2020 costs in apprenticeship programs were $88 million.
- **Adult employment and training programs** – ETA awards grants to states to design and operate training and employment assistance programs for disadvantaged adults, including public assistance recipients. ETA's FY 2020 costs through the WIOA Adult programs were $855 million.
- **Dislocated worker employment and training programs** – ETA awards grants to states to provide reemployment services and retraining assistance to individuals laid-off from their employment. ETA's FY 2020 costs for the WIOA Dislocated Worker programs were $1.3 billion.
- **Youth programs** – ETA awards grants to states to support a wide range of program activities and services to prepare low-income youth for academic and employment success, including summer jobs, by linking academic and occupational learning with youth development activities. ETA's FY 2020 costs for the WIOA Youth programs were $966 million.
- **Job Corps program** – ETA's Office of Job Corps awards contracts to support a system of primarily residential centers providing academic education, career technical training, service-learning, and social skills training for low-income young people. Large and small corporations and non-profit organizations manage and operate 97 Job Corps centers under these contractual arrangements. The remaining 24 centers are operated through interagency

agreements between DOL and the U.S. Department of Agriculture, Forest Service. In addition, 6 operators are contracted to provide outreach and admissions and career transition services. OJC's FY 2020 costs for the Job Corps program were $1.6 billion.

- **Reentry Employment Opportunities programs** – ETA supports programs to help individuals exiting prison make a successful transition to community life and long-term employment through the provision of mentoring and job training programs to promote the successful return of formerly incarcerated adults and adjudicated youth into mainstream society. ETA's FY 2020 costs for the Reentry Employment Opportunities programs were $87 million.
- **National programs** – ETA's National programs provide evaluation resources and program support for WIOA activities, including nationally administered programs providing employment and training services to segments of the population that have special disadvantages in the labor market, including grants to federally recognized Indian tribes and other Native American governments or non-profit organizations, and to Migrant and Seasonal Farmworker service organizations. ETA's FY 2020 costs for the WIOA National Programs were $135 million.

Community Service Employment for Older Americans (CSEOA) Program

ETA also invests in education and training through the Community Service Employment for Older Americans program, authorized under Title V of the Older Americans Act, as amended in 2006. Known as the Senior Community Service Employment Program (SCSEP), the SCSEP is a federally sponsored community service employment and training program that provides part-time training through on-the-job work experience in community service activities for unemployed, low-income individuals ages 55 and older, so that they can prepare to enter or re-enter the workforce. ETA's FY 2020 costs for the CSEOA's SCSEP was $416 million.

Trade Adjustment Assistance for Workers Program

Trade Adjustment Assistance (TAA) for Workers (TAA Program) was first established at the Department of Labor by the Trade Act of 1974 and has been amended several times. The Trade Adjustment Assistance Reauthorization Act of 2015 and Title IV of the Trade Preferences Extension Act of 2015 (Public Law 114-27), both amended and reauthorized the TAA Program. Individual workers who are members of the certified worker group apply for benefits and services through the one-stop centers. Individual workers who meet the qualifying criteria may receive: job training; income support in the form of Trade Readjustment Allowances (TRA); job search and relocation allowances; Health Coverage Tax Credit (HCTC), as determined by the Internal Revenue Service (IRS); and, for workers age 50 and older, a wage supplement in the form of Reemployment Trade Adjustment Assistance (RTAA). In addition, all workers covered by a certification are eligible for employment and case management services including Career Services either through the TAA Program or through and in coordination with WIOA and the Wagner-Peyser Act. Only TAA training costs are included; these costs were $188 million for FY 2020.

National Apprenticeship Program

Apprenticeship is a leader in preparing American workers to compete in today's economy. The program has trained millions of America's workers through a network of 23,000 Registered Apprenticeship programs across the nation consisting of over 150,000 employers. Modern apprenticeships are now on the cutting edge of innovation in preparing a skilled workforce for today's industries, including expanding industries like health care, information technology, transportation, telecommunications, and advanced manufacturing, as well as in industries like construction, where apprenticeships have a long and successful history. The National Apprenticeship Act of 1937 established the foundation for development of the nation's skilled workforce through Apprenticeship programs, which combine on-the-job learning with related technical instruction to teach workers the theoretical aspects of skilled occupations. ETA's FY 2020 costs in Apprenticeship programs were $40 million.

Program Costs and Outputs

The cost of ETA education and training programs and the participants served are shown in the chart below for FY 2019 and FY 2020.

ETA Education and Training Programs
Program Costs (in Millions) and Participants Served (1) (in Thousands)
For FY 2019 and FY 2020

	2020		2019	
Program	**Costs**	***Part. Served***	**Costs**	***Part. Served***
WIOA				
Apprenticeship Programs	$88	*26.1*	$64	*24.8*
Adult	855	*359.8*	895	*584.3*
Dislocated Worker(2)	1,277	*288.3*	1,265	*403.5*
Youth(3)	966	*146.6*	1,034	*158.7*
Job Corps	1,647	*84.6*	1,630	*100.6*
Reentry Employment Opportunities Programs	87	*17.1*	89	*18.2*
National Programs(4)	135	*44.7*	147	*48.3*
CSEOA				
SCSEP	416	*47.4*	410	*55.0*
TAA for Workers	188	*24.6*	181	*29.9*
TAACCCT(5)(6)	0	*0.0*	9	*0.0*
Apprenticeship	40	*637.2*	40	*620.7*
Other(7)	142	*112.1*	154	*23.1*
TOTAL	$5,841	*1,788.5*	$5,918	*2,067.1*

(1) Participant numbers are from grantee reports submitted for the Program Year (PY) ending on June 30 of the corresponding fiscal year, unless otherwise noted. The number of participants for 2020 may be affected due to the COVID-19 pandemic.
(2) Dislocated Worker programs include the National Dislocated Worker Grants program.
(3) Youth programs include the YouthBuild program.
(4) National Programs include the Native American and Migrant and Seasonal Farmworker programs.
(5) TAACCCT participants served data is reported on a fiscal year basis which causes a one year lag in annual reporting. All TAACCCT participant counts are finalized in January of the current fiscal year for the prior year ended.
(6) TAACCCT ended as of FY 2019, therefore there is no participant served data to report.
(7) Other includes training programs for highly skilled occupations funded through H1-B fees. The H-1B program added their current grants for future year reporting.

Program Outcomes

Outcomes for training programs comprising ETA's education and training programs are presented in the Department's Annual Performance Report for FY 2020, available on the DOL website in February 2021 at https://www.dol.gov/general/aboutdol#budget.

Limitations on the Principal Financial Statements

As required by the Government Management Reform Act of 1994 (31 U.S.C. 3515(b)), the principal financial statements report the Department's financial position and results of operations. While the statements have been prepared from the Department's books and records in accordance with U.S. Generally Accepted Accounting Principles (GAAP) for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are a component of the U.S. Government, a sovereign entity, and that liabilities reported in the financial statements cannot be liquidated without legislation providing resources to do so.

Financial Management Systems and Strategy

The New Core Financial Management System (NCFMS) is the system of record for the Department's financial activities. NCFMS is used for recording financial processes, and controls that ensure financial accountability, transparency, and provides information to DOL's decision makers that complies with Federal laws, regulations, and policies.

In FY 2020, DOL continued to make necessary system changes to support the migration of DOL to standard Federal business processes, which included support for required regulatory updates and application of software updates to maintain the stability of NCFMS. Additionally, DOL received approval from OMB to upgrade NCFMS to Oracle E-Business Suite, 12.2 to support upcoming US Treasury and General Services Administration requirements.

In FY 2021, NCFMS will be used to support DOL's finance and accounting activities and system maintenance activities will be mostly limited to those that support the upgrade of NCFMS.

Management Assurances

Federal Managers' Financial Integrity Act of 1982 (FMFIA)
FMFIA requires that agencies establish internal controls and financial systems that provide reasonable assurance that the integrity of Federal programs and operations is protected. It requires that the head of the agency provide an annual assurance statement whether the agency has met this requirement.

OMB Circular A-123 provides specific requirements for conducting management's assessment of internal control over reporting and requires the agency head to provide an assurance statement on the effectiveness of internal controls over reporting.

Federal Financial Management Improvement Act of 1996 (FFMIA)
FFMIA requires that agencies implement and maintain financial management systems that comply substantially with Federal financial management system requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level. The agency head is to make an annual determination whether the financial systems substantially comply with FFMIA.

Federal Managers' Financial Integrity Act of 1982
The Department of Labor's (DOL) management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the *Federal Managers' Financial Integrity Act* of 1982 (FMFIA). DOL conducted an assessment of its internal controls over the effectiveness and efficiency of operations as well as compliance with applicable laws and regulations in accordance with OMB Circular No. A-123. DOL also conducted an assessment of the effectiveness of internal controls over reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of OMB Circular No. A-123, *Management of Reporting and Data Integrity Risk*.

Based on our assessment, we can provide reasonable assurance that, in accordance with Section 2 of the FMFIA, DOL's internal controls over financial reporting and operations are effective and efficient and in compliance with applicable laws and regulations as of September 30, 2020 with the exception of the significant deficiency related to the review of estimates. In addition, we can provide reasonable assurance that, as of September 30, 2020, we are in conformance with the Federal financial management systems requirements of Section 4 of the FMFIA.

Federal Financial Management Improvement Act of 1996
The *Federal Financial Management Improvement Act* of 1996 (FFMIA) requires agencies to implement and maintain financial management systems that are substantially in compliance with Federal financial management systems requirements, Federal accounting standards, and the United States Government Standard General Ledger at the transaction level. All DOL financial management systems substantially comply with FFMIA as of September 30, 2020.

Eugene Scalia
Secretary of Labor

Patrick Pizzella
Deputy Secretary of Labor

James Williams
Chief Financial Officer

Bryan Slater
Assistant Secretary of Administration and Management

November 16, 2020

FINANCIAL SECTION

Message from the Chief Financial Officer

The Department of Labor (DOL) and our dedicated employees are committed to serving the American public through sound financial practices and efficient use of taxpayer dollars. The Office of the Chief Financial Officer (OCFO) continues to build upon our Strategic Objectives in maintaining our strong performance and improving our services to meet the needs of the Department. We are committed to demonstrating financial stewardship, providing outstanding customer service, and enhancing financial performance, operations, and systems. The Department is proud to have received our 24th unmodified opinion on the FY 2020 independent audit of consolidated financial statements. We believe this is a reflection of the continued work of DOL staff in meeting these objectives.

James Williams
Chief Financial Officer
Department of Labor

OCFO's Mission

"The Office of Chief Financial Officer (OCFO) is responsible for the financial leadership of DOL and its primary duty is to uphold strong financial management and accountability while providing timely, accurate, and reliable financial information and enhancing internal control."

OCFO AT A GLANCE

OCFO is continually working to support DOL's mission and better serve the American people. We have made sustained improvements in our financial services and systems in FY 2020 in support of the greater Department.

Debt Management: In support of the President's Management Agenda, Secretary Scalia has required DOL agencies and OCFO to collaborate and centralize the enforcement debt management process in OCFO, allowing component agencies to focus resources on achieving their mission to serve the American people. In Phase 1 of this reform, OCFO and component agencies have established a steering committee and working groups to verify current-state processes and formulate future-state processes. As a result of this work, OCFO will begin on-boarding agencies during FY 2021.

Enterprise Risk Management (ERM): In early FY2020, the Department's ERM Council initiated its first regular meetings to mature risk management throughout the component agencies and improve integration with the key processes of budget, performance, operations, and strategic planning. The ERM initiative provides Department leaders with an integrated, enterprise-wide view of risk, risk tolerances, and risk mitigation efforts to increase transparency and collaboration, reduce costs, and to more effectively manage risks to the DOL mission.

Budget Execution*:* As part of OCFO's commitment to strong financial management and accountability, OCFO collaborated with the component agencies to lead the Improving Budget Execution Initiative. This initiative focuses on decreasing cancelling funds and improving the process by which agencies obligate, track, and expend funds. Through the use of innovative technology, data visualization tools, strategic planning, and integrated work groups — OCFO's efforts are on track for agencies to maximize the use of appropriated funds for mission delivery.

Core Financial Management System: The OCFO, in coordination with the Treasury Quality Service Management Office, obtained approval from OMB to upgrade the New Core Financial Management System (NCFMS) from Oracle E-Business Suite (EBS) version 12.1.3 to 12.2. The NCFMS Oracle EBS upgrade will provide DOL with critical vendor support, improved system stability, enhanced security, and business continuity. The upgrade will also allow DOL to maintain regulatory compliance and achieve savings in its annual operations and maintenance costs. OCFO will continue to operate NCFMS to deliver superior customer service, reduce DOL's costs, improve services, and ease the burden on agencies — allowing staff to shift focus from routine accounting functions to providing analytics and direct mission support.

This Agency Financial Report conforms to the requirements of OMB Circular A-136 and provides detailed information that the American Public can use to better understand DOL and its programs. The sections that follow in this report provide extensive financial information outlining the important work of OCFO and DOL staff. We hope the public will find it useful and an informative showcase of our efforts toward bringing you greater transparency and accountability.

James Williams
Chief Financial Officer
November 16, 2020

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Secretary and Acting Inspector General
United States Department of Labor

Report on the Financial Statements

The accompanying financial statements of the United States Department of Labor (DOL) comprise the consolidated financial statements and the sustainability financial statements.

We have audited the consolidated financial statements, which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of net cost and changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements.

We have audited the 2020 sustainability financial statements, which comprise the statements of social insurance as of September 30, 2020, 2019, 2018, and 2017; the statements of changes in social insurance amounts for the years ended September 30, 2020 and 2019; and the related notes to the 2020 sustainability financial statements.

Further, we were engaged to audit the 2016 sustainability statement, which comprises the statement of social insurance as of September 30, 2016, and the related notes to this financial statement (2016 statement of social insurance).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements, 2020 sustainability financial statements, and the 2016 statement of social insurance in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on the consolidated financial statements and the 2020 sustainability financial statements based on our audits. We conducted our audits of the consolidated financial statements and the 2020 sustainability financial statements in accordance with auditing standards generally accepted in the United States of America, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB)

KPMG

Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements and the 2020 sustainability financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the 2020 sustainability financial statements.

Our responsibility is also to express an opinion on the 2016 statement of social insurance based on conducting an audit in accordance with auditing standards generally accepted in the United States of America, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with OMB Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the statement of social insurance as of September 30, 2016.

Basis for Disclaimer of Opinion on the Statement of Social Insurance as of September 30, 2016

As described in Note 1.W.2, DOL refined its methodology for estimating future excise tax income in fiscal year 2016. DOL was unable to provide sufficient analyses or other documentation to evidence that its methodology and certain underlying assumptions used in the determination of the present value of estimated future excise tax income for the current and new participants in the statement of social insurance as of September 30, 2016 were prepared and fairly presented in accordance with U.S. generally accepted accounting principles. Therefore, we have not been able to obtain sufficient appropriate audit evidence for the present value of estimated future excise tax income for the current and new participants.

Disclaimer of Opinion on the Statement of Social Insurance as of September 30, 2016

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the U.S. Department of Labor's social insurance information as of September 30, 2016. Accordingly, we do not express an opinion on the statement of social insurance as of September 30, 2016.

Opinions on the Financial Statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Labor as of September 30, 2020 and 2019, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Also, in our opinion, the 2020 sustainability financial statements referred to above present fairly, in all material respects, the U.S. Department of Labor's social insurance information as of September 30, 2020, 2019, 2018, and 2017; and its changes in social insurance amounts for the years ended September 30, 2020 and 2019, in accordance with U.S. generally accepted accounting principles.

Emphasis of a Matter

As discussed in Notes 1-W and 1-Y to the financial statements, the sustainability financial statements are based on management's assumptions. These sustainability financial statements present the actuarial present value of DOL's future expenditures to be paid to or on behalf of participants, the present value of estimated future income to be received from excise taxes, and the present value of estimated future expenditures for administrative costs during a projection period sufficient to illustrate long-term sustainability. The sustainability financial statements are intended to aid users in assessing whether future resources will likely be sufficient to sustain public services and to meet obligations as they come due. The statements of social insurance and changes in social insurance amounts are based on income and benefit formulas in current law and assume that scheduled benefits will continue after the related trust fund is exhausted. The sustainability financial statements are not forecasts or predictions. The sustainability financial statements are not intended to imply that current policy or law is sustainable. In preparing the sustainability financial statements, management considers and selects assumptions and data that it believes provide a reasonable basis to illustrate whether current law or policy is sustainable. Assumptions underlying such sustainability information do not consider changes in policy or all potential future events that could affect future income, future expenditures, and sustainability. Because of the large number of factors that affect the sustainability financial statements and the fact that future events and circumstances cannot be estimated with certainty, even if current policy is continued, there will be differences between the estimates in the sustainability financial statements and the actual results, and those differences may be material. Our opinion on the 2020 sustainability financial statements is not modified with respect to this matter.

Other Matters

Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the *Agency Financial Report* to provide additional information for the users of its financial statements. Such information is not a required part of the basic financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly, we do not express an opinion or provide any assurance on it.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The information in the Message from the Secretary of Labor, Message from the Chief Financial Officer, and Other Information sections is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2020, we considered DOL's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DOL's internal control. Accordingly, we do not express an opinion on the effectiveness of DOL's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in Exhibit I, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DOL's financial statements as of and for the year ended September 30, 2020 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 19-03.

We also performed tests of its compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which DOL's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

DOL's Response to the Finding

DOL's response to the finding identified in our audit is described in Exhibit II. DOL's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DOL's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

November 16, 2020

1. Improvements Needed in the Review of Estimates

The preparation of the United States Department of Labor's (DOL) financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities as of September 30, 2020, and the associated revenues and expenses during the reporting period. These estimates include the present value of the estimated future Black Lung excise tax income, Energy Employees Occupational Illness Compensation (EEOIC) benefits actuarial liability, and the Unemployment Trust Fund (UTF) benefit overpayment and reimbursable receivables, among others.

During our fiscal year (FY) 2020 audit of DOL's financial statements, we identified certain deficiencies in the management review controls over the estimates noted above. Specifically, we noted that the management review controls were not designed to perform at a sufficient level of precision to ensure that errors in the development of the estimates were identified and corrected or to properly consider the impact of the most recently available data on the estimates. In addition, certain management controls were not sufficiently documented to support the specific items reviewed, analyses performed, and conclusions reached.

Collectively, these deficiencies increase the risk that material errors in the estimates could occur and not be prevented or detected and corrected in a timely manner. We have included below a summary of the specific issues noted for each estimate.

Present Value of Estimated Black Lung Excise Tax Income

Management was unable to provide sufficient documentation to support their position for not updating the future excise tax income estimate developed in August 2020 with the updated coal economic data as of September 30, 2020, including the production and exports data, reported by the U.S. Energy Information Administration (EIA).

In addition, we noted instances in which the peer reviewer did not follow procedures outlined within the Actuary Checklist, and as a result, did not identify incorrect application of the model's functionality. As a result, management did not identify two formula errors in the model. One of the errors caused the model to populate certain information for the incorrect year while the other incorrectly created a growth rate rather than a decline rate.

As a result of these errors, the present value of estimated future excise tax income was understated by $125 million as of September 30, 2020.

EEOIC Benefits Liability

Office of Workers' Compensation Programs' (OWCP) controls to perform a peer review of the model by an individual other than the preparer did not operate at a sufficient level of precision to verify the accuracy of certain formulas within the model. We noted that the formulas within the model that aggregate the historical quarterly medical payments into fiscal year totals, which are the starting point from which future payments are projected in the model, contained hardcoded values that required annual updates. However, the accuracy of these formulas was not explicitly reviewed as part of management's controls over the FY 2020 model. Management noted that compensating controls were in place to review the reasonableness of the average medical cost per eligible individual assumption used in the model; however, these controls were not sufficiently documented to support the specific items reviewed, analysis performed, or the conclusions reached.

The formula error noted above resulted in a potential overstatement of $920 million in the EEOIC benefits liability as of September 30, 2020.

UTF Overpayment and Benefit Accounts Receivable

Employee and Training Administration (ETA) management review controls did not identify that currently available information was not considered in the estimates for non-exchange revenue from reimbursable employers, and reimbursable and overpayments accounts receivable. Specifically, we noted that management did not consider the impact of certain increased activity, such as collections and disbursements, during the fourth quarter of FY 2020 that was reported through the monthly ETA-2112 and 902-P forms or the quarterly ETA 227. As a result, reimbursable and overpayments receivables as of September 30, 2020 were initially understated by $1.09 billion and $1.24 billion, respectively. Management did subsequently record a correcting entry to overpayment receivables in the amount of $486 million. In addition, reimbursable revenue was understated by $200 million as it was misclassified as unemployment taxes. This misclassification was subsequently corrected by management.

The deficiencies noted above occurred because the risk assessment processes for OWCP and ETA did not sufficiently identify and assess the accounting and reporting risks that currently impacted their accounting estimates and implement the necessary controls to address those risk. Furthermore, management's policies and procedures did not require the individuals responsible for the controls to sufficiently document the specific items reviewed, analysis performed, or the conclusions reached. Without appropriate controls in place that operate at a sufficient level of precision, there is an increased risk that management will not prevent, or detect and correct misstatements in their accounting estimates in a timely manner.

The following criteria are relevant to the conditions noted above:

- The Government and Accountability Office *Standards for Internal Control in the Federal Government* (the Standards), Section 7.03 states:

> To identify risks, management considers the types of risks that impact the entity. This includes both inherent and residual risk. Inherent risk is the risk to an entity in the absence of management's response to the risk. Residual risk is the risk that remains after management's response to inherent risk. Management's lack of response to either risk could cause deficiencies in the internal control system.

Section 10.02 of the Standards states:

> Management designs control activities in response to the entity's objectives and risks to achieve an effective internal control system. Control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives to achieve the entity's objectives and address related risks. As part of the control environment component, management defines responsibilities, assigns them to key roles, and delegates authority to achieve the entity's objectives. As part of the risk assessment component, management identifies the risks related to the entity and its objectives, including its service organizations; the entity's risk tolerance; and risk responses. Management designs control activities to fulfill defined responsibilities and address identified risk responses.

Section 10.03 of the Standards states:

> Management clearly documents internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination. The documentation may appear in management directives, administrative policies, or operating manuals, in either paper or electronic form. Documentation and records are properly managed and maintained.

To address the deficiencies noted above, we recommend that the Director, Office of Workers' Compensation Programs and the Assistant Secretary for Employment and Training, in coordination with the Chief Financial Officer:

1. Design and implement controls over their respective estimates to ensure management's review of the estimates are performed at a sufficient level of detail, including the underlying data, assumptions, and formulas used to determine the estimates;

2. Design and implement controls to evaluate changes in assumptions occurring between the measurement date and the valuation and update the estimates, as appropriate;

3. Amend policies and procedures to provide specific steps to be performed during the reviews and the documentation requirements, which should include the specific items reviewed, analyses performed, and conclusions reached;

4. Formally document the level of precision used in the reviews to ensure that the review occurs at an appropriately precise level to identify errors within model functionality and data input, which would allow the reviewer to identify material errors in the estimates;

5. Maintain documentation of the reviews performed to assess the reasonableness of the underlying data, assumptions, and formulas used in the models that is sufficiently

detailed to evidence the specific items reviewed, analysis performed, and conclusions reached; and

6. Provide additional training to the reviewers of the estimates to reinforce established policies and procedures, as necessary.

Management's Response:

See Exhibit II for management's response.

Auditors' Response:

We will conduct follow-up procedures in FY 2021 to determine whether corrective actions have been developed and implemented.

U.S. Department of Labor

Office of the Chief Financial Officer
Washington, D.C. 20210

November 13, 2020

MEMORANDUM FOR: ELLIOT P. LEWIS
Assistant Inspector General for Audit

FROM: JAMES WILLIAMS
Chief Financial Officer

SUBJECT: FY 2020 Independent Auditors' Report on DOL's Financial Statements
Draft Report Number: 22-21-004-13-001

Please find the attached management's response to Draft Report No. 22-19-004-13-001, FY 2020 Independent Auditors' Report on DOL' Financial Statements.

We appreciate the opportunity to provide input and look forward to continued collaboration with the OIG audit team.

Please contact me if you have any questions.

Attachment

cc: Kevin Brown, Deputy Chief Financial Officer
John Pallasch, Assistant Secretary for Employment and Training Administration
Julia Hearthway, Director for Office of Workers' Compensation Programs

Management's Response

Fiscal Year 2020 Independent Auditors' Report

1. Improvements Needed in the Review of Estimates

Management agrees that several of the findings cited in the report must be addressed. However, as in previous audit engagements, management reiterates our request that significant matters for discussion be raised early, so that detailed conversations around mitigating factors, compensating controls, and professional judgement can be presented by management with enough time for meaningful consideration by the auditors.

OWCP recognizes its responsibility for controls over estimates related to the Energy Employees Occupational Illness Compensation Program Act (EEOICPA) Benefits Liability, and the Present Value of Estimated Black Lung Excise Tax Income. OWCP believes that the stated deficiencies have not in any significant way increased the risk that material errors in the estimates could occur and not be prevented, or detected and corrected in a timely manner. OWCP has in place compensating controls which identify any unreasonable result in its formulas and spreadsheets. Management believes that OWCP was able to provide sufficient documentation to support its position for not utilizing updated coal economic data as of September 30, 2020. OWCP provided extensive documentation related to both its methodology and application of professional judgment in determining not to utilize the September data. While there are inherent uncertainties involved in the estimation of actuarial liability models, management continuously seeks to improve the estimate and takes seriously its responsibility to prevent, detect, and correct errors that could lead to material misstatements. To this end, management has worked closely with its internal and external actuaries to correct the errors identified in the model by monitoring all results for reasonableness and consistency with other available data in order to produce the best and most reasonable estimates possible. Moving forward, management will continue to review its internal controls and review procedures over the estimates to more accurately identify errors in the models.

Regarding the UTF Overpayment and Benefit Accounts Receivable, management believes the methodology is sound and the large fluctuation is due to unprecedented circumstances caused by the COVID-19 pandemic and the actions taken to mitigate the impact on the economy. The timing of when state reported data was available was a contributing factor to errors noted by the independent auditors. Management will consider modifying procedures to account for unique situations in the future. Management also updated the methodology to include an additional control for review. Staff involved in the production and review of the UTF disbursement submission have thoroughly reviewed and discussed the new Standard Operating Procedure. The section in the operating procedures addressing steps for reviewing estimates to ensure accuracy has been emphasized.

Management of the Department of Labor continually seeks to improve its policies and procedures to address issues identified during the audit. During FY 2021, DOL will review and update corrective action plans and develop remediation activities to address these noted improvements. Management appreciates the opportunity to provide input and looks forward to the continued collaboration with the OIG audit team.

Annual Financial Statements

Principal Financial Statements and Notes

PRINCIPAL FINANCIAL STATEMENTS

Principal Financial Statements Included in this Report

The principal financial statements included in this report have been prepared in accordance with the requirements of the Chief Financial Officers Act of 1990 (P.L. 101-576), the Government Management Reform Act of 1994, and OMB Circular No. A-136, *Financial Reporting Requirements*. The responsibility for the integrity of the financial information included in these statements rests with management of the Department. The audit of DOL's principal financial statements was performed by KPMG LLP. The auditors' report accompanies the principal financial statements.

The Department's principal financial statements for the years ended September 30, 2020 and 2019 consist of the following:

- The **Consolidated Balance Sheets**, which present as of September 30, 2020 and 2019, those resources owned or managed by DOL that are available to provide future economic benefits (assets); amounts owed by DOL that will require payments from those resources or future resources (liabilities); and residual amounts retained by DOL, comprising the difference (net position).

- The **Consolidated Statements of Net Cost**, which present the net cost of DOL operations for the years ended September 30, 2020 and 2019. DOL's net cost of operations includes the gross costs incurred by DOL less any exchange revenue earned from DOL activities. The classification of gross cost and exchange revenue by program and program agency is presented in Note 15 to the consolidated financial statements.

- The **Consolidated Statements of Changes in Net Position**, which present the change in DOL's net position resulting from the net cost of DOL operations, budgetary financing sources other than exchange revenue, and other financing sources for the years ended September 30, 2020 and 2019.

- The **Combined Statements of Budgetary Resources**, which present the budgetary resources available to DOL and net outlays of budgetary resources for the years ended September 30, 2020 and 2019; and the status of these resources as of September 30, 2020 and 2019.

- The **Statements of Social Insurance**, which present the net present values of projected cash inflows and outflows for the current participants (closed group), new participants, and current participants and new participants (open group) of the Black Lung Disability Trust Fund (BLDTF) as of September 30, 2020, 2019, 2018, 2017, and 2016.

- The **Statements of Changes in Social Insurance Amounts**, which present the net change in the open group measure of the BLDTF for the years ended September 30, 2020 and 2019, and provide information about the change.

CONSOLIDATED BALANCE SHEETS

As of September 30, 2020 and 2019
(Dollars in Thousands)

	2020	2019
ASSETS		
Intra-governmental		
Funds with U.S. Treasury (Note 1-C and 2)	$ 19,399,015	$ 13,469,680
Investments (Note 1-D and 3)	50,830,598	85,168,619
Accounts receivable (Note 1-E and 4)	5,101,289	5,007,944
Advances (Note 1-G and 6)	3,414	4,945
Total intra-governmental	75,334,316	103,651,188
Accounts receivable, net of allowance (Note 1-E and 4)	1,861,201	1,531,888
General property, plant and equipment, net (Note 1-F and 5)	1,105,453	1,131,847
Advances (Note 1-G and 6)	8,211,221	1,229,903
Total assets	$ 86,512,191	$ 107,544,826
LIABILITIES AND NET POSITION		
Liabilities (Note 1-I and 12)		
Intra-governmental		
Accounts payable	$ 17,794	$ 12,708
Debt (Note 1-J and 8)	42,408,232	5,958,219
Other liabilities (Note 9)	275,986	327,411
Total intra-governmental	42,702,012	6,298,338
Accounts payable	385,729	399,791
Accrued benefits (Note 1-K and 10)	16,770,529	1,144,396
Future workers' compensation benefits (Note 1-L and 11)	3,302,877	2,852,779
Energy employees occupational illness compensation benefits (Note 1-M)	37,521,400	26,676,245
Accrued leave (Note 1-N)	153,524	128,852
Other liabilities (Note 9)	976,263	793,086
Total liabilities	101,812,334	38,293,487
Contingencies (Note 13)		
Net position (Note 1-R)		
Funds from dedicated collections		
Cumulative results of operations (Note 21)	2,141,176	80,894,470
All other funds		
Unexpended appropriations	12,766,776	8,887,126
Cumulative results of operations	(30,208,095)	(20,530,257)
Total net position - all other funds	(17,441,319)	(11,643,131)
Total net position	(15,300,143)	69,251,339
Total liabilities and net position	$ 86,512,191	$ 107,544,826

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF NET COST
For the Years Ended September 30, 2020 and 2019
(Dollars in Thousands)

	2020	2019
NET COST OF OPERATIONS (Note 1-S and 15)		
CROSSCUTTING PROGRAMS		
Income maintenance		
Gross cost	$ 500,685,000	$ 39,225,065
Less earned revenue	(3,143,486)	(3,119,894)
Net program cost	497,541,514	36,105,171
Employment and training		
Gross cost	6,140,020	6,246,010
Less earned revenue	(1,571)	(2,865)
Net program cost	6,138,449	6,243,145
Labor, employment and pension standards		
Gross cost	866,593	859,360
Less earned revenue	(8,667)	(9,755)
Net program cost	857,926	849,605
Worker safety and health		
Gross cost	988,787	1,006,866
Less earned revenue	(3,616)	(3,972)
Net program cost	985,171	1,002,894
OTHER PROGRAMS		
Statistics		
Gross cost	685,993	677,853
Less earned revenue	(31,793)	(32,287)
Net program cost	654,200	645,566
COSTS NOT ASSIGNED TO PROGRAMS		
Gross cost	52,615	60,818
Less earned revenue not attributed to programs	(58,775)	(28,350)
Net cost not assigned to programs	(6,160)	32,468
Net cost of operations	$ 506,171,100	$ 44,878,849

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION

For the Years Ended September 30, 2020 and 2019
(Dollars in Thousands)

	2020 Consolidated			2019 Consolidated		
	Funds from Dedicated Collections (Note 21)	All Other Funds	Total	Funds from Dedicated Collections (Note 21)	All Other Funds	Total
Unexpended Appropriations:						
Beginning Balance	$ -	$ 8,887,126	$ 8,887,126	$ -	$ 8,423,410	$ 8,423,410
Budgetary financing sources (Note 1-T)						
Appropriations received (Note 18-F)	-	406,563,857	406,563,857	-	11,173,681	11,173,681
Appropriations transferred in/out	-	(2,196)	(2,196)	-	2,196	2,196
Other adjustments	-	(30,125,881)	(30,125,881)	-	(393,827)	(393,827)
Appropriations used	-	(372,556,130)	(372,556,130)	-	(10,318,334)	(10,318,334)
Total budgetary financing sources	-	3,879,650	3,879,650	-	463,716	463,716
Total Unexpended Appropriations	-	12,766,776	12,766,776	-	8,887,126	8,887,126
Cumulative Results from Operations:						
Beginning Balance	$ 80,894,470	$ (20,530,257)	$ 60,364,213	$ 68,820,773	$ (17,343,155)	$ 51,477,618
Budgetary financing sources (Note 1-T)						
Other adjustments	-	(2,634)	(2,634)	-	(2,949)	(2,949)
Appropriations used	-	372,556,130	372,556,130	-	10,318,334	10,318,334
Non-exchange revenue (Note 16)						
Employer taxes	40,969,298	-	40,969,298	39,612,882	-	39,612,882
Interest	1,895,503	(25)	1,895,478	1,847,130	4	1,847,134
Reimbursement of unemployment benefits and other	2,128,326	379	2,128,705	1,606,247	-	1,606,247
Total non-exchange revenue	44,993,127	354	44,993,481	43,066,259	4	43,066,263
Transfers in/out without reimbursement (Note 17)	78,408,671	(78,305,602)	103,069	(3,425,654)	3,694,120	268,466
Other Financing Sources (Non-exchange) (Note 1-U):						
Transfers in/out without reimbursement (Note 17)	-	(3,002)	(3,002)	-	(83)	(83)
Imputed financing from costs absorbed by others	1,608	98,985	100,593	2,388	128,890	131,278
Other	-	(7,669)	(7,669)	-	(15,865)	(15,865)
Total financing sources	123,403,406	294,336,562	417,739,968	39,642,993	14,122,451	53,765,444
Net cost of operations	(202,156,700)	(304,014,400)	(506,171,100)	(27,569,296)	(17,309,553)	(44,878,849)
Net change	(78,753,294)	(9,677,838)	(88,431,132)	12,073,697	(3,187,102)	8,886,595
Cumulative results of operations	2,141,176	(30,208,095)	(28,066,919)	80,894,470	(20,530,257)	60,364,213
Net position	$ 2,141,176	$ (17,441,319)	$ (15,300,143)	$ 80,894,470	$ (11,643,131)	$ 69,251,339

The accompanying notes are an integral part of these statements.

COMBINED STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended September 30, 2020 and 2019
(Dollars in Thousands)

	2020	2019
BUDGETARY RESOURCES (Note 18)		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	$ 5,110,056	$ 4,595,688
Appropriations (discretionary and mandatory)	555,307,932	42,506,014
Borrowing authority (discretionary and mandatory)	36,020,774	51,484
Spending authority from offsetting collections (discretionary and mandatory)	9,838,537	7,132,220
Total budgetary resources	$ 606,277,299	$ 54,285,406
STATUS OF BUDGETARY RESOURCES		
New obligations and upward adjustments (total)	$ 600,755,079	$ 49,430,099
Unobligated balance, end of year		
Apportioned, unexpired accounts	4,181,699	3,939,648
Exempt from apportionment, unexpired accounts	22,430	25,980
Unapportioned, unexpired accounts	197,353	81,647
Unexpired unobligated balance, end of year	4,401,482	4,047,275
Expired unobligated balance, end of year	1,120,738	808,032
Unobligated balance, end of year (total)	5,522,220	4,855,307
Total budgetary resources	$ 606,277,299	$ 54,285,406
OUTLAYS, NET		
Outlays, net (total) (discretionary and mandatory)	571,184,279	41,729,415
Distributed offsetting receipts	(84,816,481)	(397,216)
Agency outlays, net (discretionary and mandatory)	$ 486,367,798	$ 41,332,199

The accompanying notes are an integral part of these statements.

STATEMENTS OF SOCIAL INSURANCE
As of September 30, 2020, 2019, 2018, 2017, and 2016
(Dollars in Thousands)

	As of September 30,				
	2020	2019	2018	2017	Unaudited 2016
BLACK LUNG DISABILITY BENEFIT PROGRAM (Note 1-W and 1-Y)					
Current participants (closed group)					
Present value of estimated future excise tax income during the projection period	$ 1,295,220	$ 1,375,529	$ 1,385,560	$ 2,011,565	$ 2,906,046
Less the present value of estimated future administrative costs during the projection period	851,780	770,833	675,099	713,472	953,474
Less the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period	1,415,071	1,389,113	1,270,504	1,280,920	1,359,109
Excess of present value of estimated future excise tax income over present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period (closed group measure)	(971,631)	(784,417)	(560,043)	17,173	593,463
New participants					
Present value of estimated future excise tax income during the projection period	1,295,220	1,269,720	1,133,640	1,616,686	1,452,086
Less the present value of estimated future administrative costs during the projection period	851,780	711,538	552,354	573,414	476,429
Less the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period	1,440,636	1,285,242	1,049,906	1,029,469	679,116
Excess of present value of estimated future excise tax income over present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period	(997,196)	(727,060)	(468,620)	13,803	296,541
Current and new participants (open group)					
Present value of estimated future excise tax income during the projection period	2,590,440	2,645,249	2,519,200	3,628,251	4,358,132
Less the present value of estimated future administrative costs during the projection period	1,703,560	1,482,371	1,227,453	1,286,886	1,429,903
Less the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period	2,855,707	2,674,355	2,320,410	2,310,389	2,038,225
Excess of present value of estimated future excise tax income over present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period (open group measure)	$ (1,968,827)	$ (1,511,477)	$ (1,028,663)	$ 30,976	$ 890,004
Trust fund net position deficit at start of projection period (Note 1-W and 21)	$ (5,976,255)	$ (5,846,618)	$ (5,641,907)	$ (5,610,709)	$ (5,604,460)
Summary Section					
Closed group measure	$ (971,631)	$ (784,417)	$ (560,043)	$ 17,173	$ 593,463
Add: Funds with U.S. Treasury and receivables from benefit overpayments (Note 21)	433,074	124,826	359,710	144,697	113,856
Total of closed group measure plus fund assets (Note 1-W)	$ (538,557)	$ (659,591)	$ (200,333)	$ 161,870	$ 707,319
Open group measure	$ (1,968,827)	$ (1,511,477)	$ (1,028,663)	$ 30,976	$ 890,004
Add: Funds with U.S. Treasury and receivables from benefit overpayments (Note 21)	433,074	124,826	359,710	144,697	113,856
Total of open group measure plus fund assets (Note 1-W)	$ (1,535,753)	$ (1,386,651)	$ (668,953)	$ 175,673	$ 1,003,860

The accompanying notes are an integral part of these statements.

STATEMENTS OF CHANGES IN SOCIAL INSURANCE AMOUNTS
For the Years Ended September 30, 2020 and 2019
(Dollars in Thousands)

BLACK LUNG DISABILITY BENEFIT PROGRAM (Note 1-W and 1-Y)

Open Group Measure

(Dollars in Thousands)

	2020	2019
The excess of present value of estimated future excise tax income over present value of estimated future administrative costs and actuarial present value of future benefit payments to disabled coal miners and dependent survivors in the open group during the projection period (open group measure), beginning of year	$ (1,511,477)	$ (1,028,663)
Changes in the assumptions about beneficiaries, including costs, number, type, age and life expectancy	79,194	(24,970)
Changes in assumptions about coal excise tax revenues	(307,696)	(229,029)
Changes in assumptions about Federal civilian pay raises for income benefits	(148)	6,420
Changes in assumptions about medical cost inflation for medical benefits	8,157	(1,798)
Changes in assumptions about administrative costs	(34,088)	(81,808)
Changes in assumptions about interest rates	(202,769)	(151,629)
Net change in open group measure	(457,350)	(482,814)
Open group measure, end of year	$ (1,968,827)	$ (1,511,477)

The accompanying notes are an integral part of these statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The U.S. Department of Labor, DOL or the Department, is a cabinet level agency of the Executive Branch of the United States Government (the Federal Government). DOL was established in 1913 to promote the welfare of the wage earners of the United States. Today the Department's mission remains the same: to foster, promote and develop the welfare of the wage earners, job seekers, and retirees of the United States; improve working conditions; advance opportunities for profitable employment; and assure work-related benefits and rights.

DOL accomplishes this mission through the execution of its congressionally approved budget, operating under four major budget functions: (i) education, training, employment, and social services; (ii) health (protecting workers in their place of employment); (iii) income security; and (iv) veterans benefits and services (veterans employment and training). DOL is organized into program agencies, which administer the various statutes and programs for which the Department is responsible. DOL's program agencies are shown below.

1. **Program Agencies**
   - Employment and Training Administration (ETA)
     - *Office of Job Corps*
   - Office of Workers' Compensation Programs (OWCP)
   - Occupational Safety and Health Administration (OSHA)
   - Bureau of Labor Statistics (BLS)
   - Mine Safety and Health Administration (MSHA)
   - Employee Benefits Security Administration (EBSA)
   - Veterans' Employment and Training Service (VETS)
   - Wage and Hour Division (WHD)

   Other Program Agencies
   - Office of Federal Contract Compliance Programs (OFCCP)
   - Office of Labor-Management Standards (OLMS)
   - Office of Disability Employment Policy (ODEP)
   - Departmental Management
     - *Office of the Secretary*
     - *Office of the Assistant Secretary for Administration and Management*
     - *Office of the Assistant Secretary for Policy*
     - *Office of Congressional and Intergovernmental Affairs*
     - *Bureau of International Labor Affairs*
     - *Office of the Deputy Secretary*
     - *Office of Inspector General*
     - *Office of the Solicitor*
     - *Office of Public Affairs*
     - *Office of the Chief Financial Officer*
     - *Women's Bureau*

The Pension Benefit Guaranty Corporation (PBGC), wholly owned by the Federal Government and whose Board of Directors is chaired by the Secretary of Labor, has been designated as a separate reporting entity for financial statement purposes in compliance with Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 47, "Reporting Entity," and related U.S. Department of the Treasury (Treasury or U.S. Treasury) and Office of Management and Budget (OMB) guidance and has been excluded from these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

2. The major programs are:

- Income maintenance
- Employment and training
- Labor, employment, and pension standards
- Worker safety and health
- Statistics

3. Fund accounting structure

DOL's financial activities are accounted for by Federal account symbol, using individual funds and fund accounts within distinct fund types to report to the Treasury's Bureau of the Fiscal Service and to OMB. For financial statement purposes, DOL funds are further classified as funds from dedicated collections, fiduciary funds, and all other funds, and are discussed below:

Funds from dedicated collections

Funds from dedicated collections are financed by specifically identified revenues, which can be supplemented by other financing sources, both of which remain available over time. These revenues and financing sources are required by statute to be used for designated purposes and must be accounted for separately from the Federal Government's general revenues. DOL's funds from dedicated collections are disclosed in Note 21 and are discussed below:

Unemployment Trust Fund (UTF) was established under the authority of Section 904 of the Social Security Act of 1935, as amended, to receive, hold, invest, and disburse monies collected under the Federal Unemployment Tax Act (FUTA), as well as state unemployment taxes collected by the states and transferred to the Fund, and unemployment taxes collected by the Railroad Retirement Board and transferred to the Fund.

Black Lung Disability Trust Fund (BLDTF) was established under Part C of the Black Lung Benefits Act to provide compensation and medical benefits to coal miners who suffer total disability due to pneumoconiosis (black lung disease), and compensation benefits to their dependent survivors for claims filed subsequent to June 30, 1973. Claims filed from the origination of the program until June 30, 1973 are paid by the Special Benefits for Disabled Coal Miners fund. (See Note 1-A.3 – All other funds)

Gifts and Bequests Fund uses miscellaneous funds received by gift or bequest to support various activities of the Secretary of Labor.

Panama Canal Commission Compensation Fund was established to provide for the accumulation of funds provided by the Commission to pay its workers compensation obligations under the Federal Employees' Compensation Act (FECA).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

Funds from dedicated collections - continued

H-1B Funds provide demonstration grants to regional and local entities to provide technical skills training to unemployed and incumbent workers. As authorized by the American Competitiveness and Workforce Improvement Act of 1998, the funds are supported by fees paid by employers petitioning the U.S. Department of Homeland Security (DHS) for visas for foreign workers under the H-1B Program.

The HIRE Vets Medallion Award Fund was established by the Honoring Investments in Recruiting and Employing American Military Veterans Act of 2017 (the HIRE Vets Act) and collects application fees from employer applicants seeking the HIRE Vets Medallion Award. The Medallion is awarded based on criteria that recognizes an employer's efforts to recruit, employ, and retain veterans and provide community and charitable services supporting the veteran community. As authorized by the HIRE Vets Act, the application fees are used to support the Medallion Program.

Fiduciary funds

Fiduciary funds are used to account for DOL's fiduciary activities, which involve the collection or receipt and subsequent disposition of cash or other assets in which non-Federal entities have an ownership interest that the Department must uphold. Fiduciary assets are not assets of DOL or the Federal Government, and accordingly, are not recognized on the Department's balance sheet. The fiduciary assets held by DOL and the fiduciary activities related to these assets are disclosed in Note 22 to these financial statements. DOL's four fiduciary funds are discussed below.

Wage and Hour and Public Contracts Restitution Fund, a deposit fund established by the Fair Labor Standards Amendments of 1949, receives deposits from employers assessed by the Department for unpaid minimum wages or unpaid overtime compensation owed to employees as a result of labor law violations, and pays these wages directly to the affected employees.

Longshore and Harbor Workers' Compensation Act Trust Fund, established under the authority of the Longshore and Harbor Workers' Compensation Act, provides medical benefits, compensation for lost wages, and rehabilitation services for job-related injuries and diseases or death to private sector workers engaged in certain maritime and other employment covered by extensions such as the Defense Base Act. The Act authorizes the Department to assess insurance carriers on behalf of these beneficiaries.

District of Columbia Worker's Compensation Act Trust Fund, established under the authority of the District of Columbia Worker's Compensation Act, provides compensation and medical payments to the District of Columbia employees for work-related injuries or death which occurred prior to July 26, 1982. The Act authorizes the Department to assess insurance carriers on behalf of these beneficiaries.

Davis-Bacon Act Trust Fund established under the Davis-Bacon Act, provides payment for claims relating to violations of the Davis-Bacon Act and Contract Work Hours and Safety Standards Act. The Department investigates violation allegations to determine if Federal contractors owe additional wages to covered employees. If the Department concludes that a violation has occurred, the Department collects the amount owed from the contracting Federal agency, deposits the funds into an account with the U.S. Treasury, and remits payment to the claimant.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

All other funds

Salaries and Expenses include appropriated funds which are used to carry out the missions and functions of the Department, except where specifically provided for from other departmental funds.

Training and Employment Services provides for a flexible, decentralized system of Federal and local training programs and other services for the economically disadvantaged and others, designed to lead to permanent gains in employment, through grants to states and Federal programs, authorized by the Workforce Innovation and Opportunity Act (WIOA).

Office of Job Corps supports the administration and management of the Job Corps Program, which helps at-risk youth who need and can benefit from intensive education and training services to become more employable, responsible, and productive citizens.

Payments to the Unemployment Trust Fund includes funds appropriated under P.L. 116-127, Division D, the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (the EUISA Act); and P.L. 116-136, the Coronavirus Aid, Relief, and Economic Security and Access Act of 2020 (the CARES Act), Title II, Subtitle A. The CARES Act provides for Federally-funded unemployment benefits due to the COVID-19 pandemic, including: Pandemic Unemployment Assistance (PUA); partial reimbursement of benefits paid by States to former employees of governmental entities (e.g., State and municipal governments) and nonprofit organizations; first-week benefits to those States with no waiting week; and Pandemic Emergency Unemployment Compensation (PEUC). The EUISA and CARES Acts also include appropriations to fund grants for unemployment insurance administration and administrative costs for the PUA, first week, and PEUC programs.

Short-Time Compensation Program includes funds appropriated under the CARES Act for grants to states for implementing, improving, promoting, and increasing enrollment in the programs; fully-funded reimbursement of benefits to States with existing programs under law; partially-funded reimbursement of benefits to States under certain agreements; and administrative costs.

Federal Pandemic Unemployment Compensation (also known as the Federal Additional Unemployment Compensation), includes funds appropriated under the CARES Act for Federal Pandemic Unemployment Compensation (FPUC) benefits of $600 per week (as an amount in addition to regular unemployment benefits) and administrative costs for the program. The benefit is not payable for any week of unemployment ending after July 31, 2020.

State Unemployment Insurance and Employment Service Operations (SUIESO) includes grants to states for administering the Unemployment Compensation (UC) and Employment Service (ES) Programs. UC Programs provide administrative grants to state agencies which pay unemployment benefits to eligible individuals and collect state unemployment taxes from employers. The ES Program is a nationwide system providing no-fee ES to individuals seeking employment and to employers seeking workers. ES funding allotments for state activities are determined upon a demographically-based funding formula established under the Wagner-Peyser Act, as amended. The CARES Act also provided funds for administrative costs of the PUA, first week, and PEUC programs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

All other funds - continued

Advances to the Unemployment Trust Fund and Other Funds provides advances to other accounts within the UTF to pay UC whenever the balances in these accounts prove insufficient or whenever reimbursements to certain accounts, as allowed by law, are to be made. This account also makes advances to the Federal Unemployment Benefits and Allowances Account to pay the cost of benefits and services under the Trade Adjustment Assistance (TAA) for Workers Program; and provides loans to the BLDTF to make disability payments whenever the fund balance proves insufficient.

Federal Unemployment Benefits and Allowances provides for payment of benefits, training, job search, relocation allowances, and employment and case management services (and state administrative expenses for all benefits other than Trade Readjustment Allowances, Reemployment TAA, and Alternative TAA) as authorized by the Trade Act of 1974 and subsequent amendments.

Community Service Employment for Older Americans (CSEOA) provides part-time work experience in community service activities to unemployed, low income persons aged 55 and over.

Federal Employees' Compensation Act Special Benefit Fund provides wage replacement benefits and payment for medical services to covered Federal civilian employees injured on the job, Federal employees and certain other workers who have incurred a work-related illness or injury, and survivors of employees whose death is attributable to a job-related injury. The Fund also provides for vocational rehabilitation of injured employees to facilitate their return to work. Under extensions of FECA, benefits are also paid to certain groups related to war hazards, non-Federal law enforcement officers, Job Corps enrollees, and certain Federally-supported volunteers. Section 10(h) of the amended Longshore and Harbor Workers' Compensation Act and the District of Columbia Worker's Compensation Act authorized payments from the Special Benefit Fund for 50 percent of the annual increase in benefits for compensation and certain related benefits.

Energy Employees Occupational Illness Compensation Fund was established to adjudicate, administer, and pay claims for benefits under the Energy Employees Occupational Illness Compensation Program Act (EEOICPA) of 2000. The Act authorizes compensation payments and the reimbursement of medical expenses to employees of the U.S. Department of Energy (DOE) or of private companies under contract with DOE, who suffer from specified diseases as a result of their work in the nuclear weapons industry. The Act also authorizes compensation to the survivors of these employees under certain circumstances. The Act was amended by the Ronald Reagan National Defense Authorization Act of 2005 to provide coverage to additional claimants.

Special Benefits for Disabled Coal Miners was established under the Federal Mine Safety and Health Act to pay benefits to coal miners disabled from pneumoconiosis and to their widows, and certain other dependents. Part B of the Act assigned processing of claims filed from the origination of the program until June 30, 1973, to the Social Security Administration (SSA), after which time DOL began processing new claims under Part C. SSA continued to administer Part B claims until DOL permanently assumed responsibility effective October 1, 2003.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

All other funds - continued

Working Capital Fund (WCF) maintains and operates a program of centralized services in the national office and the field. The WCF is paid in advance by the agencies, bureaus, and offices for which centralized services are provided at rates which cover the full cost of operations.

General fund receipt accounts hold non-entity receipts and accounts receivable from DOL activities which by law cannot be deposited into funds under DOL control. The Treasury automatically transfers all fund balances in these receipt accounts to the General Fund of the Treasury at the end of each fiscal year.

Deposit funds account for monies held by DOL as an agent for others or monies held temporarily by DOL until ownership is determined.

4. Inter-departmental relationships

DOL and Treasury are jointly responsible for the operations of the UTF and the BLDTF. DOL is responsible for the administrative oversight and policy direction of the programs financed by these trust funds. Treasury acts as custodian over monies deposited into the funds and also invests amounts in excess of disbursing requirements in Treasury securities on behalf of DOL. DOL consolidates the financial results of the UTF and the BLDTF into these financial statements.

B. Basis of Accounting and Presentation

DOL complies with FASAB SFFAS 47, “Reporting Entity,” with related guidance from the Treasury Financial Manual (TFM), Volume I, Part 2, Chapter 4700, “Agency Reporting Requirements for the Financial Report of the United States Government,” and OMB Circular No. A-136.

SFFAS 47 and the related guidance required, among other things, that DOL:
(1) be defined as a component reporting entity within the larger governmentwide reporting entity of the Federal Government;
(2) consolidate into its financial statements (as consolidation entities) those entities defined according to (a) SFFAS 47 requirements for administrative assignment based on budgetary and accountability criteria and (b) Treasury determinations;
(3) report as disclosure entities in its financial statements those entities defined according to (a) SFFAS 47 requirements for entities with greater autonomy (than consolidated entities) and (b) Treasury determinations; and
(4) report as related parties in its financial statements those entities defined according to (a) SFFAS 47 requirements for entities with whom DOL has a relationship with significant influence and (b) Treasury determinations.

Entities have been reported in the financial statements and related notes in accordance with SFFAS 47.

These financial statements present the financial position, net cost of operations, changes in net position and budgetary resources of DOL, and estimated and actuarial projections, and changes therein, for the Department’s BLDTF of the Black Lung Benefits Program, a social insurance program, in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and the form and content requirements of OMB Circular No. A-136; the accompanying notes are an integral part of these financial statements and are prepared in accordance with the same requirements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Accounting and Presentation - Continued

In FY 2020, DOL implemented a new accounting standard and bulletin as described below:

(1) FASAB SFFAS 57, "Omnibus Amendments 2019," which changed, among other things, reporting requirements for the required supplementary stewardship information (RSSI) category by rescinding SFFAS 8, "Supplementary Stewardship Reporting." In accordance with SFFAS 57, DOL has omitted human capital reporting RSSI from the Agency Financial Report.

(2) FASAB Technical Bulletin (TB) 2020-1, "Loss Allowance for Intragovernmental Receivables," which requires component reporting entities to report intra-governmental receivables net of allowance for uncollectible accounts.

In FY 2019, DOL implemented two new accounting standards as described below:

(1) FASAB SFFAS 53, "Budget and Accrual Reconciliation (BAR)—Amending SFFAS 7, and 24, and Rescinding SFFAS 22," required DOL to amend its form and presentation of Note 19, Budget and Accrual Reconciliation. The BAR (a) starts with the net cost of operations and is adjusted by (b) components of net operating cost not part of the budgetary outlays, (c) components of the budgetary outlays that are not part of net operating cost, and (d) distributed offsetting receipts. Consistent with the requirements of OMB Circular No. A-136, Note 19 displays a comparative presentation.

(2) FASAB SFFAS 55, "Amending Inter-entity Cost Provisions," among other things, required DOL to make disclosures that only certain inter-entity costs are recognized for goods and services that are received from other Federal agencies at no cost or at a cost less than full cost. (See Note 1-S.1)

To ensure that the Department's financial statements are meaningful, other liabilities as defined by OMB Circular No. A-136 have been disaggregated on the balance sheet. These include Energy employees occupational illness compensation benefits, accrued leave, and other liabilities. Except as described in the following paragraphs, the financial statements have been prepared from the books and records of DOL, and include the accounts of all funds of the DOL reporting entity. All inter-fund balances and transactions were eliminated, except in the Statements of Budgetary Resources, which are presented on a combined basis, as required by OMB Circular No. A-136.

DOL is a party to allocation transfers with other Federal agencies as both a transferring (parent) entity and a receiving (child) entity. Allocation transfers are delegations by one department of its authority to obligate budget authority and outlay funds to another agency as prescribed by law. OMB Circular No. A-136 requires the parent to report all budgetary and proprietary activity in its financial statements. DOL (parent entity) allocates appropriations to the U.S. Department of Agriculture and the U.S. Department of the Interior (child entities) to provide funds for youth training programs. Accordingly, all activity for these allocation accounts is included in the DOL financial statements. DOL (child entity) receives allocated appropriations from the U.S. Department of State to support international HIV/AIDS relief efforts (parent entity) and the Treasury to support grant activity under the Social Impact Partnerships to Pay for Results Act (parent activity). Accordingly, activity for this allocation account is excluded from the DOL financial statements.

U.S. GAAP encompasses both accrual and budgetary transactions. Under accrual accounting, revenues are recognized when earned and expenses are recognized when incurred. Budgetary accounting facilitates compliance with legal constraints on, and controls over, the use of Federal funds. These financial statements are different from the financial reports, also prepared by DOL pursuant to OMB directives, used to monitor DOL's use of budgetary resources. Throughout these financial statements, assets, liabilities, earned revenue, and costs have been classified according to the type of entity with whom the transactions were made. Intra-governmental assets and liabilities are those from or to other Federal entities. Intra-governmental earned revenue represents collections or accruals of revenue from other Federal entities, and intra-governmental costs are payments or accruals of costs to other Federal entities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Accounting and Presentation - Continued

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

C. Funds with U.S. Treasury

DOL's cash receipts and disbursements are processed by the U.S. Treasury. Funds with U.S. Treasury represent obligated and unobligated balances available to finance allowable expenditures, and restricted balances, including amounts related to expired authority and amounts not available for use by DOL. (See Note 2)

D. Investments

Funds from Dedicated Collections

The Federal Government does not set aside assets to pay future benefits or other expenditures associated with DOL's funds from dedicated collections. The cash receipts collected from the public for funds from dedicated collections are deposited in the U.S. Treasury, which uses the cash for general Federal Government purposes. Interest earning Treasury securities are issued to DOL's funds from dedicated collections as evidence of the receipts. These Treasury securities are assets to DOL and liabilities to the U.S. Treasury. Because DOL and the U.S. Treasury are each component reporting entities of the Federal Government, these assets and liabilities offset each other from the standpoint of the Federal Government as a whole. For this reason, they do not represent an asset or a liability in the Federal governmentwide financial statements. Treasury securities provide DOL with authority to draw upon the U.S. Treasury to make future benefit payments or other expenditures. When DOL requires redemption of these securities to make expenditures, the Federal Government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures, just as the Federal Government finances all other expenditures.

Balances held in the UTF are invested in non-marketable, special issue Treasury securities (certificates of indebtedness and bonds) available for purchase exclusively by Federal Government agencies and trust funds. Special issues are purchased and redeemed at face value (cost), which is equivalent to their net carrying value on the Consolidated Balance Sheets. Interest rates and maturity dates vary. The UTF special issue Treasury bonds may be redeemed, in whole or in part, prior to their maturity date and continue to accrue interest until fully redeemed.

Balances held in the Panama Canal Commission Compensation Fund are invested in marketable Treasury securities. These investments are stated at amortized costs that equal their net carrying value on the Consolidated Balance Sheets. Discounts and premiums are amortized using the effective interest method. Interest rates and maturity dates vary. Management expects to hold these marketable securities until maturity; therefore, no provision is made in the financial statements for unrealized gains or losses. (See Note 3)

All Other Funds

Balances held in the Energy Employees Occupational Illness Compensation Fund are invested in non-marketable Treasury one-day certificates. (See Note 3)

E. Accounts Receivable, Net of Allowance

Accounts receivable consists of intra-governmental amounts due to DOL, as well as amounts due from the public. (See Note 4)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Accounts Receivable, Net of Allowance - Continued

1. Intra-governmental accounts receivable

The Federal Employees Compensation (FEC) Account within the UTF provides unemployment compensation to eligible Federal employees (UCFE) and ex-service members (UCX). DOL recognizes as accounts receivable amounts due from other Federal agencies for unreimbursed UCFE and UCX benefits. DOL's FECA Special Benefit Fund provides workers' compensation benefits to eligible Federal workers on behalf of other Federal agencies. DOL recognizes as accounts receivable amounts due from other Federal agencies to the Special Benefit Fund for unreimbursed FECA benefits.

DOL also has receivables from other Federal agencies for work performed on their behalf under various reimbursable agreements.

2. Accounts receivable due from the public

DOL recognizes as accounts receivable state unemployment taxes due from covered employers and reimbursements of benefits paid on behalf of other employers. Also recognized as accounts receivable are benefit overpayments made to individuals not entitled to receive the benefit.

DOL recognizes as accounts receivable amounts due from the public for fines and penalties levied against employers by OSHA, MSHA, WHD, and EBSA and for amounts due from grantees and contractors for grant and contract costs disallowed by ETA and other agencies.

3. Allowance for uncollectible accounts

Accounts receivable are stated net of an allowance for uncollectible accounts. The allowance is estimated based on an aging of account balances, past collection experience, and/or an analysis of outstanding accounts at year-end. In general, intra-governmental accounts receivable are considered fully collectible.

F. General Property, Plant and Equipment, Net

The majority of DOL's general property, plant and equipment (PP&E) is general purpose PP&E held by Job Corps centers owned and operated by DOL through a network of contractors. Internal use software is considered general purpose PP&E.

DOL's capitalization thresholds for assets with a useful life of 2 years or longer and the related depreciable lives are displayed in the following table.

	Capitalization Threshold	Years
Structures, facilities, and improvements	$500,000	20 - 50
Furniture and equipment	$50,000	2 - 36
Internal use software	$500,000	2 - 15
Software in development	$500,000	-
Construction-in-progress	$500,000	-
Land	$500,000	-

Internal use software development costs are capitalized as software in development until the development stage has been completed and successfully tested. Upon completion and testing, they are reclassified as internal use software and amortized over their estimated useful lives.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. General Property, Plant and Equipment, Net - Continued

PP&E purchases and additions are stated at cost. Normal repairs and maintenance are charged to expense as incurred. PP&E are depreciated or amortized over their estimated useful lives using the straight-line method.

Job Corps center construction costs are capitalized as construction-in-progress until completed. Upon completion they are reclassified as structures, facilities, and improvements and depreciated over their estimated useful lives. Structures, facilities, and improvements also include a capital lease for a Job Corps facility. Leasehold improvements made at Job Corps centers and DOL facilities leased from the General Services Administration (GSA) are capitalized as construction-in-progress until completed. Upon completion, they are reclassified as improvements to leased facilities, and amortized over the remaining life of the lease or the useful life of the improvements, whichever is shorter, using the straight-line method of amortization. DOL operating leases have one-year terms with multiple option years. The leases are cancelable by the Federal Government upon appropriate notice as specified in the lease agreements. Historically, these leases have not been canceled and DOL has no intention to cancel these leases in the near term. (See Note 5)

G. Advances

DOL advances consist primarily of advances to states for UI benefit payments and payments made to State Employment Security Agencies (SESA) and to grantees and contractors to provide for future DOL program expenditures. These advance payments are recorded by DOL as an asset, which is reduced when actual expenditures or the accrual of estimated expenditures are recorded by DOL. (See Note 6)

H. Non-entity Assets

Assets held by DOL which are not available to DOL for obligation are considered non-entity assets. DOL holds non-entity assets for the Railroad Retirement Board and for transfer to the U.S. Treasury. (See Note 7)

I. Liabilities

Liabilities represent probable amounts to be paid by DOL as a result of past transactions and are recognized when incurred, regardless of whether there are budgetary resources available to pay them. However, the liquidation of these liabilities will consume budgetary resources and cannot be made until available resources have been obligated. For financial reporting purposes, DOL's liabilities are classified as covered by budgetary resources, not covered by budgetary resources, or not requiring budgetary resources.

Liabilities are classified as covered by budgetary resources if budgetary resources are available to pay them. Liabilities are also considered covered by budgetary resources if they are to be funded by permanent indefinite appropriations, which have been enacted and signed into law and are available for use as of the balance sheet date, provided that the resources may be apportioned by OMB without further action by the Congress and without a contingency having to be met first. Liabilities are classified as not covered by budgetary resources if budgetary resources are not available. Liabilities are classified as not requiring budgetary resources if the liabilities have not in the past required and will not in the future require the use of budgetary resources. (See Note 12)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Debt

DOL's debt consisted of the following:

1. **Unemployment Trust Fund advances from U.S. Treasury**

   UTF advances from U.S. Treasury outstanding as of September 30, 2020 represent borrowings by the UTF's Federal Unemployment Account (FUA) from the General Fund of the U.S. Treasury pursuant to the authority of Section 1203 of the Social Security Act (SSA) (42 U.S.C. 1323). UTF advances from U.S. Treasury would also represent borrowing authority by the UTF's Extended Unemployment Compensation Account (EUCA) from the General Fund of the Treasury pursuant to the authority of Section 905(d) of the SSA (42 USC 1105(d)), but no EUCA borrowing was outstanding as of September 30, 2020. The authority for these advances was available in FY 2020 in two continuing resolutions (P.L. 116-59 and P.L. 116-69) and an appropriations act P.L. 116-94 and in FY 2019 by P.L. 115-245. The FUA's repayable advances bear interest rates between 1.75 and 2.00 percent which is equal to the average rate of interest, computed as of the end of the calendar month next preceding the date of such advance, borne by all interest bearing obligations of the United States then forming part of the public debt; except that in cases in which such average rate is not a multiple of one-eighth of 1 percent, the rate of interest shall be the multiple of one-eighth of 1 percent next lower than such average rate in accordance with Section 905(d) and Section 1203 of the Social Security Act. Interest on the repayable advances is due on September 30th of each year or upon the repayment of an advance and is subject to sequestration. Advances are repaid by transfers from the UTF to the General Fund of the U.S. Treasury when the Secretary of the Treasury, in consultation with the Secretary of Labor, has determined that the balances in the UTF allow repayment. (See Note 8)

2. **Black Lung Disability Trust Fund borrowings from U.S. Treasury**

   The Energy Improvement and Extension Act of 2008 (P.L. 110-343, section 113), enacted October 3, 2008, authorized restructuring of the BLDTF debt by the repayment at market value the fund's outstanding repayable Advances from U.S. Treasury, using the proceeds from borrowings from Treasury's Bureau of the Fiscal Service and a one-time appropriation. Pursuant to this authority, in FY 2009, the BLDTF borrowed from Treasury $6.496 billion which was structured into 32 discounted instruments with sequential annual September 30th maturities over the 32-year period 2009 through 2040; 20 discounted instruments remain outstanding as of September 30, 2020 bearing interest rates from 4.194 to 4.556 percent. Interest on each instrument accrues until its September 30th maturity date or the instrument's prepayment, whichever occurs first. These debt payments are to be made from the excise taxes assessed on domestic sales of coal mined in the United States. In the event that the BLDTF cannot repay a discounted instrument when it matures, or make benefit payments or other authorized expenditures, the Act authorizes the issuance of one-year discounted instruments to finance these activities. The BLDTF issued additional debt on September 30, 2020 (due September 30, 2021) bearing an interest rate of 0.122 percent and December 31, 2019 (due December 31, 2020) bearing an interest rate of 1.58 percent. (See Note 8)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. Accrued Benefits

The financial statements include a liability for unemployment, workers' compensation, and disability benefits due and payable from various DOL funds, as discussed below. (See Note 10)

1. **Unemployment benefits payable**

   State regular and extended unemployment benefits payable. The UTF provides benefits to unemployed workers who meet state and Federal eligibility requirements. Regular and extended unemployment benefits are paid from state accounts within the UTF, financed primarily by a state unemployment tax on employer payrolls. Fifty percent of the cost of extended unemployment benefits is paid from the Extended Unemployment Compensation Account (EUCA) within the UTF, financed by a Federal unemployment tax on employer payrolls.

   P.L. 116-127, Division D, the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (the EUISA Act), Enacted March 18, 2020, and P.L. 116-136, the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the CARES Act), Title II, Subtitle A, Enacted March 27, 2020

   The EUISA Act and CARES Act, both enacted in March 2020, provide for, among other things, Federal funding of unemployment assistance and benefits to individuals affected by the COVID-19 pandemic. Statutory weeks of eligibility vary according to the requirements of the relevant sections of the laws.

   Federal regular and extended unemployment benefits payable. (1) the EUISA Act, section 4105, provided for 100 percent federal financing of extended benefits for states meeting certain requirements and provided for federal matching of the first week of extended benefits for states meeting waiting week requirements, providing either 50 percent or 100 percent based on whether states meet qualifications associated with emergency administrative grants (effective from date of agreement through December 31, 2020); and (2) the CARES Act, section 2105, provided for 100 percent Federal funding for the first week of regular unemployment benefits where a state's laws do not require a waiting week and that participate in certain Federal-state agreements (effective from date of agreement through December 31, 2020).

   Federal pandemic emergency unemployment benefits payable. Section 2107 of the CARES Act provided for 100 percent Federal funding of emergency unemployment benefits to individuals who have exhausted their regular benefits in those states which participate in certain Federal-state agreements. The benefits are applicable to weeks of benefits beginning after the date on which the agreement is entered into, and ending on or before December 31, 2020.

   Federal pandemic unemployment assistance benefits payable. Section 2102 of the CARES Act provided for 100 percent Federal funding in those states which participate in certain Federal-state agreements. Federal pandemic unemployment assistance covers individuals who may not otherwise quality for unemployment benefits, such as those that are self-employed, who seek part-time employment, do not have sufficient work history, or otherwise would not qualify for regular unemployment or extended benefits under state or Federal law or Federal PEUC benefits under section 2107 of the CARES Act. The benefits are effective for weeks of unemployment beginning on or after January 27, 2020 and ending on or before December 31, 2020.

   Federal pandemic unemployment benefits payable. Section 2104 of the CARES Act provided for 100 percent Federal funding of $600 per week as an amount in addition to regular unemployment benefits in those states which participate in certain Federal-state agreements. The benefits are applicable to weeks of benefits beginning after the date on which the agreement is entered into and ending on or before July 31, 2020. The benefit is not payable for any week of unemployment ending after July 31, 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. Accrued Benefits - Continued

Benefits payable from other activity

Included in the *Federal regular and extended unemployment benefits payable* are extended benefits under the American Reinvestment and Recovery Act of 2009 (the Recovery Act), which provided for a 100 percent Federal funding of extended benefits through December 2009. This 100 percent Federal funding provision, which was extended several times, phased out on January 1, 2014. Although the vast majority of extended benefits activity has ceased, states are still reporting residual transactions related to the program on monthly reports.

Federal emergency unemployment benefits payable are Emergency Unemployment Compensation (EUC) benefits, also paid from EUCA, were first authorized by the Supplemental Appropriations Act of 2008. These benefits were extended by the Recovery Act and other authorizing legislation through January 1, 2014, and were funded entirely from General Fund appropriations. Although the vast majority of EUC activity has ceased, states are still reporting residual transactions related to the program on monthly reports.

Federal additional unemployment benefits payable are Federal Additional Unemployment Compensation (FAUC) benefits provided by the Recovery Act for a $25 weekly supplement entirely funded from Treasury General Fund revenues, payable through December 2009, to individuals who were entitled under state law to otherwise receive any type of UC. These FAUC benefits were extended several times, with phase-out of benefit eligibility by December 2010. Although the vast majority of this FAUC activity has ceased, states are still reporting residual transactions related to the program on monthly reports.

Federal employees unemployment benefits payable

Unemployment benefits to unemployed Federal workers are paid from the FEC Account within the UTF, which is then reimbursed by the responsible Federal agency.

A liability is recognized for unpaid unemployment benefits applicable to the current period and for benefits paid by states that have not been reimbursed by the fund. DOL also recognizes a liability for Federal employees' unpaid unemployment benefits for existing claims filed during the current period, payable in the subsequent period, to the extent reimbursable by other Federal entities.

2. Federal employees disability and 10(h) benefits payable

The FECA Special Benefit Fund provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The Fund is reimbursed by other Federal agencies for the FECA benefit payments made on behalf of their workers. The Fund assumes the liability for unreimbursed (non-chargeable) FECA benefits. The Fund also provides 50 percent of the annual cost-of-living adjustments for pre-1972 compensation cases under the authority of Section 10(h) of the Longshore and Harbor Workers' Compensation Act and the District of Columbia Worker's Compensation Act. A liability for FECA benefits payable by the Special Benefit Fund to the employees of DOL and other Federal agencies and for Section 10(h) benefits is accrued to the extent of unpaid benefits applicable to the current period.

3. Black lung disability benefits payable

The BLDTF and Special Benefits for Disabled Coal Miners fund provide compensation and medical benefits for eligible coal miners who are totally disabled due to pneumoconiosis (black lung disease). DOL recognizes a liability for disability benefits to the extent of unpaid benefits applicable to the current period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

K. Accrued Benefits - Continued

4. Energy employees occupational illness compensation benefits payable

The Energy Employees Occupational Illness Compensation Fund provides benefits to eligible current or former employees of the DOE and its contractors suffering from designated illnesses incurred as a result of their work with DOE. Benefits are also paid to certain survivors of those employees and contractors, as well as to certain beneficiaries of the Radiation Exposure Compensation Act (RECA). DOL recognizes a liability for disability benefits to the extent of unpaid benefits applicable to the current period.

L. Future Workers' Compensation Benefits

The financial statements include an actuarial liability for future workers' compensation benefits payable by DOL to its employees, to employees of the Panama Canal Commission and to enrollees of the Job Corps, as well as benefits not chargeable to other Federal agencies, which must be paid by DOL's FECA Special Benefit Fund. The liability includes the expected payments for death, disability, medical, and miscellaneous costs for approved compensation cases, as well as a component for incurred but not reported claims. The liability is determined using historical claim data and benefit payment patterns related to injury years to predict the future payments.

The actuarial methodology provides for the effects of inflation and adjusts liability estimates to constant dollars by applying wage inflation factors (cost-of-living adjustments or COLA) and medical inflation factors (consumer price index-medical or CPI-M) to the calculation of projected benefits.

DOL selects the COLA factors, CPI-M factors, and discount rates by averaging the COLA rates, CPI-M rates, and interest rates for the current and prior four years. Using averaging renders estimates that reflect historical trends over five years instead of conditions that exist in one year. The FY 2020 and FY 2019 methodologies for averaging the COLA rates used OMB-provided rates for the current and prior four years; the FY 2020 methodology also considered updated information for the current year that was provided by program staff. The FY 2020 and FY 2019 methodologies for averaging the CPI-M rates used OMB-provided rates for the current and prior four years; the FY 2020 methodology also considered updated information for the current year that program staff obtained from the Bureau of Labor Statistics public releases for CPI.

The COLAs and CPI-Ms used in the projections for FY 2020 and FY 2019 were as follows:

	COLA		CPI-M	
FY	2020	2019	2020	2019
2020	N/A	1.47 %	N/A	2.86 %
2021	1.87 %	1.85 %	3.21 %	3.05 %
2022	2.14 %	2.12 %	3.23 %	3.09 %
2023	2.19 %	2.17 %	3.60 %	3.47 %
2024	2.23 %	2.21 %	4.01 %	3.88 %
2025+	2.30 %	2.21 %	3.94 %	3.88 %

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

L. Future Workers' Compensation Benefits - Continued

DOL selected the interest rate assumptions whereby projected annual payments were discounted to present value based on interest rate assumptions on the Treasury's Yield Curve for Treasury Nominal Coupon Issues (the TNC Yield Curve) to reflect the average duration of income payments and medical payments. The average durations for income payments and medical payments were 15.0 and 12.1 years in FY 2020 and 14.8 and 9.3 years in FY 2019, respectively. Based on averaging the TNC Yield Curves for the current year and the prior four years, the interest rate assumptions for income payments and medical payments were 2.414 and 2.303 percent in FY 2020 and 2.610 and 2.350 percent in FY 2019, respectively.

The actuarial liability consists of a portion for the projected benefits of Federal agencies (including DOL and the Panama Canal Compensation Fund) that reimburse the fund for their employees' costs as billable costs; the other portion is for projected benefits for non-billable and unreimbursed costs, which are primarily for projected benefits under the War Hazards Compensation Act (WHCA), as amended (42 U.S.C. 1701 et seq.). (See Note 11)

In FY 2020, the methodology for billable projected liabilities was revised to include, among other things: (1) an algorithmic model that relies on individual case characteristics and benefit payments (the FECA Case Reserve Model) and (2) incurred but not reported claims were estimated using the patterns of incurred benefit liabilities in addition to those of payments. The FY 2019 methodology used a traditional paid loss development method with the FECA Case Reserve Model run concurrently to, among other things, test the validity of the FECA Case Reserve Model.

In FY 2019, refinements to the methodology continued for non-billable projected benefits, which were: (1) moving projected benefits for cases of a classified nature from the billable portion and (2) using, among other things, the U.S. Department of Defense Overseas Contingency Operations (OCO) budget as a relative measure of hazard exposure to project future benefits under the WHCA. DOL applied a loss development triangle approach that accommodates the recurring and lump-sum nature of the WHCA claims. These refinements continued in FY 2020. In FYs 2020 and 2019, for WHCA income payments and medical payments, the interest rate assumptions were the same assumptions used in the billable liability.

M. Energy Employees Occupational Illness Compensation Benefits

The Energy Employees Occupational Illness Compensation Fund, established under the authority of the EEOICPA, provides benefits to eligible current or former employees of DOE and its contractors, or to certain survivors of those employees and contractors, as well as benefits to certain beneficiaries of RECA. DOL is responsible for adjudicating and administering claims filed under the EEOICPA. Effective July 31, 2001, compensation of $150,000 and payment of medical expenses from the date a claim is filed are available to covered individuals suffering from designated illnesses incurred as a result of their work with DOE.

The Ronald Reagan National Defense Authorization Act of 2005 amended EEOICPA to include Subtitle E – Contractor Employee Compensation. The amended program grants compensation benefits to covered employees and their families for illness and death arising from exposure to toxic substances at a DOE facility. The amendment also makes it possible for uranium workers as defined under Section 5 of RECA to receive compensation under Part E for illnesses due to toxic substance exposure at a uranium mine or mill covered under that Act.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. Energy Employees Occupational Illness Compensation Benefits - Continued

The table below presents assumptions and liabilities as of September 30, 2020 and 2019.

Assumptions and Liabilities	2020	2019
Compensation Liabilities as of September 30		
Average duration	12.2 years	11.2 years
Interest rate used in discounting	2.308 %	2.458 %
Undiscounted liability	$11.1 billion	$7.5 billion
Discounted liability	$8.7 billion	$5.9 billion
Medical Liabilities as of September 30		
Average duration	19.2 years	18.4 years
Interest rate used in discounting	2.559 %	2.734 %
Medical inflation in future year 1	6.2 %	4.5 %
Medical inflation in future year 2	3.4 %	4.1 %
Medical inflation in future year 3	3.0 %	4.0 %
Medical inflation in future year 4	3.6 %	2.9 %
Medical inflation in future year 5	3.7 %	3.9 %
Medical inflation in future years 6+	3.9 %	3.9 %
Society of Actuaries Retirement Plans (RP) Mortality Table	RP-2014	RP-2014
Undiscounted liability	$44.3 billion	$32.1 billion
Discounted liability	$28.9 billion	$20.8 billion
Compensation and Medical Total Liabilities‡ as of September 30		
Undiscounted	$55.4 billion	$39.5 billion
Discounted	$37.5 billion	$26.7 billion
Period used in discounting	60 years	60 years

‡Totals may differ slightly due to rounding.

DOL selects interest rate assumptions by averaging interest rates on the TNC Yield Curves for the current and prior four years. Using averaging renders estimates that reflect historical trends over five years instead of conditions that exist in one year. DOL selected the interest rate assumptions whereby projected payments were discounted to present value based on interest rate assumptions on the TNC Yield Curve to reflect the average duration of compensation payments and medical payments.

The estimated liability includes the estimated compensation and medical payments for approved cases and filed cases pending approval, as well as claims incurred but not yet filed. The actuarial projection methodology provided an estimate of the ultimate number of reported cases as a result of estimating future reported claims from the historical patterns of reported claims and subsequent claim approval rates. Medical payments were derived by estimating an average benefit award per living employee claimant and by applying the Society of Actuaries Retirement Plans (RP) 2014 mortality tables.

In FY 2019, the estimated medical inflation rates for future years 1 through 5 were updated based on guidance from OWCP management regarding expected increases; the medical inflation rates for future year 6 and later years used CPI-Medical inflation rates provided by OMB. In FY 2020, the estimated medical inflation rates for future years 1 through 5 were updated based on historical payment data and guidance from OWCP management regarding expected increases; the medical inflation rates for future year 6 and later years were developed by applying a blend of OMB CPI-Urban (CPI-U) projections from the past five years to actual Bureau of Labor Statistics CPI-U rates over the past three years.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. Energy Employees Occupational Illness Compensation Benefits - Continued

The increase in undiscounted and discounted total liabilities as of September 30, 2020 was primarily due to the increase of Part E new cases and expansion of benefits related to increases in acceptances of consequential conditions in existing cases. A consequential condition is the effect of the accepted occupational illness under Part B and/or covered illness under Part E in causing, contributing to, or aggravating another condition or disease. Consequential conditions can arise for reasons established as being medically linked to a previously accepted work-related illness.

Benefits as a result of COVID-19 would be covered as a consequential condition, that is, the effect of the accepted occupational illness under Part B and/or covered illness under Part E in causing, contributing to, or aggravating COVID-19 disease. Management did not discern differences in claims approval rates or use of medical services that can be directly attributed to the COVID-19 pandemic and no adjustments were made to the model for the potential effects of the pandemic.

N. Accrued Leave

A liability for annual and compensatory leave is accrued as leave is earned and paid when leave is taken. The balance of leave earned but not taken will be paid from future funding sources. Sick leave and other types of non-vested leave are expensed as taken.

O. Employee Health and Life Insurance Benefits

DOL employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and the Federal Employees Group Life Insurance Program (FEGLIP). DOL matches the employee contributions to each program to pay for current benefits. For the year ended September 30, 2020, DOL's contributions to the FEHBP and FEGLIP were $129.1 million and $2.7 million, respectively. For the year ended September 30, 2019, DOL's contributions to the FEHBP and FEGLIP were $128.5 million and $2.6 million, respectively.

P. Other Retirement Benefits

DOL employees eligible to participate in the FEHBP and the FEGLIP may continue to participate in these programs after their retirement. DOL recognizes a current operating expense for the future cost of these other retirement benefits (ORB) at the time the employee's services are rendered. This ORB expense must be financed by the U.S. Office of Personnel Management (OPM). Using cost factors supplied by OPM, DOL recorded ORB imputed costs and imputed financing sources of $92.0 million and $84.9 million for the years ended September 30, 2020 and 2019, respectively. (Note 1-S.1)

Q. Employee Pension Benefits

DOL employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). For employees participating in CSRS, 7.0 percent of their gross earnings is withheld and transferred to the Civil Service Retirement and Disability Fund. DOL contributes an additional 7.0 percent of the employee gross earnings to the Civil Service Retirement and Disability Fund. P.L. 112-96, Section 5001, the "Middle Class Tax Relief and Job Creation Act of 2012," changed the employee and employer contributions for new employees participating in FERS. Employees designated by OPM as FERS Revised Annuity Employees (RAEs) were, in general, new employees hired on or after January 1, 2013. The Bipartisan Budget Act of 2013, section 401, further changed the employee and employer contributions for new employees participating in FERS. Employees designate

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Q. Employee Pension Benefits - Continued

by OPM as FERS Further Revised Annuity Employees (FRAEs) were, in general, hired on or after January 1, 2014. The percentages of employee contribution/withholding and DOL contribution under FERS, FERS RAE, and FERS FRAE in FY 2020 and FY 2019 are presented in the table below.

	Percentage of Gross Earnings		
FY 2020	FERS	FERS RAE	FERS FRAE
Employee contribution/withholding	0.8%	3.1%	4.4%
DOL contribution	16.0%	14.2%	14.2%
FY 2019	FERS	FERS RAE	FERS FRAE
Employee contribution/withholding	0.8%	3.1%	4.4%
DOL contribution	13.7%	11.9%	11.9%

These totals are transferred to the Federal Employees' Retirement Fund. The CSRS and FERS retirement funds are administered by OPM. DOL contributions to the CSRS and FERS are recognized as current operating expenses. FERS participants are also covered under the Federal Insurance Contribution Act (FICA) and are subject to withholdings. DOL makes matching FICA contributions, recognized as current operating expenses. DOL's matching contributions were $133.0 million and $127.1 million for the years ended September 30, 2020 and 2019, respectively.

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. CSRS participants may contribute up to $19,500 and $19,000 per year of their gross pay to the TSP during calendar years 2020 and 2019, respectively, but there is no departmental matching contribution. FERS participants may contribute up to $19,500 and $19,000 per year of their gross pay to the TSP during calendar years 2020 and 2019, respectively. CSRS and FERS participants aged 50 years or older may also contribute an additional $6,500 and $6,000 per year in "catch-up" contributions during calendar years 2020 and 2019, respectively, but there is no departmental matching on "catch-up" contributions. For employees covered under FERS, DOL contributes 1 percent of the employees' gross pay to the TSP. DOL also matches employees' contributions dollar-for-dollar on the first 3 percent of pay contributed each pay period and 50 cents on the dollar for the next 2 percent of pay contributed. DOL contributions to the TSP are recognized as current operating expenses. Employee and employer contributions to the TSP are transferred to the Federal Retirement Thrift Investment Board. (See Note 14)

DOL recognizes the full cost of providing future CSRS and FERS pension benefits to covered employees at the time the employees' services are rendered. The pension expense recognized in the financial statements equals the service cost for covered DOL employees, less amounts contributed by these employees. Service cost represents the actuarial present value of benefits attributed to services rendered by covered employees during the accounting period.

The measurement of service cost requires the use of actuarial cost methods to determine the percentage of the employees' basic compensation sufficient to fund their projected pension benefit. These percentages (cost factors) are provided by OPM and applied by DOL to the basic annual compensation of covered employees to arrive at the amount of total pension expense to be recognized in DOL's financial statements.

The excess of total pension expense over the amount contributed by the Department and by DOL's employees represents the amount of pension expense which must be financed directly by OPM. DOL recognized an imputed cost and an imputed financing source equal to the excess amount. DOL does not recognize in its financial statements FERS or CSRS assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to its employees. (See Notes 1-S.1 and 14)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

R. Net Position

DOL's net position consists of the following:

1. **Unexpended appropriations**

   Unexpended appropriations include the unobligated balances and undelivered orders of DOL's appropriated funds. Unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not new obligations, until those appropriations are cancelled, five years after the appropriations expire. Unexpired multi-year and no-year appropriations remain available to DOL for obligation in future periods.

2. **Cumulative results of operations**

   Cumulative results of operations include the accumulated historical difference between expenses consuming budgetary resources and financing sources providing budgetary resources in DOL's trust, revolving, and special funds; liabilities not consuming budgetary resources net of assets not providing budgetary resources; and DOL's net investment in capitalized assets.

S. Net Cost of Operations

1. **Operating costs**

   Full operating costs are comprised of all direct costs consumed by programs and those indirect costs which can be reasonably assigned or allocated to programs. Full operating costs include goods and services that are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by DOL are recognized as imputed costs in the Statements of Net Cost and are offset by imputed revenues (as other financing sources) in the Statements of Changes in Net Position. Such imputed costs relate to OPM-provided employee pensions and other retirement benefits and DHS-provided cybersecurity services. (See Notes 1-P, 1-Q, 1-U.1 and 14). DOL does not recognize in its financial statements the unreimbursed costs of goods and services other than those identified above. Management has determined that there are no material claims to be settled by the Treasury Judgement Fund. (See Note 13)

   Full costs are reduced by exchange (earned) revenues to arrive at net program cost. The full and net operating costs of DOL's major programs are presented in the Consolidated Statements of Net Cost, and are also reported by program agency and major program. (See Note 15)

2. **Earned revenues**

   Earned revenues arise from exchange transactions which occur through the provision of goods and services for a price, and are deducted from the full cost of DOL's major programs to arrive at net program cost. Earned revenues are recognized by DOL to the extent reimbursements are payable from other Federal agencies and from the public, as a result of costs incurred or services performed on their behalf. Major sources of DOL's earned revenue include reimbursements to the FECA Special Benefit Fund from Federal agencies for the costs of disability compensation and medical care provided to or accrued on behalf of their employees and reimbursements to the UTF from Federal agencies for the cost of unemployment benefits provided to or accrued on behalf of their former employees. (See Note 15)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

T. Budgetary Financing Sources

Budgetary financing sources other than earned revenues provide funding for the Department's net cost of operations and are reported on the Consolidated Statements of Changes in Net Position. These financing sources include appropriations received, less appropriations transferred and not available, non-exchange revenues, and transfers without reimbursement, as discussed below:

1. **Appropriations received, appropriations used, appropriations transferred, and adjustments**

   DOL receives financing sources through congressional appropriations to support its operations. A financing source is recognized for these appropriated funds received, less appropriations transferred, or adjusted due to rescission, cancellation, sequestration, or return of permanent indefinite authority. Appropriations are considered used as a financing source when goods and services are received or benefits are provided.

2. **Non-exchange revenues**

   Non-exchange revenues arise primarily from the Federal Government's power to demand payments from the public. Non-exchange revenues are recognized by DOL on the Consolidated Statements of Changes in Net Position and are discussed below. (See Note 16)

   Employer taxes

   Employer tax revenues are recognized on a modified cash basis, to the extent of cash transferred by the collecting entity to DOL, plus the change in inter-entity balances between the collecting entity and DOL. Inter-entity balances represent revenue received by the collecting entity, net of amounts due to the collecting entity and adjustments made to previous transactions by the collecting entity which have not been transferred to DOL.

   Federal and state unemployment taxes represent non-exchange revenues collected from employers based on wages paid to employees in covered employment. Federal unemployment taxes are collected by the Internal Revenue Service and transferred to designated accounts within the UTF. State unemployment taxes are collected by each state and deposited in separate state accounts within the UTF. Among other things, Federal unemployment taxes are used to pay the Federal share of extended unemployment benefits and to provide for Federal and state administrative expenses related to the operation of the UI Program, employment services including veterans' ES, and foreign labor certifications (FLC). Additional Federal collections from states with advances from the fund that have been outstanding for more than two years are used to reduce states' outstanding advance balances. State unemployment taxes are restricted in their use to the payment of unemployment benefits.

   Black Lung Disability Trust Fund excise tax

   Black Lung Disability Trust Fund excise tax revenues are recognized on a modified cash basis, to the extent of warrants posted by Governmentwide Accounting and the Bureau of the Fiscal Service Funds into the BLDTF. These taxes are imposed on coal sold by producers from mines located in United States. The BLDTF excise taxes are used to pay BLDTF benefits, administrative costs, and debt as mentioned in Note 1-J.2. The BLDTF excise taxes are restricted to these uses. (See Note 1-W)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

T. Budgetary Financing Sources - Continued

2. Non-exchange revenues - continued

Interest

The UTF, Panama Canal Commission Compensation Fund, and Energy Employees Occupational Illness Compensation Fund receive interest on fund investments. The UTF receives interest from states that had accounts with loans payable to the Federal Unemployment Account (FUA) at the end of the prior fiscal year. Interest is also earned on Federal funds in the possession of non-Federal entities. Interest is recognized as non-exchange revenue when earned.

With regard to states that had loans payable to the FUA as of September 30, 2019, the EUISA Act, section 4103, waived interest payments due between March 18, 2020 and December 31, 2020; therefore, no interest payments were due from the states on the September 30, 2020 due date.

Similarly, section 4103 required that no interest should accrue on loans payable to the FUA that were issued between March 18, 2020 and December 31, 2020. No new loans payable to the FUA were issued between October 1, 2019 and March 17, 2020. For loans payable to the FUA that were outstanding as of September 30, 2020, because the interest was either waived or did not accrue, there was no interest revenue during FY 2020.

Reimbursement of unemployment benefits and other

The UTF receives reimbursements from state and local government entities and non-profit organizations for the cost of unemployment benefits provided to or accrued on behalf of their employees. These reimbursements are recognized as non-exchange revenue when earned.

In general, state and municipal government entities and nonprofit organizations reimburse the State accounts for 100 percent of UI benefits paid on behalf of their former employees. Section 2103 of the CARES Act provides for Federal financing so that 50 percent of the reimbursements are returned to the governmental entities and non-profit organizations. The program is effective for weeks of unemployment beginning on or after March 13, 2020 and ending December 31, 2020. P.L. 116-151, Protecting Nonprofits from Catastrophic Cash Flow Strain Act of 2020, allowed for governmental entities and nonprofit organizations to reimburse the State account for 50 percent of benefits instead of reimbursing 100 percent and then waiting for 50 percent to be returned.

3. Transfers without reimbursement

Transfers recognized as budgetary financing sources by DOL include transfers from the DHS H-1B Nonimmigrant Petitioner Account to H-1B Funds in ETA and WHD. There are also transfers between DOL entities, primarily for the administration of the UI Program and additional appropriations for unemployment benefits. (See Note 17)

U. Other Financing Sources

Other financing sources include items that do not represent budgetary resources.

1. Imputed financing from costs absorbed by others

Financing sources are imputed and recognized by DOL to provide for pension and other retirement benefit expenses financed by OPM and cybersecurity expenses financed by DHS. (See Notes 1-P, 1-Q, 1-S.1 and 14)

2. Transfers without reimbursement

Transfers recognized as other financing sources by DOL include the transfers of property from GSA.
(See Note 17)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

V. Custodial Activity

DOL collects and transfers to the General Fund of the U.S. Treasury custodial non-exchange revenues for penalties levied against employers by OSHA, MSHA, WHD, and EBSA for regulatory violations; FECA administrative costs assessed against Federal Government corporations in excess of amounts reserved to finance capital improvements in the FECA Special Benefit Fund; and ETA collections and administrative charges and restitution payments. These collections are not available to the agencies for obligation or expenditure. Penalties and other assessments are recognized as custodial non-exchange revenues when collected or subject to collection. (See Note 20)

W. Significant Assumptions Used in the Statements of Social Insurance (FY 2016 Information is Unaudited) and Statements of Changes in Social Insurance

1. Program Background

The Black Lung Benefits Program provides for compensation, medical, and survivor benefits for eligible coal miners who are totally disabled due to pneumoconiosis (black lung disease) arising out of their coal mine employment and the BLDTF provides benefit payments when no responsible mine operator (RMO) can be assigned the liability or when the liability is adjudicated to the BLDTF, which may occur as a result of, among other things, bankruptcy of the RMO. The OWCP administers the program.

The Federal Coal Mine Health and Safety Act sets black lung benefits at 37.5 percent of the base salary of a Federal employee at level GS-2, Step 1. Black lung disability benefit payments are funded by excise taxes from coal mine operators based on the domestic sale of coal, as are the fund's administrative costs. These taxes are collected by the Internal Revenue Service and transferred to the BLDTF, which was established under the authority of the Black Lung Benefits Revenue Act, and administered by Treasury.

P.L. 110-343, Division B-Energy Improvement and Extension Act of 2008, enacted on October 3, 2008, among other things, restructured the BLDTF debt by refinancing the outstanding high interest rate repayable advances with low interest rate discounted debt instruments similar in form to zero-coupon bonds, plus a one-time appropriation. This Act also allowed that any subsequent debt issued by the BLDTF may be used to make benefit payments, other authorized expenditures, or to repay debt and interest from the initial refinancing. (See Notes 1-J and 8)

2. Significant Assumptions

The significant assumptions used in the projections for the Statements of Social Insurance (SOSI) are the coal excise tax revenue estimates, the tax rate structure, the number of beneficiaries, life expectancy, Federal civilian pay raises, medical cost inflation, and the interest rates used to discount future cash flows. These assumptions affect the amounts reported on the SOSI, summary section, and the Statements of Changes in Social Insurance Amounts (SCSIA). The valuation date is September 30 for each year of information presented in the SOSI, including the summary section, and the SCSIA.

Estimated future excise tax income

The Black Lung coal excise tax rates were \$1.10 per ton of underground-mined coal and \$0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price; these rates continued until December 31, 2018. At that time, the tax rates reverted to \$0.50 per ton of underground-mined coal and \$0.25 per ton of surface-mined coal sold, with a limit of 2.0 percent of sales price and these assumptions were used for the SOSI as of September 30, 2016, 2017, 2018, and 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

W. Significant Assumptions Used in the Statements of Social Insurance (FY 2016 Information is Unaudited) and Statements of Changes in Social Insurance - Continued

2. Significant Assumptions - continued

Estimated future excise tax income - continued

On December 20, 2019, after the SOSI as of September 30, 2019 was published, P.L. 116-94, Further Consolidated Appropriations Act 2020, temporarily increased the excise tax rates to $1.10 per ton of underground-mined coal and $0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price for the period January 1, 2020 through December 31, 2020. In accordance with the laws in effect as of September 30, 2020, the tax rates will revert to $0.50 per ton of underground-mined coal and $0.25 per ton of surface-mined coal sold, with a limit of 2.0 percent of sales price on January 1, 2021 and these assumptions were used for the SOSI as of September 30, 2020.

FY 2016
For FY 2016, DOL estimated future excise tax income using two approaches: one approach was used for the first ten years in the projection period and another approach was used for the remaining years in the projection period. DOL's projections were based on the estimates provided by Treasury's Office of Tax Analysis (OTA) which provided estimates of future excise tax income of the black lung excise tax for the first ten years in the projection period. OTA's estimates are based on projections of future coal production prepared by the Energy Information Administration (EIA) of the U.S. Department of Energy and coal sale prices prepared by OMB. OTA used EIA's projections of future coal production that reflected, among other things, regulation pursuant to the Clean Power Plan (CPP). DOL's approach enhanced alignment with recent experience; projections were based on estimates provided by OTA (by averaging estimates over two years to reflect regulation pursuant to the CPP), DOL's actual excise tax collections, and actual coal production as reported by EIA.

For the remaining years in the projection period, DOL applied a growth rate to the projection for the tenth year and grew the estimates of future excise tax income year-by-year. DOL's approach for selecting the growth rate enhanced consistency of future tax receipts over the projection period. The growth rate was based on the average EIA growth rates for future coal production that reflected, among other things, regulation pursuant to the CPP, adjustments to exclude coal exports and lignite (coal exports and lignite are not subject to black lung excise tax), and inflation.

In February 2016 the U.S. Supreme Court (SCOTUS) stayed implementation of regulation pursuant to the CPP due to litigation pending in the U.S. Court of Appeals (USCA); as of September 30, 2016, the stay remained in effect. DOL did not change its sources or approaches for estimating future excise tax income for the valuation date as of September 30, 2016 because of the SCOTUS stay.

FYs 2017 through 2020
In FY 2017, DOL developed a model for estimating future excise tax income for all years in the projection period. Among other things, the DOL-developed model was based on historical Treasury excise tax collections and EIA projections of future coal production and coal prices. Historical values for EIA coal production and Internal Revenue Service excise tax collections provide the initial coal production and sales price data to which growth rates are applied. The growth rates are derived from EIA projections of coal production (which are adjusted to exclude coal exports, lignite, and inventory) and average coal prices.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

W. Significant Assumptions Used in the Statements of Social Insurance (FY 2016 Information is Unaudited) and Statements of Changes in Social Insurance - Continued

2. Significant Assumptions - continued

Estimated future excise tax income - continued

The growth rates are applied to the initial production and sales price data to project the estimated future excise tax income. Other assumptions include that, in the long term, ratios for surface- and underground-mined coal, taxed on tonnage or sales price, remain consistent.

In order to be consistent with Executive Branch policy on regulations pursuant to the CPP, DOL's estimates of future excise tax income were based on, among other things, EIA projections that do not reflect CPP regulation. On August 8, 2017, the USCA ordered that the CPP litigation be held in abeyance for 60 days and subsequent orders continued the abeyance. As of September 30, 2018, the USCA June 26, 2018 abeyance had expired and the February 2016 SCOTUS stay of CPP regulation remained in effect. During FY 2019, subsequent USCA orders continued the abeyance until September 17, 2019 when the USCA ordered that the CPP litigation be dismissed: the case was rendered moot because effective September 6, 2019, the CPP regulation was repealed and the EPA issued the Affordable Clean Energy (ACE) regulation. As of September 30, 2019, litigation pursuant to the ACE regulation was before the USCA; DOL's estimates of future excise tax income continued to be based on, among other things, EIA projections that do not reflect CPP regulation.

As of September 30, 2020, litigation pursuant to the ACE regulation was still before the USCA; DOL's estimates of future excise tax income are based on, among other things, EIA projections that reflect the ACE regulation, which is the regulation that is consistent with Executive Branch policy.

To estimate the future excise tax income reported on the SOSI as of September 30, 2020, DOL used EIA projections that were published in January 2020. To reflect the effects of events after January 2020, such as, among other things, the COVID-19 pandemic, management used short-term EIA projections published in August for the 2020 and 2021 coal production and exports.

Estimated future administrative costs

For the first ten years in the projection period, estimates for future administrative costs are supplied by DOL's Budget Office, based on current year enacted amounts. For the remaining years in the projection period, estimates for future administrative costs are based on the number of projected beneficiaries.

Actuarial future benefit payments to disabled coal miners and dependent survivors

The beneficiary population data is updated from information supplied by the program. The closed group population consists of those who are already participants as of September 30 (the beginning of the projection period); the open group population consists of participants in the closed group, plus new participants who will join during the projection period. New participants include, among others, estimates for participants for whom the BLDTF has an adjudicated liability as of September 30 (due to, among other things, bankruptcy of the RMO), but had not yet been added to the rolls.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

W. Significant Assumptions Used in the Statements of Social Insurance (FY 2016 Information is Unaudited) and Statements of Changes in Social Insurance - Continued

2. Significant Assumptions - continued

Actuarial future benefit payments to disabled coal miners and dependent survivors - continued

During FY 2016, the number of participants who joined the rolls increased due to, among other things, adjudicated liability as a result of RMO bankruptcy; projections for the number of new participants increased for similar reasons and the BLDTF management determined that the difference between the size of the closed group population and the open group population merited separate reporting for new participants. Effective for FY 2016 reporting and subsequent years, the SOSI presents values for the closed group, new participants, and open group. For FYs 2017 through 2020, projections for the number of new participants also increased.

In FYs 2016 through 2020, a blend of Social Security Administration (SSA) tables and historical program data was used to project the life expectancies of the beneficiary population. OMB supplies assumptions for future monthly benefit rate increases based on increases in the Federal pay scale and future medical cost inflation based on increases in the CPI-M, which are used to calculate future benefit costs.

In FY 2018, refinements to the model for actuarial future benefit payments included creating a separate beneficiary group for dependent children, increasing the assumed age difference between miner and spouse from three years to eight years, and determining separately the average age assumptions for new entrants.

In FY 2019, refinements to the model included updating mortality tables for miners and spouses based on the results of the mortality analysis and decreasing the average age of a miner at death from 75 years to 72 years.

In FY 2020, refinements to the model included, among other things, changing medical inflation rate assumptions in the first five years of the projection period from a varying rate per year to a single baseline rate of 6.2 percent. The FY 2021 baseline medical inflation rate was adjusted to 3.4 percent to reflect revised payment formulas for medical reimbursements.

Adjustments were made to the model for the potential effects of the COVID-19 pandemic due to temporary closure of diagnostic testing centers, the diagnostic medical costs for May through September 2020 were based on monthly averages from prior months instead of actual costs; when projecting new participants from non-bankruptcies, FY 2019 results were used instead of FY 2020 results.

During the current projection period, the future benefit rate (annualized for the fiscal year) increases 1.6 percent in each year and medical cost increases 3.4 percent in FY 2021 and 6.2 percent in each year thereafter.

Other significant assumptions

Estimated future excise tax income and estimated future administrative costs were allocated to the closed group and new participant populations based on the ratio of each population's future benefit payments to the sum of future benefit payments for both populations.

For the SOSI with a valuation date as of September 30, 2016, the projection period had a fixed terminus of September 30, 2040, the date when the BLDTF's last debt instrument matured. A projection period ending at September 30, 2040 illustrated the future long-term condition and sustainability of the fund because it presented the value for open group measure plus fund assets (Funds with U.S. Treasury and receivables from benefit overpayments) available to service the BLDTF debt and interest until the last debt instrument matured.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

W. Significant Assumptions Used in the Statements of Social Insurance (FY 2016 Information is Unaudited) and Statements of Changes in Social Insurance - Continued

2. Significant Assumptions - continued

Other significant assumptions - continued

In FY 2017, DOL revised the projection period from a fixed terminus of September 30, 2040 to a rolling 25-year projection period that begins on the September 30 valuation date each year; using a 25-year projection period enhanced comparability of social insurance information and continues to illustrate the fund's long-term condition and sustainability. The revised projection period became effective for the September 30, 2017 valuation date and continued for FY 2020.

In FYs 2016 through 2020, DOL's approach for selecting the interest rate assumptions used to discount projected annual cash flows enhanced matching between the timing of cash flows and interest rates and increased comparability. The approach discounts projected annual cash flows to present value based on Treasury rates that reflect the average duration of cash flows. The table below presents the average duration in years and discount rates that were used in FYs 2016 through 2020.

Projected Annual Cash Flows	Used for the Closed Group, New Participant, and Open Group Populations	
FY 2020	Average Duration	Discount Rate
Coal excise tax income	12.0 years	0.75%
Administrative costs	11.9 years	0.75%
Income benefit payments	10.9 years	0.75%
Medical benefit payments	12.6 years	0.88%
FY 2019	Average Duration	Discount Rate
Coal excise tax income	11.4 years	1.63%
Administrative costs	11.9 years	1.75%
Income benefit payments	10.8 years	1.63%
Medical benefit payments	12.7 years	1.75%
FY 2018	Average Duration	Discount Rate
Coal excise tax income	11.5 years	3.00%
Administrative costs	11.2 years	2.88%
Income benefit payments	10.6 years	2.88%
Medical benefit payments	12.3 years	3.00%
FY 2017	Average Duration	Discount Rate
Coal excise tax income	11.4 years	2.25%
Administrative costs	11.2 years	2.25%
Income benefit payments	9.8 years	2.13%
Medical benefit payments	11.4 years	2.25%
FY 2016	Average Duration	Discount Rate
Coal excise tax income	10.6 years	1.63%
Administrative costs	11.0 years	1.63%
Income benefit payments	9.8 years	1.63%
Medical benefit payments	10.8 years	1.63%

3. Disclosures for the social insurance financial statements

As presented in the SOSI, the accumulated deficit of all past disbursements over past cash receipts, including interest on investments, is $(5.98) billion, the amount of the trust fund net position deficit at the start of the projection period, September 30, 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

W. Significant Assumptions Used in the Statements of Social Insurance (FY 2016 Information is Unaudited) and Statements of Changes in Social Insurance Amounts - Continued

3. Disclosures for the social insurance financial statements - continued

As presented in the SOSI, the closed group measure is calculated by subtracting the closed group outflows for the:

(a) present value of estimated future administrative costs and

(b) actuarial present value of future benefit payments to disabled coal miners and dependent survivors who are current participants (closed group)

from the closed group inflows for the:

(c) present value of estimated future excise tax income during the projection period.

As presented in the SCSIA, as a result of changes in the assumptions above, in FYs 2020 and 2019, the open group measure decreased by $(457.4) million and $(482.8) million, respectively, primarily due to changes in assumptions about coal excise tax revenues and interest rates.

The projection period illustrates the future long-term condition and sustainability of the fund because it presents the value for open group measure plus fund assets (Funds with U.S. Treasury plus receivables from benefit overpayments) available to service the fund's debt and interest. As of September 30, 2020, the open group measure plus fund assets is $(1.54) billion whereas the BLDTF debt and interest maturing on September 30, 2021 is $2.43 billion and the carrying value of all BDLTF debt as of September 30, 2020 is $6.4 billion.

Subsequent Events. As of November 16, 2020, management has determined that there are no subsequent events requiring disclosure for the social insurance financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

X. Tax Exempt Status

As an agency of the Federal Government, the Department is exempt from all taxes imposed by any governing body whether it is a Federal, state, commonwealth, local, or foreign government.

Y. Application of Critical Accounting Estimates

The financial statements are based on the selection of accounting policies and the application of significant accounting estimates, some of which require management to make significant assumptions.

Estimates and assumptions affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and assumptions also affect the amounts reported on the SOSI and the SCSIA. Further, the estimates are based on current conditions that may change in the future. Actual results could differ materially from the estimated amounts. The financial statements include information to assist in understanding the effect of changes in assumptions to the related information.

Z. Other Required Note

Treasury prepares the FY 2020 Financial Report of the U.S. Government (FRUSG) in accordance with OMB Circular No. A-136 and Treasury regulation, which require that, among other things, the FRUSG report the U.S. Government's Balance Sheet, Statement of Net Cost, and Statement of Operations and Changes in Net Position.

To support Treasury's preparation of the FY 2020 FRUSG, OMB Circular No. A-136 requires that DOL disclose in a separate note the financial statement line descriptions and amounts from DOL's
– Consolidated Balance Sheet as of September 30, 2020,
– Consolidated Statement of Net Cost for the year ended September 30, 2020, and
– Consolidated Statement of Changes in Net Position for the year ended September 30, 2020
as reclassified financial statement line descriptions and amounts that Treasury will use in the FRUSG compilation process for the governmentwide
– Balance Sheet as of September 30, 2020,
– Statement of Net Cost for the year ended September 30, 2020, and
– Statement of Operations and Changes in Net Position for the year ended September 30, 2020, respectively. Consistent with the requirements of OMB Circular No. A-136, a one-year presentation is disclosed in Note 24.

AA. Other Conforming Changes

In accordance with the requirements of OMB Circular A-136, in FY 2020 DOL made other conforming changes to disclosures as described below.

Note 5, General Property, Plant and Equipment, Net, provides an additional disclosure for the change in the FY 2020 beginning and ending balances to support Treasury's FRUSG compilation process. Consistent with the Circular's requirements, a one-year presentation is disclosed.

Note 16, Non-exchange Revenue, discloses FY 2020 State unemployment taxes disaggregated by fiscal year to support Treasury's FY 2020 FRUSG compilation process.

Note 19, Budget and Accrual Reconciliation (BAR), reflects a revised form and presentation based on, among other things, management's use of guides prepared by the Treasury's USSGL BAR working group and other changes to enhance comparisons to the SBR.

Note 20, Custodial Revenues, presents disaggregated information according to fiscal year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

AA. Other Conforming Changes - Continued

Note 22, Fiduciary Activity, reports lines for "Funds with U.S. Treasury" and "Investments in Treasury Securities" in the schedules of fiduciary activity and net assets in conformance with the Circular's illustration; DOL previously reported the lines as "Cash" and "Investments."

Note 24, Reclassifications of DOL's Consolidated Balance Sheet as of September 30, 2020 and Consolidated Statements of Net Cost and Changes in Net Position for the Year Ended September 30, 2020 Prepared for Use in Treasury's FRUSG Compilation Process, in making the reclassifications, presents disaggregated information for:
– combined funds from dedicated collections,
– eliminations from funds from dedicated collections,
– all other amounts (with eliminations), and
– eliminations between funds from dedicated collections and all other amounts.
Consistent with the Circular's requirements, a one-year presentation is disclosed.

Note 25, COVID-19 Activity, provides narrative and tabular disclosures for, among other things, the EUISA Act of 2020, the CARES Act, unemployment programs, funding, and financial position and net results of operations and changes in net position as of and for the year ended September 30, 2020.

NOTE 2 - FUNDS WITH U.S. TREASURY

Funds with U.S. Treasury as of September 30, 2020, consisted of the following:

(Dollars in thousands)	Revolving Funds	Trust Funds	Special Funds	General Funds	Other	Total
Unobligated Balance Available	$ 27,344	$ 145	$ 147,488	$ 4,007,188	$ -	$ 4,182,165
Unobligated Balance Unavailable	27,793	-	159,000	1,131,298	-	1,318,091
Obligated Balance Not Yet Disbursed	115,011	14,454	400,320	13,294,306	-	13,824,091
Non-Budgetary Fund Balance with Treasury	-	70,432	26	-	3,686	74,144
Total Entity Assets	170,148	85,031	706,834	18,432,792	3,686	19,398,491
Non-entity Assets	-	(173)	-	-	697	524
Fund Balance with Treasury	$ 170,148	$ 84,858	$ 706,834	$ 18,432,792	$ 4,383	$ 19,399,015

Funds with U.S. Treasury as of September 30, 2019, consisted of the following:

(Dollars in thousands)	Revolving Funds	Trust Funds	Special Funds	General Funds	Other	Total
Unobligated Balance Available	$ 42,909	$ 145	$ 289,476	$ 3,607,672	$ -	$ 3,940,202
Unobligated Balance Unavailable	9,145	-	69,148	811,386	-	889,679
Obligated Balance Not Yet Disbursed	123,755	13,224	443,090	7,539,510	-	8,119,579
Non-Budgetary Fund Balance with Treasury	-	516,317	20	-	3,330	519,667
Total Entity Assets	175,809	529,686	801,734	11,958,568	3,330	13,469,127
Non-entity Assets	-	(144)	-	-	697	553
Fund Balance with Treasury	$ 175,809	$ 529,542	$ 801,734	$ 11,958,568	$ 4,027	$ 13,469,680

Obligated and unobligated balances differ from the amounts reported on the Combined Statements of Budgetary Resources because budgetary balances are supported by amounts other than Fund Balance with Treasury, such as investments. Non-Budgetary Fund Balance with Treasury consists of amounts included in Fund Balance with Treasury but excluded from the Department's budgetary resources, such as sequestered budget authority.

The negative fund balance reported as of September 30, 2020 and 2019, relates to the UTF and is the result of the timing of processing the investments and redemptions of UTF. The investments and redemptions relating to the last business day of the month are not processed until the first day of the next month. This results in a negative cash position for the preceding business day when the disbursements are greater than the receipts to the fund.

Annual and multi-year budget authority expires at the end of its period of availability. During the first through the fifth expired years, the unobligated balance is unavailable and may be used to adjust obligations and disbursements that were recorded before the budgetary authority expired or to meet a legitimate or bona fide need arising in the fiscal year for which the appropriation was made. The unobligated balance for no-year budget authority may be used to incur obligations indefinitely for the purpose specified by the appropriation act. No-year budget authority unobligated balances, except those specifically exempt, are subject to the annual apportionment and allotment process.

Unobligated Balance Available as of September 30, 2020 and 2019, includes $796.3 million and $483.1 million, respectively, of funds apportioned for use in the subsequent period.

NOTE 3 - INVESTMENTS

Investments as of September 30, 2020, consisted of the following:

(Dollars in thousands)	Face Value	Premium (Discount)	Interest Receivable	Net Value	Market Value
Unemployment Trust Fund					
Non-marketable					
Special Issue U.S. Treasury Bonds					
2.500% maturing June 30, 2021	$ 42,412,521	$ -	$ 265,078	$ 42,677,599	$ 42,412,521
Special Issue Certificate of Indebtedness					
1.875% maturing June 30, 2021	8,102,006	-	28,754	8,130,760	8,102,006
	$ 50,514,527	$ -	$ 293,832	$ 50,808,359	$ 50,514,527
Panama Canal Commission Compensation Fund					
Marketable					
U.S. Treasury Notes					
2.625% maturing November 15, 2020	21,996	26	217	22,239	21,996
	$ 50,536,523	$ 26	$ 294,049	$ 50,830,598	$ 50,536,523
Entity investments	$ 50,526,479	$ 26	$ 293,991	$ 50,820,496	$ 50,526,479
Non-entity investments	10,044	-	58	10,102	10,044
	$ 50,536,523	$ 26	$ 294,049	$ 50,830,598	$ 50,536,523

NOTE 3 - INVESTMENTS - Continued

Investments as of September 30, 2019, consisted of the following:

(Dollars in thousands)	Face Value	Premium (Discount)	Interest Receivable	Net Value	Market Value
Unemployment Trust Fund					
Non-marketable					
Special Issue U.S. Treasury Bonds					
2.375% maturing June 30, 2020	$ 34,115,622	$ -	$ 202,562	$ 34,318,184	$ 34,115,622
2.500% maturing June 30, 2021	42,412,520	-	265,078	42,677,598	42,412,520
Special Issue Certificate of Indebtedness					
2.500% maturing June 30, 2020	7,833,239	-	31,620	7,864,859	7,833,239
	$ 84,361,381	$ -	$ 499,260	$ 84,860,641	$ 84,361,381
Panama Canal Commission Compensation Fund					
Marketable					
U.S. Treasury Notes					
3.375% maturing November 15, 2019	25,407	20	321	25,748	25,407
Energy Employees Occupational Illness Compensation Fund					
Non-marketable					
One-day U.S. Treasury Certificate					
1.900% maturing October 1, 2019	282,230	-	-	282,230	282,230
	$ 84,669,018	$ 20	$ 499,581	$ 85,168,619	$ 84,669,018
Entity investments	$ 84,549,181	$ 20	$ 498,872	$ 85,048,073	$ 84,549,181
Non-entity investments	119,837	-	709	120,546	119,837
	$ 84,669,018	$ 20	$ 499,581	$ 85,168,619	$ 84,669,018

NOTE 4 - ACCOUNTS RECEIVABLE, NET OF ALLOWANCE

Accounts receivable, net as of September 30, 2020, consisted of the following:

(Dollars in thousands)	Gross Receivables	Allowance	Net Receivables
Entity intra-governmental assets			
Due for UCFE and UCX benefits	$ 258,732	$ -	$ 258,732
Due for workers' compensation benefits	4,677,685	-	4,677,685
Other	164,872	-	164,872
	5,101,289	-	5,101,289
Entity assets			
State unemployment taxes	1,595,254	(1,189,157)	406,097
Due from reimbursable employers	531,666	(43,026)	488,640
Benefit overpayments	2,707,897	(1,985,693)	722,204
Other	10,805	(1,681)	9,124
	4,845,622	(3,219,557)	1,626,065
Non-entity assets			
Fines and penalties	283,812	(48,676)	235,136
Total accounts receivable with public	5,129,434	(3,268,233)	1,861,201
	$ 10,230,723	$ (3,268,233)	$ 6,962,490

Accounts receivable, net as of September 30, 2019, consisted of the following:

(Dollars in thousands)	Gross Receivables	Allowance	Net Receivables
Entity intra-governmental assets			
Due for UCFE and UCX benefits	$ 91,215	$ -	$ 91,215
Due for workers' compensation benefits	4,900,051	-	4,900,051
Other	16,678	-	16,678
	5,007,944	-	5,007,944
Entity assets			
State unemployment taxes	1,655,766	(1,160,825)	494,941
Due from reimbursable employers	472,751	(18,573)	454,178
Benefit overpayments	2,009,184	(1,614,704)	394,480
Other	4,905	(1,681)	3,224
	4,142,606	(2,795,783)	1,346,823
Non-entity assets			
Fines and penalties	230,177	(45,112)	185,065
Total accounts receivable with public	4,372,783	(2,840,895)	1,531,888
	$ 9,380,727	$ (2,840,895)	$ 6,539,832

As of September 30, 2020, accounts receivable includes $4.4 million relating to criminal restitution orders monitored by the Department of which $2.6 million is the estimate of net realizable value determined to be collectible. As of September 30, 2019, accounts receivable includes $3.0 million relating to criminal restitution orders monitored by the Department of which $2.8 million is the estimate of net realizable value determined to be collectible.

As of September 30, 2020 and 2019, intra-government balances due for workers' compensation benefits includes $1.32 billion, and $1.35 billion in receivables, respectively, due from the U.S Postal Service (USPS). Subsequently, USPS paid all outstanding balances that were billed; the balances billed in August 2020 and 2019 were fully collected in October 2020 and 2019, respectively. In general, OWCP considers all intra-governmental receivables to be fully collectible. Specific statutory provisions require agencies to reimburse the FECA Special Benefit Fund.

NOTE 5 - GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

General property, plant and equipment, net as of September 30, 2020, consisted of the following:

(Dollars in thousands)	2020 Cost	2020 Accumulated Depreciation/ Amortization	2020 Net Book Value
Structures, facilities and improvements			
Structures and facilities	$ 1,627,175	$ (878,285)	$ 748,890
Improvements to leased facilities	390,590	(331,328)	59,262
	2,017,765	(1,209,613)	808,152
Furniture and equipment			
Equipment held by contractors	59,254	(59,254)	-
Furniture and equipment	52,398	(41,589)	10,809
	111,652	(100,843)	10,809
Internal use software and software development	335,375	(219,591)	115,784
Construction-in-progress	71,193	-	71,193
Land	99,515	-	99,515
	$ 2,635,500	$ (1,530,047)	$ 1,105,453

(Dollars in thousands)	PP&E, Net
Beginning balance, as of October 1, 2019	$ 1,131,847
Capitalized acquisitions	47,187
Dispositions	(4,557)
Revaluations	(2,462)
Depreciation Expense	(66,562)
Ending balance, as of September 30, 2020	$ 1,105,453

General property, plant and equipment, net as of September 30, 2019, consisted of the following:

(Dollars in thousands)	2019 Cost	2019 Accumulated Depreciation/ Amortization	2019 Net Book Value
Structures, facilities and improvements			
Structures and facilities	$ 1,629,053	$ (844,115)	$ 784,938
Improvements to leased facilities	394,125	(328,467)	65,658
	2,023,178	(1,172,582)	850,596
Furniture and equipment			
Equipment held by contractors	78,629	(78,629)	-
Furniture and equipment	60,090	(47,206)	12,884
	138,719	(125,835)	12,884
Internal use software and software in development	312,835	(203,407)	109,428
Construction-in-progress	59,423	-	59,423
Land	99,516	-	99,516
	$ 2,633,671	$ (1,501,824)	$ 1,131,847

NOTE 6 - ADVANCES

Advances as of September 30, 2020 and 2019, consisted of the following:

(Dollars in thousands)	2020	2019
Intra-governmental		
Advances	$ 3,414	$ 4,945
Advances to states for UI benefit payments	8,206,630	1,225,625
Other	4,591	4,278
	8,211,221	1,229,903
	$ 8,214,635	$ 1,234,848

NOTE 7 - NON-ENTITY ASSETS

Non-entity assets as of September 30, 2020 and 2019, consisted of the following:

(Dollars in thousands)	2020	2019
Intra-governmental		
Funds with U.S. Treasury	$ 524	$ 553
Investments	10,102	120,546
	10,626	121,099
Accounts receivable, net of allowance	235,136	185,065
Total non-entity assets	245,762	306,164
Total entity assets	86,266,429	107,238,662
	$ 86,512,191	$ 107,544,826

NOTE 8 - DEBT

Debt during the year ended September 30, 2020, consisted of the following:

(Dollars in thousands)	Balance at September 30, 2019	Additional Borrowing	Repayment of Debt	Interest Change	Balance at September 30, 2020
Intra-governmental debt to Treasury					
Unemployment Trust Fund					
Advances from U.S. Treasury	$ -	$ 38,600,000	$ (2,600,000)	$ 12,056	$ 36,012,056
Black Lung Disability Trust Fund					
Borrowing from U.S. Treasury	5,958,219	2,322,600	(1,988,895)	104,252	6,396,176
	$ 5,958,219	$ 40,922,600	$ (4,588,895)	$ 116,308	$ 42,408,232

Debt during the year ended September 30, 2019, consisted of the following:

(Dollars in thousands)	Balance at September 30, 2018	Additional Borrowing	Repayment of Debt	Interest Change	Balance at September 30, 2019
Intra-governmental debt to Treasury					
Unemployment Trust Fund					
Advances from U.S. Treasury	$ 2,682	$ -	$ -	$ (2,682)	$ -
Black Lung Disability Trust Fund					
Borrowing from U.S. Treasury	5,990,532	1,870,000	(2,017,606)	115,293	5,958,219
	$ 5,993,214	$ 1,870,000	$ (2,017,606)	$ 112,611	$ 5,958,219

NOTE 8 - DEBT - Continued

For the year ended September 30, 2020, interest expense for the UTF was $204.3 million, of which $192.2 million was paid along with $12.1 million in accrued interest through September 30, 2020. For the year ended September 30, 2019, the interest for the UTF consisted of an interest payment of $2.7 million for interest accrued through September 30, 2018.

For the year ended September 30, 2020, interest expense for the BLDTF was $213.7 million; of which of $109.4 million was paid along with $103.0 million in capitalized interest and $1.3 million in accrued interest through September 30, 2020. For the year ended September 30, 2019, interest expense for the BLDTF was $228.7 million; of which $115.3 million was capitalized interest and $113.4 million was total interest paid.

NOTE 9 - OTHER LIABILITIES

Other liabilities as of September 30, 2020 and 2019, consisted of the following:

(Dollars in thousands)	2020	2019
Intra-governmental		
Non-entity receivables due to U.S. Treasury	$ 235,136	$ 185,065
Amounts held for the Railroad Retirement Board	9,929	120,402
Accrued payroll and other liabilities	30,921	21,944
Total intra-governmental	275,986	327,411
Grant accruals	798,860	627,666
Capital lease liability	29,637	31,608
Environmental and disposal liability	35,742	35,321
Accrued payroll and other liabilities	112,024	98,491
Total other liabilities with the public	976,263	793,086
	$ 1,252,249	$ 1,120,497

The amounts above are current liabilities, except for the capital lease and environmental and disposal liabilities.

NOTE 10 - ACCRUED BENEFITS

Accrued benefits as of September 30, 2020 and 2019, consisted of the following:

(Dollars in thousands)	2020	2019
State regular and extended unemployment benefits payable	$ 4,172,648	$ 541,523
Federal regular and extended unemployment benefits payable*	1,042,791	83,624
Federal emergency unemployment benefits payable	740,409	173,933
Federal pandemic emergency unemployment benefits payable*	458,052	-
Federal pandemic unemployment assistance benefits payable*	5,767,992	-
Federal employees' unemployment benefits payable	133,812	68,303
Federal pandemic unemployment benefits payable*	4,166,512	-
Federal additional unemployment benefits payable	26,490	24,786
Total unemployment benefits payable	16,508,706	892,169
Black lung disability benefits payable	17,734	18,435
Federal employees' disability and 10(h) benefits payable	216,957	209,575
Energy employees occupational illness compensation benefits payable	27,132	24,217
	$ 16,770,529	$ 1,144,396

(*) Reported in Note 25 as accrued benefits as of September 30, 2020.

NOTE 11 - FUTURE WORKERS' COMPENSATION BENEFITS

DOL's liability for future workers' compensation benefits as of September 30, 2020 and 2019, consisted of the following:

(Dollars in thousands)	2020	2019
Projected gross liability of the Federal government for future FECA benefits	$ 35,840,589	$ 37,424,818
Less liabilities attributed to other agencies:		
U.S. Postal Service	(15,744,758)	(16,370,282)
Department of Homeland Security	(2,494,936)	(3,094,706)
Department of Veterans Affairs	(2,463,981)	(2,387,422)
Department of the Navy	(1,916,558)	(2,101,745)
Department of the Army	(1,593,860)	(1,724,790)
Department of Justice	(1,653,281)	(1,811,347)
Department of the Air Force	(1,184,394)	(1,249,038)
Department of Agriculture	(678,903)	(782,566)
Department of Transportation	(789,774)	(854,159)
Department of Defense, Other	(642,813)	(711,315)
Department of the Interior	(575,024)	(682,867)
Department of the Treasury	(572,757)	(566,995)
Tennessee Valley Authority	(343,840)	(330,004)
Social Security Administration	(280,438)	(299,725)
Department of Health and Human Services	(283,394)	(276,458)
Department of Commerce	(146,325)	(168,014)
General Services Administration	(123,746)	(115,732)
Department of Energy	(99,497)	(96,849)
Department of State	(97,657)	(90,958)
Department of Housing and Urban Development	(65,796)	(60,515)
Environmental Protection Agency	(50,451)	(42,044)
National Aeronautics and Space Administration	(29,747)	(38,711)
Small Business Administration	(30,576)	(28,794)
Office of Personnel Management	(7,118)	(22,575)
Agency for International Development	(27,586)	(21,807)
Department of Education	(13,422)	(11,148)
Nuclear Regulatory Commission	(4,573)	(4,607)
National Science Foundation	(1,219)	(1,389)
Other	(621,288)	(625,477)
	(32,537,712)	(34,572,039)
	$ 3,302,877	$ 2,852,779
Projected liability of the Department of Labor for future FECA benefits		
FECA benefits not chargeable to other Federal agencies payable by DOL's Federal Employees' Compensation Act Special Benefit Fund	$ 3,084,636	$ 2,589,317
FECA benefits due to eligible workers of DOL and Job Corps enrollees	172,132	230,312
FECA benefits due to eligible workers of the Panama Canal Commission	46,109	33,150
	$ 3,302,877	$ 2,852,779

NOTE 12 - LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources as of September 30, 2020 and 2019, consisted of the following:

(Dollars in thousands)	2020	2019
Intra-governmental		
Debt	$ 42,406,929	$ 5,958,219
Future workers' compensation benefits	1,668,360	1,280,610
Accrued annual leave	143,793	121,201
Other liabilities	62,632	64,260
	1,874,785	1,466,071
Total liabilities not covered by budgetary resources	44,281,714	7,424,290
Total liabilities not requiring budgetary resources	239,937	189,510
Total liabilities covered by budgetary resources	57,290,683	30,679,687
	$101,812,334	$ 38,293,487

NOTE 13 - CONTINGENCIES

The Department is involved in various lawsuits incidental to its operations. In the opinion of management, the ultimate resolution of pending litigation will not have a material effect on the Department's financial position.

NOTE 14 - PENSION EXPENSE

Pension expense for the year ended September 30, 2020, consisted of the following:

(Dollars in thousands)	Employer Contributions	Costs Imputed by OPM	Total Pension Expense
Civil Service Retirement System	$ 3,828	$ 11,820	$ 15,648
Federal Employees' Retirement System	231,105	(3,813)	227,292
Thrift Savings Plan	63,959	-	63,959
	$ 298,892	$ 8,007	$ 306,899

Pension expense for the year ended September 30, 2019, consisted of the following:

(Dollars in thousands)	Employer Contributions	Costs Imputed by OPM	Total Pension Expense
Civil Service Retirement System	$ 3,970	$ 14,298	$ 18,268
Federal Employees' Retirement System	194,370	30,907	225,277
Thrift Savings Plan	61,351	-	61,351
	$ 259,691	$ 45,205	$ 304,896

NOTE 15 - NET COST OF OPERATIONS

Note 15 A and B present detailed cost and revenue information by program and program agency (responsibility segment) in support of the summary information presented in the Consolidated Statements of Net Cost for the years ended September 30, 2020 and 2019, respectively. Note 15 C presents a further breakdown of this cost and revenue information for DOL's two largest program agencies, ETA and the OWCP. (See Note 1-A.1 and 1-S)

NOTE 15 - NET COST OF OPERATIONS - Continued

A. Consolidating Statements of Net Cost by Program Agency

Net cost of operations by program agency for the year ended September 30, 2020, consisted of the following:

(Dollars in thousands)	Employment and Training Administration	Office of Workers' Compensation Programs	Office of Job Corps	Occupational Safety and Health Administration
CROSSCUTTING PROGRAMS				
Income maintenance				
Gross cost	$ 483,994,345	$ 16,689,480	$ -	$ -
Less earned revenue	(557,020)	(2,586,466)	-	-
Net program cost	483,437,325	14,103,014	-	-
Employment and training				
Gross cost	4,219,841	-	1,646,618	-
Less earned revenue	(1,463)	-	-	-
Net program cost	4,218,378	-	1,646,618	-
Labor, employment and pension standards				
Gross cost	-	-	-	-
Less earned revenue	-	-	-	-
Net program cost	-	-	-	-
Worker safety and health				
Gross cost	-	-	-	614,700
Less earned revenue	-	-	-	(1,968)
Net program cost	-	-	-	612,732
OTHER PROGRAMS				
Statistics				
Gross cost	-	-	-	-
Less earned revenue	-	-	-	-
Net program cost	-	-	-	-
COSTS NOT ASSIGNED TO PROGRAMS				
Gross cost	-	-	-	-
Less earned revenue not attributed to programs	-	-	-	-
Net cost not assigned to programs	-	-	-	-
Net cost of operations	$ 487,655,703	$ 14,103,014	$ 1,646,618	$ 612,732

	Bureau of Labor Statistics	Mine Safety and Health Administration	Employee Benefits Security Administration	Veterans' Employment and Training	Wage and Hour Division	Other Program Agencies	Total
	$ -	$ -	$ -	$ -	$ -	$ 1,175	$ 500,685,000
	-	-	-	-	-	-	(3,143,486)
	-	-	-	-	-	1,175	497,541,514
			-				
	-	-	-	271,019	-	2,542	6,140,020
	-	-	-	(108)	-	-	(1,571)
	-	-	-	270,911	-	2,542	6,138,449
	-	334	220,228	11,205	313,838	320,988	866,593
	-	-	(7,096)	-	(1,568)	(3)	(8,667)
	-	334	213,132	11,205	312,270	320,985	857,926
	-	373,671	-	-	-	416	988,787
	-	(1,648)	-	-	-	-	(3,616)
	-	372,023	-	-	-	416	985,171
	685,807	-	-	-	-	186	685,993
	(31,793)	-	-	-	-	-	(31,793)
	654,014	-	-	-	-	186	654,200
	-	-	-	-	-	52,615	52,615
	-	-	-	-	-	(58,775)	(58,775)
	-	-	-	-	-	(6,160)	(6,160)
	$ 654,014	$ 372,357	$ 213,132	$ 282,116	$ 312,270	$ 319,144	$ 506,171,100

NOTE 15 - NET COST OF OPERATIONS - Continued

B. Consolidating Statements of Net Cost by Program Agency

Net cost of operations by program agency for the year ended September 30, 2019, consisted of the following:

(Dollars in thousands)	Employment and Training Administration	Office of Workers' Compensation Programs	Office of Job Corps	Occupational Safety and Health Administration
CROSSCUTTING PROGRAMS				
Income maintenance				
Gross cost	$ 31,015,164	$ 8,208,706	$ -	$ -
Less earned revenue	(367,295)	(2,752,599)	-	-
Net program cost	30,647,869	5,456,107	-	-
Employment and training				
Gross cost	4,328,999	-	1,630,393	-
Less earned revenue	(2,790)	-	-	-
Net program cost	4,326,209	-	1,630,393	-
Labor, employment and pension standards				
Gross cost	-	-	-	-
Less earned revenue	-	-	-	-
Net program cost	-	-	-	-
Worker safety and health				
Gross cost	-	-	-	604,321
Less earned revenue	-	-	-	(2,071)
Net program cost	-	-	-	602,250
OTHER PROGRAMS				
Statistics				
Gross cost	-	-	-	-
Less earned revenue	-	-	-	-
Net program cost	-	-	-	-
COSTS NOT ASSIGNED TO PROGRAMS				
Gross cost	-	-	-	-
Less earned revenue not attributed to programs	-	-	-	-
Net cost not assigned to programs	-	-	-	-
Net cost of operations	$ 34,974,078	$ 5,456,107	$ 1,630,393	$ 602,250

Bureau of Labor Statistics	Mine Safety and Health Administration	Employee Benefits Security Administration	Veterans' Employment and Training	Wage and Hour Division	Other Program Agencies	Total
$ -	$ -	$ -	$ -	$ -	$ 1,195	$ 39,225,065
-	-	-	-	-	-	(3,119,894)
-	-	-	-	-	1,195	36,105,171
-	-	-	284,177	-	2,441	6,246,010
-	-	-	(75)	-	-	(2,865)
-	-	-	284,102	-	2,441	6,243,145
-	312	215,088	11,805	319,328	312,827	859,360
-	-	(6,948)	-	(2,804)	(3)	(9,755)
-	312	208,140	11,805	316,524	312,824	849,605
-	402,143	-	-	-	402	1,006,866
-	(1,901)	-	-	-	-	(3,972)
-	400,242	-	-	-	402	1,002,894
677,675	-	-	-	-	178	677,853
(32,287)	-	-	-	-	-	(32,287)
645,388	-	-	-	-	178	645,566
-	-	-	-	-	60,818	60,818
-	-	-	-	-	(28,350)	(28,350)
-	-	-	-	-	32,468	32,468
$ 645,388	$ 400,554	$ 208,140	$ 295,907	$ 316,524	$ 349,508	$ 44,878,849

NOTE 15 - NET COST OF OPERATIONS - Continued

C. Statements of Net Cost - Employment and Training Administration and Office of Workers' Compensation Programs

Net cost of operations for the year ended September 30, 2020, consisted of the following:

(Dollars in thousands)	Employment and Training Administration	Office of Workers' Compensation Programs
CROSSCUTTING PROGRAMS		
Income maintenance		
Benefits	$ 477,266,339	$ 16,050,896
Grants	4,443,220	-
Interest	208,928	213,698
Administrative and other	2,075,858	424,886
Gross cost	483,994,345	16,689,480
Less earned revenue	(557,020)	(2,586,466)
Net program cost	483,437,325	14,103,014
Employment and training		
Grants	3,808,326	-
Interest	1	-
Administrative and other	411,514	-
Gross cost	4,219,841	-
Less earned revenue	(1,463)	-
Net program cost	4,218,378	-
Net cost of operations	$ 487,655,703	$ 14,103,014

Net cost of operations for the year ended September 30, 2019, consisted of the following:

(Dollars in thousands)	Employment and Training Administration	Office of Workers' Compensation Programs
CROSSCUTTING PROGRAMS		
Income maintenance		
Benefits	$ 26,627,795	$ 7,534,314
Grants	3,530,047	-
Interest	4,932	228,657
Administrative and other	852,390	445,735
Gross cost	31,015,164	8,208,706
Less earned revenue	(367,295)	(2,752,599)
Net program cost	30,647,869	5,456,107
Employment and training		
Grants	3,923,446	-
Administrative and other	405,553	-
Gross cost	4,328,999	-
Less earned revenue	(2,790)	-
Net program cost	4,326,209	-
Net cost of operations	$ 34,974,078	$ 5,456,107

NOTE 16 - NON-EXCHANGE REVENUE

Non-exchange revenues reported on the Consolidated Statements of Changes in Net Position for the year ended September 30, 2020 consisted of the following:

(Dollars in thousands)	2020	2019
Employer taxes		
Unemployment Trust Fund		
State unemployment taxes	$ 34,511,989	$ 33,220,362
Federal unemployment taxes	6,155,862	6,175,872
	40,667,851	39,396,234
Black Lung Disability Trust Fund excise taxes	301,447	216,648
	40,969,298	39,612,882
Interest		
Unemployment Trust Fund	1,892,629	1,844,508
Other	2,849	2,626
	1,895,478	1,847,134
Reimbursement of unemployment benefits and other	2,128,705	1,606,247
	$ 44,993,481	$ 43,066,263

The 2020 balance of $34,511,989 in State unemployment taxes is disaggregated by $30,130,181 and $4,381,808 earned for the current fiscal year and the prior fiscal year, respectively.

NOTE 17 - TRANSFERS WITHOUT REIMBURSEMENT

Transfers from other Federal agencies for the years ended September 30, 2020 and 2019, consisted of the following:

(Dollars in thousands)	2020	2019
Budgetary financing sources		
From H-1B Nonimmigrant Petitioner Account, Department of Homeland Security and other	$ 103,069	$ 268,466
Other financing sources		
From USDA Parent/Child and other	(20)	(83)
From ETA assets transferred to USDA due to a OJC center closure	(2,982)	-
	(3,002)	(83)
	$ 100,067	$ 268,383

The balance of $103.1 million and $268.5 million in budgetary financing sources for FY 2020 and FY 2019, reflects the elimination of intra-DOL transfers of $(78.3) billion and $(3.4) billion, respectively.

NOTE 18 - STATUS OF BUDGETARY RESOURCES

A. Net Adjustment to Unobligated Balance, Brought Forward, October 1

For the year ended September 30, 2020, certain adjustments were made to the balance of unobligated budgetary resources available as of October 1, 2019. These adjustments include, among other things, downward adjustments to undelivered and delivered orders that were obligated in a prior fiscal year and anticipated recoveries of prior year obligations. The adjustments for the years ended September 30, 2020 and 2019, are presented below.

(Dollars in thousands)	2020	2019
Unobligated balance, brought forward from prior year	$ 4,855,307	$ 4,382,672
Adjustments to budgetary resources made during current year		
Downward adjustments of prior year undelivered orders	458,800	474,799
Downward adjustments of prior year delivered orders	17,563	15,625
Other Adjustments	(221,614)	(277,408)
	254,749	213,016
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	$ 5,110,056	$ 4,595,688

B. Permanent Indefinite Appropriations

DOL's permanent indefinite appropriations include trust funds, the Federal Pandemic Unemployment Compensation Fund (also known as the Federal Additional Unemployment Compensation Fund), the Panama Canal Commission Compensation Fund, the Energy Employees Occupational Illness Compensation Fund, ETA and WHD H-1B funds, ETA's Advances and Payments to the UTF, Short-Time Compensation, and portions of State Unemployment Insurance and Employment Service Operations and Federal Unemployment Benefits and Allowances. These funds are described in Note 1-A.3. As of September 30, 2020 and 2019, the Department returned unobligated, indefinite authority to Treasury in the amount of $61.9 billion and $264.3 million, respectively.

C. Legal Arrangements Affecting Use of Unobligated Balances

Pursuant to public law, the portion of UTF receipts collected in the current year in excess of amounts needed to pay benefits and other valid obligations is classified as temporarily not available at September 30. Therefore, these excess receipts are reported as a reduction to Appropriations and Unobligated Balances – Exempt from Apportionment in the Combined Statements of Budgetary Resources. Conversely, when obligations exceed receipts in the current year, amounts are drawn from the temporarily unavailable collections to increase current year Appropriations and Unobligated Balances – Exempt from Apportionment on the Combined Statements of Budgetary Resources to cover these obligations. All excess receipts are reported as assets of the UTF and are included in the Consolidated Balance Sheets.

The cumulative amount of excess UTF receipts are denoted as unavailable collections in the Budget of the United States Government. The cumulative amount of these excess receipts as of September 30, 2020 and 2019, reclassified from unobligated balances to UTF unavailable collections is presented on the following page.

NOTE 18 - STATUS OF BUDGETARY RESOURCES - Continued

C. Legal Arrangements Affecting Use of Unobligated Balances - Continued

(Dollars in millions)	2020	2019
Unemployment Trust Fund unavailable collections, beginning	$ 82,398	$ 70,377
Budget authority from current year appropriations	129,862	42,932
Budget authority from current year borrowing authority	36,000	-
Less: obligations	(214,248)	(30,911)
Excess (deficit) of budget authority over obligations	(48,386)	12,021
Unemployment Trust Fund unavailable collections, ending	$ 34,012	$ 82,398

D. Explanation of Differences between the Combined Statement of Budgetary Resources and the Budget of the United States Government for FY 2019

The Budget of the United States Government with actual amounts for the year ended September 30, 2020, has not been published as of the issue date of these financial statements. This document will be available in February 2021 at OMB's website.

A reconciliation of budgetary resources, new obligations and upward adjustments, distributed offsetting receipts, and net outlays, as presented in the Combined Statement of Budgetary Resources for FY 2019, to amounts included in the Budget of the United States Government for the year ended September 30, 2019, is shown below.

(Dollars in millions)	Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$ 54,285	$ 49,430	$ 397	$ 41,729
Pension Benefit Guaranty Corporation reported separately	42,784	6,510	-	(5,628)
Fiduciary activity	167	106	-	106
Expired accounts	(828)	(18)	-	-
Other	2	(4)	-	(6)
Budget of the United States Government	$ 96,410	$ 56,024	$ 397	$ 36,201

E. Undelivered Orders

Undelivered orders as of September 30, 2020 and 2019, consisted of the following:

(Dollars in thousands)	2020	2019
Intra-governmental		
Undelivered orders (paid)	$ 171,104	$ 176,336
Undelivered orders (unpaid)	214,206	163,729
Total Intra-governmental	385,310	340,065
With the Public		
Undelivered orders (paid)	8,211,222	1,229,908
Undelivered orders (unpaid)	11,772,250	8,312,060
Total with public	19,983,472	9,541,968
Total undelivered orders	$ 20,368,782	$ 9,882,033

NOTE 18 - STATUS OF BUDGETARY RESOURCES - Continued

F. Appropriations Received

Appropriations from the Consolidated Statements of Changes in Net Position and the Combined Statements of Budgetary Resources are reconciled below for the years ended September 30, 2020 and 2019.

(Dollars in millions)	2020	2019
Appropriations Received, Consolidated Statements of Changes in Net Position	$ 406,564	$ 11,174
Receipts recognized as revenue in current and prior years		
Unemployment Trust Fund	178,248	30,911
Black Lung Disability Trust Fund	298	277
Other funds from dedicated collections	104	261
Return of permanent indefinite authority	(29,854)	(3)
Reduction for sequestration, across the board reductions, and other	(52)	(114)
	148,744	31,332
Appropriations, Combined Statements of Budgetary Resources	$ 555,308	$ 42,506

G. Borrowing Authority

As of September 30, 2020 and 2019, P.L. 116-94 (preceded by two continuing resolutions) and P.L. 115-245, respectively, granted borrowing authority for repayable advances and other debt in the amount of “such sums as may be necessary” to (1) the UTF for advances as authorized by sections 905(d) and 1203 of the Social Security Act and (2) the BLDTF for advances as authorized by section 9501(c) (1) of the Internal Revenue Code of 1986. Although section 9501 of the Internal Revenue Code and P.L. 115-245 use the terminology “advance," the Treasury has interpreted this to mean any debt owed by the BLDTF to the Bureau of the Fiscal Service.

Borrowing authority exercised for the UTF for FY 2020 was $38.6 billion. The borrowing authority was used to repay debt of $2.6 billion. There was no borrowing authority exercised for the UTF during FY 2019.

Borrowing authority exercised for the BLDTF was $2,322.6 million and $1,870 million for FY 2020 and FY 2019, respectively. In FY 2020, most of the borrowing authority was used to repay debt of $1,988.9 million. In FY 2019, the entire borrowing authority was used to repay debt of $2,018 million.

NOTE 19 - BUDGET AND ACCRUAL RECONCILIATION

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

The analyses below illustrate this reconciliation by listing the key differences between net cost and net outlays.

For the Year Ended September 30, 2020

The Other assets and Benefits due and payable lines are primarily related to unemployment insurance activity that has increased due to the effects of the COVID-19 pandemic. For the Other assets line, in the budgetary basis, the outlays are recognized when the UTF makes advances to States that they will use for unemployment insurance. However, in the accrual basis, the unemployment insurance costs are not included in the statement of net costs until the States report the unemployment insurance costs that they incurred, which then decreases their advances. This reflects a timing difference between when the States receive advances versus when States report the unemployment insurance costs.

For the Benefits due and payable line, in the accrual basis, the benefits costs for unemployment insurance are included in the statement of net costs as expenses; part of the expenses have been reported by the States and are awaiting payment, whereas the other part of the expenses are "incurred but not reported" (IBNR). The IBNR expenses are adjustments DOL makes to estimate what States will report as expenses that occurred during FY 2020, but have not yet reported. In the accrual basis, the benefits costs increase the Benefits due and payable, but in the budgetary basis, the outlays are not recognized until the payments are made. This reflects a timing difference between when DOL recognizes costs for unemployment benefits versus when DOL pays them.

The Other liabilities line is primarily for an increase in the long-term actuarial liability (and corresponding workers' compensation expense) for workers covered by the Energy Employees Occupational Illness Compensation (EEOIC) Act. Because of the increase in new cases and increases in costs from existing cases, the actuarial liability for future benefits has increased. In the accrual basis, the entire workers' compensation expense (for the increase in actuarial liability) is included in the statement of net costs, even though the benefits will be paid over several decades. In the budgetary basis, the outlays are not recognized until the benefits are paid. This reflects a timing difference between when DOL recognizes costs for future workers' compensation benefits versus when the benefits are paid.

The lines for Distributed Offsetting Receipts and Intra-DOL outlays are, for the most part, also related to unemployment insurance activity. As authorized by the CARES Act, DOL made transfers (as non-repayable advances) to the UTF to fund unemployment benefits. In the accrual basis, DOL reports one side of the transfer as "Transfers out without reimbursement," the UTF reports the other side of the transfer as "Transfers in without reimbursement," and the transfers offset each other on the statement of changes in net position (SCNP) and are not reported on the statement of net costs. However, in the budgetary basis, DOL's transfer to the UTF is treated as an outlay. This reflects a difference between treating both sides of the transfer (in and out) as an offset on the SCNP versus only one side of the transfer (transfer out) as an outlay.

NOTE 19 - BUDGET AND ACCRUAL RECONCILIATION - Continued

For the Year Ended September 30, 2019

The Accounts receivable line is primarily related to activity between DOL and other Federal agencies for FECA Federal workers' compensation program activity. In the accrual basis, the decrease in DOL's receivables is due to collections on the accounts receivable; the collections do not offset DOL's net costs in this period because the revenues associated with the receivables offset DOL's net costs in a prior period. However, in the budgetary basis, the collections of the accounts receivable offset DOL's outlays in this period.

The line for 'Federal employee retirement benefit costs paid by OPM and imputed to agency' reflects costs incurred by OPM on DOL's behalf for DOL's employees. DOL recognizes these costs as imputed costs and they will not be paid from DOL's budget, so they are non-cash costs that DOL deducts in order to reconcile to the net outlays from DOL's budget.

The Other liabilities line primarily includes costs related to the Energy Employees Occupational Illness Compensation Benefits and Future Workers' Compensation Benefits discussed in Notes 1.M and 1.L, respectively. On the accrual basis, the full amount of the change in these actuarial liabilities increases the costs in DOL's net cost for the current year. However, in the budgetary basis, these costs do not increase DOL's net outlays until they are paid over multiple future years. Additionally, this line includes interest expense on the debt of the Black Lung Disability Trust Fund. The interest expense on the debt is for loans that pay interest at the end of the year and debt that is similar to zero-coupon bonds where interest is capitalized over multiple years and paid when the debt matures. In the accrual basis, the interest expense increases DOL's net cost during the time before the interest payment due date. However, in the budgetary basis, the interest does not increase net outlays until the interest is paid.

NOTE 19 - BUDGET AND ACCRUAL RECONCILIATION - Continued

The reconciliation for the year ended September 30, 2020, is shown below.

(Dollars in thousands)	Intra-governmental	With the public	Total
NET COST OF OPERATIONS	$ (1,713,620)	$ 507,884,720	$ 506,171,100
Components of net operating cost not part of the budgetary outlays			
General Property, plant, and equipment depreciation expense	-	(66,562)	(66,562)
General Property, plant, and equipment disposals and revaluations	-	(7,019)	(7,019)
Increase/(Decrease) in Assets not affecting Budgetary Outlays:			
Accounts receivable, net	(54,933)	332,891	277,958
Other assets	(1,530)	6,981,317	6,979,787
Increase/(Decrease) in Liabilities not affecting Budgetary Outlays:			
Accounts payable	(27,490)	14,062	(13,428)
Loans Interest Payable	(102,951)	-	(102,951)
Environmental and disposal liabilities	-	(421)	(421)
Benefits due and payable	-	(15,626,133)	(15,626,133)
Federal employee and veteran benefits payable	-	(475,413)	(475,413)
Other Liabilities	803	(11,033,032)	(11,032,229)
Other Financing Sources:			
Imputed Cost	(100,593)	-	(100,593)
Total Components of net operating cost not part of the budgetary outlays	(286,694)	(19,880,310)	(20,167,004)
Components of the budgetary outlays that are not part of net operating cost			
Acquisition of capital assets	-	47,187	47,187
Investments	7	-	7
Intra-DOL outlays	85,114,501	18,488	85,132,989
Total Components of net operating cost not part of the budgetary outlays	85,114,508	65,675	85,180,183
Total Net Outlays			571,184,279
Distributed offsetting receipts			(84,816,481)
Budgetary Agency Outlays, net (SBR)			$ 486,367,798

NOTE 19 - BUDGET AND ACCRUAL RECONCILIATION - Continued

The reconciliation for the year ended September 30, 2019, is shown below.

(Dollars in thousands)	Intra-governmental	With the public	Total
NET COST OF OPERATIONS	$ (1,854,062)	$ 46,732,911	$ 44,878,849
Components of net operating cost not part of the budgetary outlays			
General Property, plant, and equipment depreciation expense	-	(71,673)	(71,673)
General Property, plant, and equipment disposals and revaluations	-	(9,603)	(9,603)
Increase/(Decrease) in Assets not affecting Budgetary Outlays:			
Accounts receivable, net	(158,764)	2,727	(156,037)
Other assets	23	6,769	6,792
Increase/(Decrease) in Liabilities not affecting Budgetary Outlays:			
Accounts payable	787	(165,591)	(164,804)
Loans Interest Payable	(115,293)	-	(115,293)
Environmental and disposal liabilities	-	(784)	(784)
Benefits due and payable	-	17,217	17,217
Federal employee and veteran benefits payable	-	(318,367)	(318,367)
Other Liabilities	(666)	(2,639,709)	(2,640,375)
Other Financing Sources:			
Imputed Cost	(131,278)	-	(131,278)
Total Components of net operating cost not part of the budgetary outlays	(405,191)	(3,179,014)	(3,584,205)
Components of the budgetary outlays that are not part of net operating cost			
Acquisition of capital assets	-	37,611	37,611
Investments	(56)	-	(56)
Intra-DOL outlays	379,220	17,996	397,216
Total Components of net operating cost not part of the budgetary outlays	379,164	55,607	434,771
Total Net Outlays			41,729,415
Distributed offsetting receipts			(397,216)
Budgetary Agency Outlays, net (SBR)			$ 41,332,199

NOTE 20 - CUSTODIAL NON-EXCHANGE REVENUE

Custodial non-exchange revenue for the year ended September 30, 2020, consisted of the following:

(Dollars in thousands)	Current Fiscal Year	Prior Fiscal Year 2019	Prior Fiscal Year 2018	All Other Prior Fiscal Years	Current Year Collections
Fines, penalties, interest and other revenue					
Occupational Safety and Health Administration	$ 122,337	$ -	$ -	$ -	$ 122,337
Mine Safety and Health Administration	81,274	-	-	-	81,274
Employee Benefits Security Administration	30,713	1,184	-	-	31,897
Wage and Hour Division	29,583	-	-	-	29,583
Other	4,162	280	-	-	4,442
	268,069	1,464	-	-	269,533
Less: amounts collected for non-federal entities	(699)	-	-	-	(699)
Total Amount of federal revenues collected	$ 267,370	$ 1,464	$ -	$ -	$ 268,834

Refunds for the year ended September 30, 2020 consisted of the following:

(Dollars in thousands)	Current Fiscal Year	Prior Fiscal Year 2019	Prior Fiscal Year 2018	All Other Prior Fiscal Years	Current Year Refunds
Refunds					
Occupational Safety and Health Administration	$ 148	$ -	$ -	$ -	$ 148
Mine Safety and Health Administration	350	58	25	2	435
Employee Benefits Security Administration	301	283	109	94	787
Wage and Hour Division	-	-	-	-	-
Other	10	-	-	12	22
Total amount of refunds	$ 809	$ 341	$ 134	$ 108	$ 1,392

NOTE 21 - FUNDS FROM DEDICATED COLLECTIONS

DOL is responsible for the operation of certain funds from dedicated collections. Other funds from dedicated collections include Gifts and Bequests, Panama Canal Commission Compensation Fund, and H-1B Funds. The financial position of the funds from dedicated collections as of September 30, 2020, is shown below. As disclosed in Note 2, the negative fund balance reported in Unemployment as of September 30, 2020 is the result of the timing of processing the investments and redemptions of the UTF.

(Dollars in thousands)	Unemployment	Black Lung Disability	Other	Total
Assets				
Intra-governmental				
Funds with U.S. Treasury	$ (314,614)	$ 399,326	$ 706,979	$ 791,691
Investments	50,808,359	-	22,239	50,830,598
Accounts receivable				
Due from other Federal agencies for UCFE and UCX benefits	258,732	-	-	258,732
Other	-	-	175,839	175,839
Total intra-governmental	50,752,477	399,326	905,057	52,056,860
Accounts receivable, net of allowance				
State unemployment tax	406,097	-	-	406,097
Due from reimbursable employers	488,640	-	-	488,640
Benefit overpayments	613,918	33,748	-	647,666
Other	5,101	-	1	5,102
Advances	6,138,245	-	-	6,138,245
Other	-	-	165	165
Total assets	$ 58,404,478	$ 433,074	$ 905,223	$ 59,742,775
Liabilities				
Intra departmental and intra-governmental				
Accounts payable to DOL agencies	$ 2,778,974	$ -	$ -	$ 2,778,974
Debt	36,012,056	6,396,176	-	42,408,232
Amounts held for the Railroad Retirement Board	9,929	-	-	9,929
Other	-	-	5,033	5,033
Total inter/intra-governmental	38,800,959	6,396,176	5,033	45,202,168
Accounts payable	222	-	7,412	7,634
Future workers' compensation benefits	-	-	46,108	46,108
Accrued benefits	12,315,704	13,153	-	12,328,857
Other liabilities	-	-	16,832	16,832
Total liabilities	51,116,885	6,409,329	75,385	57,601,599
Net position				
Cumulative results of operations	7,287,593	(5,976,255)	829,838	2,141,176
Total liabilities and net position	$ 58,404,478	$ 433,074	$ 905,223	$ 59,742,775

NOTE 21 - FUNDS FROM DEDICATED COLLECTIONS - Continued

The net results of operations of the funds from dedicated collections for the year ended and as of September 30, 2020, are shown below.

(Dollars in thousands)	Unemployment	Black Lung Disability	Other	Total
Cost, net of earned revenues				
Benefits	$ (200,495,138)	$ (152,237)	$ -	$ (200,647,375)
Grants	(380,092)	-	(124,413)	(504,505)
Interest	(208,926)	(213,698)	(1)	(422,625)
Administrative and other	(1,047,952)	(411)	(84,784)	(1,133,147)
	(202,132,108)	(366,346)	(209,198)	(202,707,652)
Earned revenue	550,846	-	106	550,952
Net cost of operations	(201,581,262)	(366,346)	(209,092)	(202,156,700)
Net financing sources				
Taxes	40,667,851	301,447	-	40,969,298
Interest	1,892,629	2,468	406	1,895,503
Reimbursement of unemployment benefits and other	1,980,048	-	148,278	2,128,326
Imputed financing	-	-	1,608	1,608
Transfers-in				
Department of Homeland Security	-	-	268,449	268,449
DOL entities	84,733,808	-	106	84,733,914
Transfers-out				-
Department of Homeland Security	-	-	(164,860)	(164,860)
DOL entities	(6,361,520)	(67,206)	(106)	(6,428,832)
	122,912,816	236,709	253,881	123,403,406
Change in net position	(78,668,446)	(129,637)	44,789	(78,753,294)
Net position, beginning of year	85,956,039	(5,846,618)	785,049	80,894,470
Net position, end of year	$ 7,287,593	$ (5,976,255)	$ 829,838	$ 2,141,176

NOTE 21 - FUNDS FROM DEDICATED COLLECTIONS - Continued

The financial position of the funds from dedicated collections as of September 30, 2019, is shown below.

(Dollars in thousands)	Unemployment	Black Lung Disability	Other	Total
Assets				
Intra-governmental				
Funds with U.S. Treasury	$ 450,006	$ 79,393	$ 801,880	$ 1,331,279
Investments	84,860,641	-	25,748	84,886,389
Accounts receivable				
Due from other Federal agencies for UCFE and UCX benefits	91,215	-	-	91,215
Other	-	-	24,925	24,925
Total intra-governmental	85,401,862	79,393	852,553	86,333,808
Accounts receivable, net of allowance				
State unemployment tax	494,941	-	-	494,941
Due from reimbursable employers	454,178	-	-	454,178
Benefit overpayments	308,845	45,433	-	354,278
Other	1,217	-	1	1,218
Advances	1,208,889	-	-	1,208,889
Other	-	-	167	167
Total assets	$ 87,869,932	$ 124,826	$ 852,721	$ 88,847,479
Liabilities				
Intra departmental and intra-governmental				
Accounts payable to DOL agencies	$ 926,108	$ -	$ 1	$ 926,109
Debt	-	5,958,219	-	5,958,219
Amounts held for the Railroad Retirement Board	120,402	-	-	120,402
Other	-	-	5,464	5,464
Total inter/intra-governmental	1,046,510	5,958,219	5,465	7,010,194
Accounts payable	-	-	7,540	7,540
Future workers' compensation benefits	-	-	33,150	33,150
Accrued benefits	867,383	13,225	-	880,608
Other liabilities	-	-	21,517	21,517
Total liabilities	1,913,893	5,971,444	67,672	7,953,009
Net position				
Cumulative results of operations	85,956,039	(5,846,618)	785,049	80,894,470
Total liabilities and net position	$ 87,869,932	$ 124,826	$ 852,721	$ 88,847,479

NOTE 21 - FUNDS FROM DEDICATED COLLECTIONS - Continued

The net results of operations of the funds from dedicated collections for the year ended and as of September 30, 2019, are shown below.

(Dollars in thousands)	Unemployment	Black Lung Disability	Other	Total
Cost, net of earned revenues				
Benefits	$ (26,630,347)	$ (129,729)	$ -	$ (26,760,076)
Grants	-	-	(134,291)	(134,291)
Interest	(4,932)	(228,657)	-	(233,589)
Administrative and other	(655,922)	1,272	(105,673)	(760,323)
	(27,291,201)	(357,114)	(239,964)	(27,888,279)
Earned revenue	318,909	-	74	318,983
Net cost of operations	(26,972,292)	(357,114)	(239,890)	(27,569,296)
Net financing sources				
Taxes	39,396,234	216,648	-	39,612,882
Interest	1,844,508	1,952	670	1,847,130
Reimbursement of unemployment benefits and other	1,589,665	-	16,582	1,606,247
Imputed financing	-	-	2,388	2,388
Transfers-in				
Department of Homeland Security	-	-	284,977	284,977
DOL entities	971	-	74	1,045
Transfers-out				
Department of Homeland Security	-	-	(24,832)	(24,832)
DOL entities	(3,620,573)	(66,197)	(74)	(3,686,844)
	39,210,805	152,403	279,785	39,642,993
Change in net position	12,238,513	(204,711)	39,895	12,073,697
Net position, beginning of year	73,717,526	(5,641,907)	745,154	68,820,773
Net position, end of year	$ 85,956,039	$ (5,846,618)	$ 785,049	$ 80,894,470

NOTE 22 - FIDUCIARY ACTIVITY

The schedule of fiduciary activity and net assets for the fiduciary funds for the year ended and as of September 30, 2020, is shown below.

(Dollars in thousands)	Wage and Hour and Public Contracts Restitution Fund	Longshore and Harbor Workers' Compensation Act Trust Fund	District of Columbia Workmen's Compensation Act Trust Fund	Davis-Bacon Act Trust Fund	Total Fiduciary Funds
Fiduciary activity					
Assessments	$ 65,522	$ 97,926	$ 5,896	$ -	$ 169,344
Investment earnings	-	365	24	-	389
Administrative and other	-	(2,115)	237	-	(1,878)
Transfer of funds	(22,033)	-	-	-	(22,033)
Disbursements to beneficiaries	(50,078)	(95,664)	(6,243)	-	(151,985)
Increase (decrease) in fiduciary net assets	(6,589)	512	(86)	-	(6,163)
Fiduciary net assets, beginning of year	178,809	37,958	2,926	-	219,693
Fiduciary net assets, end of year	$ 172,220	$ 38,470	$ 2,840	$ -	$ 213,530
Fiduciary assets					
Funds with U.S. Treasury	$ 169,549	$ 17,223	$ 1,881	$ 5,194	$ 193,847
Investments in Treasury Securities	209	45,000	2,000	-	47,209
Other assets	2,462	2,464	559	-	5,485
Less: liabilities	-	(26,217)	(1,600)	(5,194)	(33,011)
Total fiduciary net assets	$ 172,220	$ 38,470	$ 2,840	$ -	$ 213,530

The schedule of fiduciary activity and net assets for the fiduciary funds for the year ended and as of September 30, 2019, is shown below.

(Dollars in thousands)	Wage and Hour and Public Contracts Restitution Fund	Longshore and Harbor Workers' Compensation Act Trust Fund	District of Columbia Workmen's Compensation Act Trust Fund	Davis-Bacon Act Trust Fund	Total Fiduciary Funds
Fiduciary activity					
Assessments	$ 88,079	$ 104,848	$ 5,686	$ -	$ 198,613
Investment earnings	-	995	93	-	1,088
Administrative and other	-	(2,232)	2	-	(2,230)
Transfer of funds	(24,945)	-	-	-	(24,945)
Disbursements to beneficiaries	(69,602)	(97,394)	(6,515)	-	(173,511)
Increase (decrease) in fiduciary net assets	(6,468)	6,217	(734)	-	(985)
Fiduciary net assets, beginning of year	185,277	31,740	3,661	-	220,678
Fiduciary net assets, end of year	$ 178,809	$ 37,957	$ 2,927	$ -	$ 219,693
Fiduciary assets					
Funds with U.S. Treasury	$ 173,260	$ -	$ 23	$ 5,194	$ 178,477
Investments in Treasury Securities	207	59,803	4,250	-	64,260
Other assets	5,342	9,947	200	-	15,489
Less: liabilities	-	(31,793)	(1,546)	(5,194)	(38,533)
Total fiduciary net assets	$ 178,809	$ 37,957	$ 2,927	$ -	$ 219,693

NOTE 22 - FIDUCIARY ACTIVITY - Continued

The FY 2019 audits were performed on the Longshore and Harbor Workers' Compensation Act Trust Fund and the District of Columbia Worker's Compensation Act Trust Fund and are available on DOL's website.

NOTE 23 - SUBSEQUENT EVENTS

Except for the events described below, management has determined that there are no subsequent events requiring accrual or disclosure through November 16, 2020.

Unemployment Trust Fund

Subsequent to September 30, 2020, the Extended Unemployment Compensation Account (EUCA) of the Unemployment Trust Fund (UTF) borrowed as Advances from U.S. Treasury, $2.0 billion at an interest rate of 1.75 percent. During the same period, the Federal Unemployment Account (FUA) of the UTF borrowed as Advances from the U.S. Treasury $11.0 billion at an interest rate of 1.75 percent.

NOTE 24 - RECLASSIFICATIONS OF DOL'S CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2020 AND CONSOLIDATED STATEMENTS OF NET COST AND CHANGES IN NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2020 PREPARED FOR USE IN TREASURY'S FRUSG COMPILATION PROCESS

The Treasury's FRUSG compilation process requires DOL to submit an adjusted trial balance as of September 30, 2020; the adjusted trial balance is a listing of amounts by U.S. Standard General Ledger account that appear in DOL's FY 2020 consolidated financial statements. Treasury uses the adjusted trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet as of September 30, 2020 and Reclassified Statements of Net Cost and Changes in Net Position for the year ended September 30, 2020 for each component reporting entity, which are accessed using GTAS. Treasury eliminates intragovernmental balances among the component reporting entities' reclassified financial statements and aggregates financial statement lines with the same title to develop the FY 2020 governmentwide financial statements in the FRUSG.

As required by OMB Circular A-136, this note discloses DOL's FY 2020 consolidated financial statements as reclassified financial statements for use in Treasury's FRUSG compilation process; the reclassified financial statements are presented prior to elimination of intragovernmental balances and prior to aggregation of repeated governmentwide financial statement line items. The FY 2019 FRUSG may be found on the Treasury's website; the FY 2020 FRUSG will be posted to the Treasury's website as soon as it is released.

The term "intra-governmental" is used in this note to refer to amounts that result from activity with other components of the Federal Government.

The term "non-Federal" is used in this note to refer to Federal Government amounts that result from transactions with non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments.

NOTE 24 - RECLASSIFICATIONS OF DOL'S CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2020 AND CONSOLIDATED STATEMENTS OF NET COST AND CHANGES IN NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2020 PREPARED FOR USE IN TREASURY'S FRUSG COMPILATION PROCESS - Continued

A. Reclassification of Balance Sheet Line Items for Use in Treasury's FRUSG Compilation Process for the FY 2020 Balance Sheet

FY 2020 DOL Consolidated Balance Sheet		Line Items Used to Prepare FY 2020 Government-wide Balance Sheet					
				(Dollars in thousands)			
Financial Statement Line	**Amounts**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
ASSETS							**ASSETS**
Intra-governmental							**Intragovernmental Assets**
Funds with U.S. Treasury	$ 19,399,015	$ 791,691	$ -	$ 18,607,324	$ -	$ 19,399,015	FBWT
Investments	50,830,598	50,536,549	-	-	-	50,536,549	Federal Investments
		294,049	-	-	-	294,049	Interest Receivable - Investments
Total investments	*50,830,598*	*50,830,598*	-	-	-	*50,830,598*	*Total Reclassified Investments*
Accounts receivable	5,101,289	164,860	-	-	-	164,860	Asset for Agency Custodial and Non-Entity Liabilities - Other than the General Fund
		258,732	-	4,682,560	4,875	4,936,417	Benefit Program Contributions Receivable
		-	-	12	-	12	Accounts Receivable, Net
		-	-	2,778,973	2,778,973	-	Transfers Receivable
Total accounts receivable	*5,101,289*	*423,592*	-	*7,461,545*	*2,783,848*	*5,101,289*	*Total Reclassified A/R*
Advances	3,414	10,979	-	3,414	10,979	3,414	Advances to Others and Prepayments
Total intra-governmental	75,334,316	52,056,860	-	26,072,283	2,794,827	75,334,316	Total Intragovernmental Assets
Accounts receivable, net of allowance	1,861,201	1,547,505	-	313,696	-	1,861,201	Accounts Receivable, Net
General property, plant and equipment, net	1,105,453	165	-	1,105,288	-	1,105,453	General PP&E, Net
Advances	8,211,221	6,138,245	-	2,072,976	-	8,211,221	Other
Total assets	**$ 86,512,191**	**$ 59,742,775**	**-**	**$ 29,564,243**	**$ 2,794,827**	**$ 86,512,191**	**Total Assets**
Liabilities							**LIABILITIES**
Intra-governmental							**Intragovernmental Liabilities**
Accounts payable	$ 17,794	$ -	$ -	$ 17,794	$ -	$ 17,794	Accounts Payable (1 of 2)
Debt	42,408,232	13,357	-	-	-	13,357	Interest Payable - Loans and Not Otherwise Classified
		42,394,875	-	-	-	42,394,875	Loans Payable
Total Debt	*42,408,232*	*42,408,232*	-	-	-	*42,408,232*	*Total Reclassified Debt Associated with Loans*
Other liabilities	275,986	2,788,902	-	-	2,778,973	9,929	Transfers Payable
		4,961	-	18,292	4,875	18,378	Benefit Program Contributions Payable
		-	-	14,716	10,979	3,737	Advances from Other & Deferred Credits
		-	-	235,136	-	235,136	Liability to the GF for Custodial and Other Non-Entity Assets
		-	-	3,400	-	3,400	Accounts Payable (2 of 2)
		73	-	5,333	-	5,406	Other Liabilities (without reciprocals)
Total other liabilities	*275,986*	*2,793,936*	-	*276,877*	*2,794,827*	*275,986*	*Total Reclassified Other*
Total intra-governmental	42,702,012	45,202,168	-	294,671	2,794,827	42,702,012	Total Intragovernmental Liabilities
Accounts payable	385,729	7,634	-	378,095	-	385,729	Accounts Payable
Accrued benefits	16,770,529	12,328,857	-	4,441,672	-	16,770,529	Benefits Due and Payable
Future workers' compensation benefits	3,302,877	46,108	-	3,256,769	-	3,302,877	Federal Employee and Veteran Benefits Payable (1 of 3)
Energy employees occupational illness compensation benefits	37,521,400	-	-	37,521,400	-	37,521,400	Other Liabilities (1 of 2)
Accrued leave	153,524	-	-	153,524	-	153,524	Federal Employee and Veteran Benefits Payable (2 of 3)
Other liabilities	976,263	-	-	35,742	-	35,742	Environmental and Disposal Liabilities
		1,839	-	1,432	-	3,271	Federal Employee and Veteran Benefits Payable (3 of 3)
		14,993	-	922,257	-	937,250	Other Liabilities (2 of 2)
Total other liabilities	*976,263*	16,832	-	959,431	-	976,263	Total Reclassified Miscellaneous Liabilities
Total liabilities	**101,812,334**	**57,601,599**	**-**	**47,005,562**	**2,794,827**	**101,812,334**	**Total Liabilities**
Net position							**NET POSITION**
Cumulative results of operations - Funds from dedicated collections	2,141,176	2,141,176	-	-	78,283,389	(76,142,213)	Cumulative Results of Operations - Funds from Dedicated Collections
Unexpended appropriations - All other funds	12,766,776	-	-	12,766,776	-	12,766,776	Unexpended appropriations - Funds other than those from Dedicated Collections
Cumulative results of operations - All other funds	(30,208,095)	-	-	(30,208,095)	(78,283,389)	48,075,294	Cumulative results of operations - Funds other than those from Dedicated Collections
Total net position	**(15,300,143)**	**2,141,176**	**-**	**(17,441,319)**	**-**	**(15,300,143)**	Total Net Position
Total liabilities & net position	**$ 86,512,191**	**$ 59,742,775**	**$ -**	**$ 29,564,243**	**$ 2,794,827**	**$ 86,512,191**	Total Liabilities & Net Position

NOTE 24 - RECLASSIFICATIONS OF DOL'S CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2020 AND CONSOLIDATED STATEMENTS OF NET COST AND CHANGES IN NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2020 PREPARED FOR USE IN TREASURY'S FRUSG COMPILATION PROCESS - Continued

B. Reclassification of Statement of Net Costs to Line Items for Use in Treasury's FRUSG Compilation Process for the FY 2020 Statement of Net Costs

FY 2020 DOL Consolidated Statement of Net Costs		Line Items Used to Prepare FY 2020 Government-wide SNC					
(Dollars in thousands)							
Financial Statement Line	**Amounts**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
							Non-Federal Costs
Gross cost	$ 509,419,008	$ 202,173,254	$ -	$ 305,728,474	$ -	$ 507,901,728	Non-Federal Gross Cost
		202,173,254	-	*305,728,474*	-	*507,901,728*	***Total Non-Federal Costs***
							Intragovernmental Costs
		9,092	-	*362,945*	*3,231*	368,806	Benefit Program Costs
		1,608	-	*98,984*	-	100,592	Imputed Costs
		99,402	-	*436,052*	*18,462*	516,992	Buy/Sell Costs
		1,997	-	-	-	1,997	Federal Securities Interest Expense
		420,628	-	-	-	420,628	Borrowing and Other Interest Expense
		1,623	-	*106,642*	-	108,265	Other Expenses (w/o) Reciprocals)
		534,350	-	*1,004,623*	*21,693*	*1,517,280*	***Total Intragovernmental Costs***
Total gross cost	*509,419,008*	*202,707,604*	-	*306,733,097*	*21,693*	*509,419,008*	*Total Reclassified Gross Costs*
Less Earned revenue	3,247,908	10,415	-	*7,076*	-	17,491	Non-Federal Earned Revenue
							Intragovernmental Revenue
		539,498	-	*2,630,018*	*3,231*	3,166,285	Benefit Program Revenue
		-	-	*79,843*	*18,462*	61,381	Buy/Sell Revenue
		-	-	*2,300*	-	2,300	Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)
		933	-	-	-	933	Borrowing and Other Interest Revenue (Exchange)
		540,431	-	*2,712,161*	*21,693*	*3,230,899*	***Total Intragovernmental Earned Revenue***
Total earned revenue	*3,247,908*	*550,846*	-	*2,719,237*	*21,693*	*3,248,390*	*Total Reclassified Earned Revenue*
Net cost of operations	**$ 506,171,100**	**$ 202,156,758**	**$ -**	**$ 304,013,860**	**$ -**	**$ 506,170,618**	**Net Cost**

NOTE 24 - RECLASSIFICATIONS OF DOL'S CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2020 AND CONSOLIDATED STATEMENTS OF NET COST AND CHANGES IN NET POSITION FOR THE YEAR ENDED SEPTEMBER 30, 2020 PREPARED FOR USE IN TREASURY'S FRUSG COMPILATION PROCESS - Continued

C. Reclassification of Statement of Changes in Net Position Line Items for Use in Treasury's FRUSG Compilation Process for the FY 2020 Statement of Operations and Changes in Net Position

FY 2020 DOL Consolidated Statement of Changes in Net Position		Line Items Used to Prepare FY 2020 Government-wide SCNP					
(Dollars in thousands)							
Financial Statement Line	**Amounts**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
UNEXPENDED APPROPRIATIONS							
Unexpended appropriations, beginning balance	$ 8,887,126	$ -	$ -	$ 8,887,126	$ -	$ 8,887,126	Net position, Beginning of Period (1 of 2)
Appropriations received	406,563,857	-	-	406,563,857	-	406,563,857	Appropriations Received as Adjusted (1 of 2)
Appropriations transferred	(2,196)	-	-	(2,196)	-	(2,196)	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources (Federal) (1 of 2)
Total appropriations: transferred in/out	*(2,196)*	-	-	(2,196)	-	(2,196)	*Total Reclassified Appropriations Transferred In/Out*
Other adjustments	(30,125,881)	-	-	(30,125,881)	-	(30,125,881)	Appropriations received as adjusted (rescissions and other adjustments) (2 of 2)
Appropriation used	(372,556,130)	-	-	(372,556,130)	-	(372,556,130)	Appropriations Used (Federal)
Total unexpended appropriations	**12,766,776**	-	-	**12,766,776**	-	**12,766,776**	
CUMULATIVE RESULTS OF OPERATIONS							
Cumulative results of operations, beginning balance	$ 60,364,213	$ 80,894,470	$ -	$ (20,530,257)	$ -	$ 60,364,213	Net Position, Beginning of Period (2 of 2)
Other Adjustment	(2,634)	-	-	(2,634)	-	(2,634)	Revenue and Other Financing Sources - Cancellations
Appropriation used	372,556,130	-	-	372,556,130	-	372,556,130	Appropriations expended
							Non-Federal Non-Exchange Revenues
Non-exchange revenues	44,993,481	34,511,988	-	-	-	34,511,988	Unemployment Taxes
		1,982,516	-	268,695	-	2,251,211	Other Taxes and Receipts (1 of 2)
		36,494,504	-	*268,695*	-	*36,763,199*	***Total Non-Federal Non-Exchange Revenue***
							Intragovernmental Non-Exchange Revenue
		1,893,035	-	-	-	1,893,035	Federal Securities Interest Revenue, including Associated Gains and Losses (Non-Exchange)
		148,278	-	-	-	148,278	Accruals for Agency Amounts to be collected in a TAS Other Than the General Fund
		6,457,310	-	-	-	6,457,310	Other Taxes and Receipts
		-		(218,295)		(218,295)	Non-entity collections transferred to the General Fund of the U.S. Government (RC 44)
		-		(50,528)		(50,528)	Accrual for non-entity amounts to be collected and transferred to the General Fund of the U.S. Government (RC 48)
		8,498,623	-	*(268,823)*	-	*8,229,800*	***Total Intragovernmental Non-Exchange Revenue***
Total non-exchange revenues	*44,993,481*	44,993,127	-	*(128)*	-	*44,992,999*	*Total Reclassified Non-Exchange Revenues*
Transfers In/Out w/o Reimbursement - Budgetary	103,069	268,555	106	-	-	268,449	Appropriation of Unavailable Special/Trust Fund Receipts Transfers-In
		164,966	106	-	-	164,860	Appropriation of Unavailable Special/Trust Fund Receipts Transfers-Out
		-		505		505	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources (Federal) (2 of 2)
		84,733,808	-	6,428,968	91,162,776	-	Expenditure Transfers-In of Financing Sources
		6,428,726	-	84,734,050	91,162,776	-	Expenditure Transfers-Out of Financing Sources
Total Transfers In/Out w/o Reimbursement - Budgetary	*103,069*	78,408,671	-	*(78,305,587)*	-	*103,084*	*Total Reclassified Transfers-In/Out w/o Reimbursement – Budgetary*
Transfers in/out without reimbursement	(3,002)	-	-	(3,017)	-	(3,017)	Transfers-out w/o reimbursement
Total transfer-in/out without reimbursement	*(3,002)*	-	-	*(3,017)*	-	*(3,017)*	*Total Reclassified Transfers-In/Out w/o Reimbursement – Budgetary*
Imputed financing from costs absorbed by others	100,593	1,608	-	98,985	-	100,593	Imputed Financing Sources (Federal)
Other	(7,669)	-	-	5,918	-	5,918	Other Taxes and Receipts (2 of 2)
		-	-	14,742	-	14,742	Non-Entity Custodial Collections transferred to the General Fund
		-	-	(1,155)	-	(1,155)	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund
Total other	*(7,669)*	-	-	*(7,669)*	-	*(7,669)*	*Total Reclassified Other*
Total financing sources	417,739,968	123,403,406	-	294,336,080	-	417,739,486	
Net cost of operations	(506,171,100)	(202,156,700)	-	(304,013,918)	-	(506,170,618)	Net cost of operations (+/-)
Ending balance - cumulative results of operations	**(28,066,919)**	2,141,176	-	**(30,208,095)**	-	**(28,066,919)**	**Net Position - Ending Balance**
Total net position	$ **(15,300,143)**	$ **2,141,176**	$ -	$ **(17,441,319)**	$ -	$ **(15,300,143)**	**Total Net Position**

NOTE 25 - COVID-19 ACTIVITY

As authorized by the Families First Coronavirus Response Act (FFCRA), Division D, the Emergency Unemployment Insurance Stabilization and Access (EUISA) Act of 2020, provided $1 billion for emergency administration grants to the states. During FY 2020, obligations incurred were $1 billion; as of September 30, 2020, no funds were available for future expenditures.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act included the following programs:

- The Federal Pandemic Unemployment Compensation (FPUC) program provides an additional $600 of weekly unemployment benefits. The Department received funding of $292.5 billion to cover benefits costs and $100 million for administrative costs for this program, which expired on the 31st of July, 2020. As of September 30, 2020, the obligations incurred were $279.2 billion and $15.2 million for benefit and administrative costs, respectively. The program is funded by indefinite authority.

- The Pandemic Unemployment Assistance (PUA) program, which is set to expire December 27, 2020, provides temporary benefits for individuals who are not eligible for regular/traditional unemployment insurance. The Department received funding of $65.9 billion to cover benefits costs and $761 million for administrative costs associated with this programs. As of September 30, 2020, the obligations incurred were $60.9 billion and $721.4 million for benefit and administrative costs, respectively. The programs are funded by indefinite authority.

- The Pandemic Emergency Unemployment Compensation (PEUC) program, which is set to expire December 27, 2020, provides an additional 13 weeks of benefits to a regular claim for eligible persons. The Department received funding of $16.9 billion to cover benefits costs and $236 million for administrative costs associated with this program. As of September 30, 2020, the obligations incurred were $9.7 billion and $101.8 million for benefits and administrative costs, respectively. The program is funded by indefinite authority.

- Federal funding of the Short-time Compensation (STC) program, which provides alternatives to layoffs for employers experiencing a reduction in available work, is set to expire December 27, 2020. The Department received funding of $1.3 billion and $37.5 million for benefits and administrative costs, respectively. As of September 30, 2020, the obligations incurred were $686.0 million for benefits and there were no obligations for administrative costs. The program is funded by indefinite authority.

- The Federal Unemployment Account (FUA) provides advances to states whose unemployment insurance accounts are depleted. The Department was authorized to receive funding of $68 billion to cover advances to states for benefits expenses. As of September 30, 2020, the FUA owed $36.0 billion of repayable advances to Treasury; the FUA incurred the debt in order to provide advances to the states. The FUA is funded by indefinite authority.

DOL is responsible for the operation of certain funds that have Coronavirus Disease 2019 (COVID-19) activity, including FPUC and UTF. (See Note 1-A.3) Other funds with coronavirus activity include OIG oversight activities, SUIESO, and short-time compensation. (See Note 1-A.3)

NOTE 25 - COVID-19 ACTIVITY - Continued

The financial position of the funds with COVID-19 activity as of September 30, 2020, is shown below.

(Dollars in thousands)	FPUC	UTF	Other	Total
Assets				
Intra-governmental				
Funds with U.S. Treasury	$ 4,257,846	$ 13,927,922	$ 228,536	$ 18,414,304
Total intra-governmental	4,257,846	13,927,922	228,536	18,414,304
Accounts receivable, net of allowance				
Benefit overpayments	34,779	1,180	-	35,959
Advances	2,051,261	2,613,183	-	4,664,444
Total assets	$ 6,343,886	$ 16,542,285	$ 228,536	$ 23,114,707
Liabilities				
Intra departmental and intra-governmental				
Other	$ -	$ -	$ 18	$ 18
Total inter/intra-governmental	-	-	18	18
Accounts payable	196	-	71	267
Accrued benefits	4,166,512	7,268,835	-	11,435,347
Other Liabilities	6,207	-	34,285	40,492
Total liabilities	4,172,915	7,268,835	34,374	11,476,124
Net position				
Cumulative results of operations	34,778	9,273,450	(197,527)	9,110,701
Unexpended appropriations	2,136,193	-	391,689	2,527,882
Total Net Position	2,170,971	9,273,450	194,162	11,638,583
Total liabilities and net position	$ 6,343,886	$ 16,542,285	$ 228,536	$ 23,114,707

NOTE 25 - COVID-19 ACTIVITY - Continued

The net results of operations and changes in net position of funds with coronavirus activity for the year ended September 30, 2020 are shown below.

(Dollars in thousands)	FPUC	UTF	Other	Total
Cost, net of earned revenues				
Income maintenance				
Benefits	$ (276,777,368)	$ (74,096,196)	$ -	$ (350,873,564)
Grants	(7,261)	(380,092)	-	(387,353)
Administrative and other	(331,579)	(9,157)	(517,128)	(857,864)
	(277,116,208)	(74,485,445)	(517,128)	(352,118,781)
Earned revenue	-	-	-	-
Net cost of operations	(277,116,208)	(74,485,445)	(517,128)	(352,118,781)
Net financing sources				
Appropriations received	292,600,000	-	1,312,749	293,912,749
Taxes	-	(316,508)	-	(316,508)
Imputed financing	-	-	10	10
Transfers-in/(out)	-	84,075,403	-	84,075,403
Other	(13,312,821)	-	(601,469)	(13,914,290)
	279,287,179	83,758,895	711,290	363,757,364
Change in net position	2,170,971	9,273,450	194,162	11,638,583
Net position, end of year	$ 2,170,971	$ 9,273,450	$ 194,162	$ 11,638,583

Required Supplementary Information
(Unaudited)

DEFERRED MAINTENANCE AND REPAIRS (DM&R)

DOL reports as general-purpose property, plant and equipment (PP&E), Structures, facilities, and improvements on which maintenance and repair activities may be deferred. Over 98.2 percent of these buildings and other structures (based on net book value) are owned by DOL's ETA, and located at one hundred twenty-three (123) Job Corps centers throughout the United States. The remaining 1.8 percent is owned by the Department's MSHA. Periodic maintenance is performed to keep these properties in acceptable condition, as determined by DOL management. It is DOL policy to evaluate PP&E regardless of recorded values and the asset management system does not make any distinction between capitalized and non-capitalized PP&E when it comes to maintenance and repairs. Therefore, DM&R estimates reported relate to PP&E, whether capitalized or not or fully depreciated. Management has not noted any PP&E which is not included in the DM&R estimates reported below.

Defining and Implementing Maintenance and Repairs (M&R) Policies in Practice

Condition assessment surveys are conducted every three years at each property to determine the current condition of buildings and structures (constructed assets) and the estimated maintenance cost to correct deficiencies. The method of assessment used has not changed from previous years. Surveys conducted during years one and two of the three year cycle are updated to reflect maintenance and repairs performed, and rolled up with current assessments to provide a condition assessment for the entire DOL portfolio of constructed assets. Condition assessment surveys are based on methods and standards consistently applied, including descriptions of the facility condition; standardized condition codes, classifications and categories; estimated costs of maintenance and repair actions and recommended maintenance schedules. As a part of these condition assessment surveys, deficiencies are identified in terms of architectural, mechanical, electrical, structural, and civil areas. Each deficiency is assigned a Facilities Condition Index (FCI) score(1) based on classification and categorization.

Ranking and Prioritizing M&R Activities

Life Safety and Health deficiencies are funded shortly following the condition assessment surveys for correction. The remaining deficiencies are classified, categorized, and assigned an FCI score. In each construction, rehabilitation, and acquisition (CRA) budget, funding is allocated to accomplish the highest priority deficiencies based upon the FCI score and programmatic considerations. These deficiencies are funded for correction, while any remaining deficiencies become candidates for funding in a future CRA budget.

Factors Considered in Setting Acceptable Condition

Condition assessment surveys are used to estimate the current plant replacement value and DM&R backlog for each constructed asset. Plant replacement value and repair backlog are used to calculate an FCI score for each building and structure. These FCI scores determine the asset condition and contribute to the overall FCI score for the portfolio. Job Corps and MSHA have set the goal of achieving and maintaining an FCI score of 90 percent or greater for its portfolio of constructed assets (the standard used by the National Association of College and University Business Offices) as a level of acceptable condition for the periods reported. In 2019, the portfolio's aggregate FCI score for 4,670 constructed assets was 90 percent, and deferred maintenance and repair costs to return the portfolio to an acceptable condition were estimated at $370.2 million, as adjusted for SFFAS 42, Deferred Maintenance and Repairs: *Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32*. In FY 2020, the portfolio's aggregate FCI score for 4,641 constructed assets was 90 percent, and DM&R costs to return the portfolio to an acceptable condition are estimated at $388.7 million. Factors considered in determining acceptable condition standards include health and life safety aspects, as well as certain environmental and building code compliance elements. These deficiencies are prioritized and corrected first as they lead to unacceptable conditions.

(1) FCI = 1 – (Repair Backlog / Plant Replacement Value). In general, an FCI score closer to 100 percent would indicate a more positive asset condition.

Deferred Maintenance and Repairs Costs
(Dollars in Thousands)

Asset Category	FY 2020 Ending Balance	FY 2020 Beginning Balance
Funded:		
Structures, facilities and improvements		
Active	$50,590	$46,175
Inactive	322	305
Subtotal, funded	50,912	46,480
Unfunded:		
Structures, facilities and improvements		
Active	334,946	322,572
Inactive	2,891	1,195
Subtotal, unfunded	337,837	323,767
Total	**$388,749**	**$370,247**

Significant Changes from Prior Year

For reporting purposes, DOL has determined that changes of 10 percent and $25 million between fiscal year beginning and ending balances are significant. Management has determined that the FY 2020 increase of $18.5 million in deficiency costs from FY 2019 is not significant.

SOCIAL INSURANCE PROGRAMS

The Federal Accounting Standards Advisory Board (FASAB) has classified certain government income transfer programs as social insurance programs. Recognizing that these programs have complex characteristics that do not fit traditional accounting models, the FASAB has developed accounting standards for social insurance programs which require the presentation of supplementary information to facilitate the assessment of the program's long-term sustainability.

DOL operates two programs classified under Federal accounting standards as social insurance programs: the UI Program and the Black Lung Disability Benefits Program. Presented below is the supplementary information for the two programs.

Unemployment Insurance Program

The UI Program was created in 1935 to provide income assistance to unemployed workers who lose their jobs generally through no fault of their own, and are unemployed due to a lack of suitable work. The program protects workers during temporary periods of unemployment through the provision of UC benefits. These benefits replace part of the unemployed worker's lost wages and, in so doing, stabilize the economy during recessionary periods by increasing the unemployed worker's purchasing power. The UI program operates counter cyclically, with benefits exceeding tax collections during recessionary periods and UI tax revenues exceeding benefit payments during periods of recovery.

Program Administration and Funding

The UI program is administered through a unique system of Federal-state partnerships, established in Federal law but executed through conforming state laws by state officials. The Federal government provides broad policy guidance and program direction through the oversight of DOL, while program details are established through individual state UI statutes, administered through state UI agencies.

Federal and State Unemployment Taxes

The UI program is financed through the collection of Federal and state unemployment taxes levied on subject employers and deposited in the UTF and Federal appropriations. The UTF was established to account for the receipt, investment, and disbursement of unemployment taxes. Federal unemployment taxes are used to pay for the administrative costs of the UI program, including grants to each state to cover the costs of state UI operations, and to fund the Extended Unemployment Compensation Account within the UTF to pay the Federal share of extended unemployment benefits (extended benefits). Federal unemployment taxes are also used to fund the Federal Unemployment Account within the UTF, to make advances to state UI accounts that are otherwise unable to make benefit payments because the state UI account balance has been exhausted. State UI taxes are used exclusively for the payment of regular UI benefits, as well as the state's share of extended benefits.

Federal Unemployment Taxes

Under the provisions of the FUTA, a Federal tax is levied on covered employers, at a current rate of 6.0 percent of the first $7,000 in annual wages paid to each employee. This Federal tax rate is reduced by a credit of up to 5.4 percent, granted to employers paying state UI taxes under conforming state UI statutes. Accordingly, in conforming states, employers pay an effective Federal tax of 0.6 percent; employers in states with advances from the fund may pay a higher effective Federal tax rate because the Federal tax rate credit of 5.4 percent may be decreased in increments of 0.3 percent if a state has had an outstanding advance for more than two years. Additional Federal unemployment taxes collected as a result of the reduced Federal tax rate credit are used to pay down the state's outstanding advance balance. Federal unemployment taxes are collected by the Internal Revenue Service.

State Unemployment Taxes

In addition to the Federal tax, individual states finance the regular UI benefits paid in their UI programs through state tax contributions from subject employers based on the wages of covered employees. (Three states also collect contributions from employees.) Within Federal confines, state tax rates are assigned in accordance with an employer's experience with unemployment. Actual tax rates vary greatly among the states and among individual employers within a state. At a minimum, these rates must be applied to the Federal tax base of $7,000 of each employee's wages; however, states may adopt a higher wage base than the minimum established by FUTA. State UI agencies are responsible for the collection of state unemployment taxes.

Unemployment Trust Fund

Federal and state UI taxes are deposited into designated accounts within the UTF. The UTF was established under the authority of Title IX, Section 904 of the Social Security Act of 1935, as amended, to receive, hold, invest, loan, and disburse Federal and state UI taxes. The U.S. Department of the Treasury acts as custodian over monies deposited into the UTF, investing amounts in excess of disbursing requirements in Treasury securities. The UTF is comprised of the following accounts:

Federal Accounts

The Employment Security Administration Account (ESAA) was established pursuant to Section 901 of the Act. Tax receipts collected under the FUTA are appropriated to the ESAA and used to pay the costs of Federal and state administration of the UI program and veterans' employment services (ES) and 97 percent of the costs of the state ES; and, amounts collected due to FUTA credit reductions are transferred to the FUA and are used to pay down balances of state advances that have been outstanding for more than two years. Excess balances in ESAA, as defined under the Act, are transferred to other Federal accounts within the Fund, as described below.

The Federal Unemployment Account (FUA) was established pursuant to Section 904 of the Act. FUA is funded by any excesses from the ESAA as determined in accordance with Section 902 of the Act. Title XII, Section 1201 of the Act authorizes the FUA to loan Federal monies to state accounts that are otherwise unable to make benefit payments because the state UI account balance has been exhausted. With a few exceptions, Title XII loans must be repaid with interest. P.L. 116-127, Division D, section 4103 of the Emergency Unemployment Insurance Stabilization and Access (EUISA) Act waived accrued interest and interest payments on states' Title XII loans between March 18, 2020 and December 31, 2020; for states' loans that were outstanding as of September 30, 2020, interest was either waived or did not accrue. The FUA may borrow from the ESAA or EUCA, without interest, or may also receive repayable advances, with interest, from the general fund of the U.S. Treasury when the FUA has a balance insufficient to make advances to the states.

The Extended Unemployment Compensation Account (EUCA) was established pursuant to Section 905 of the Act. EUCA provides for the payment of extended unemployment benefits (extended benefits) authorized under the Federal-State Extended Unemployment Compensation Act of 1970, as amended. Under the EB program, extended benefits are paid to individuals who have exhausted their regular unemployment benefits. In general, these extended benefits are financed fifty percent by State unemployment taxes and fifty percent by FUTA taxes from the EUCA. The EUCA is funded by a percentage of the FUTA tax transferred from the ESAA in accordance with Section 905(b)(1) and (2) of the Act. The EUCA may borrow from the ESAA or the FUA, without interest, or may also receive repayable advances from the General Fund of the U.S. Treasury when the EUCA has a balance insufficient to pay the Federal share of EB. During periods of sustained high unemployment, the EUCA may also receive payments and non-repayable advances from the General Fund of the Treasury to finance temporary emergency unemployment compensation benefits. Emergency unemployment benefits require Congressional authorization.

The Federal Employees Compensation (FEC) Account was established pursuant to Section 909 of the Act. The FEC Account provides funds to States for unemployment compensation benefits paid to eligible former Federal civilian personnel and ex-service members. Generally, benefits paid are reimbursed to the FEC Account by the various Federal agencies. Any additional resources necessary to ensure that the account can make the required payments to States, due to the timing of the benefit payments and subsequent reimbursements, and for the payment of benefits for census workers which are not reimbursed by the agency, will be provided by non-repayable advances from the General Fund of the U.S. Treasury.

State Accounts

Separate state accounts were established for each state and territory depositing monies into the Fund, in accordance with Section 904 of the Act. State unemployment taxes are deposited into these individual accounts and may be used only to pay state unemployment benefits. States may receive repayable advances from the FUA (as Title XII loans) when their balances in the Fund are otherwise insufficient to pay benefits.

Railroad Retirement Accounts

The Railroad UI Account and Railroad UI Administrative Account were established under Section 904 of the Act to provide for a separate UI program for railroad employees. This separate UI program is administered by the Railroad Retirement Board, an agency independent of DOL. DOL is not responsible for the administrative oversight or solvency of the railroad UI system. Receipts from taxes on railroad payrolls are deposited in the Railroad UI Account and the Railroad UI Administrative Account to meet benefit payment and related administrative expenses.

UI Program Benefits

The UI program provides regular and extended benefit payments to eligible unemployed workers. Regular UI program benefits are established under state law, payable for a period not to exceed a maximum duration. In 1970, Federal law began to require states to extend this maximum period of benefit duration by 50 percent during periods of high unemployment. In general, these extended benefits are financed fifty percent from Federal accounts and fifty percent from state accounts.

The EUISA Act, enacted March 18, 2020, and P.L. 116-136, the Coronavirus Aid, Relief, and Economic Security and Access Act of 2020 (the CARES Act), Title II, Subtitle A, enacted March 27, 2020 provide for, among other things, Federal funding of unemployment assistance and benefits to individuals affected by the COVID-19 pandemic. Statutory weeks of eligibility vary according to the requirements of the relevant sections of the laws.

Regular UI Benefits

The UI program is a cooperative Federal and state program with the federal government providing oversight. Eligibility requirements, as well as benefit amounts and benefit duration are determined under state law. Under state laws, worker eligibility for benefits depends on experience in covered employment during a past base period, which attempts to measure the workers' recent attachment to the labor force. Three factors are common to state eligibility requirements: (1) a minimum duration of recent employment and earnings during a base period prior to unemployment; (2) unemployment not the fault of the unemployed; and (3) availability of the unemployed for work.

Benefit payment amounts under all state laws vary with the worker's base period wage history. Generally, states compute the amount of weekly UI benefits as a percentage of an individual's average weekly base period earnings, within certain minimum and maximum limits. Most states set the duration of UI benefits by the amount of earnings an individual has received during the base period. Currently, most states have established the maximum duration for regular UI benefits at 26 weeks. Regular UI benefits are paid by the state UI agencies from monies drawn down from the state account within the UTF.

The CARES Act provided for Federal reimbursement of the first week of compensable regular unemployment. During the statutory eligible weeks of unemployment, section 2105 of the CARES Act provided for 100 percent Federal funding for the first week of regular unemployment benefits (where a State's laws do not require a waiting week and that participate in certain Federal-state agreements). The effective date of the program is from the date of the Federal-state agreement to December 31, 2020.

Extended UI Benefits

The Federal/State Extended Unemployment Compensation Act of 1970 provides for the extension of the duration of UI benefits during periods of high unemployment. When the insured unemployment level within a state, or in some cases total unemployment, reaches certain specified levels, the state must extend benefit duration by 50 percent, up to a combined maximum of 39 weeks; certain states voluntarily extended the benefit duration up to a combined maximum of 46 weeks. Generally, fifty percent of the cost of extended benefits is paid from the EUCA within the UTF and fifty percent is paid from the state's UTF account.

The American Recovery and Reinvestment Act (ARRA) of 2009 began temporary 100 percent Federal funding of extended benefits and subsequent legislation continued the 100 percent Federal funding through December 31, 2013, with the last authorization from P.L. 112-240, the American Taxpayer Relief Act of 2012. Although the authority for this program expired in FY 2014, the UI program continues to process residual transactions for extended benefit costs incurred prior to the program's expiration.

More recently, section 4105 of the EUISA Act provided for 100 percent federal funding of extended benefits for states meeting certain requirements. Additionally, the EUISA Act provides federal matching of the first week of extended benefits for states meeting waiting week requirements, providing either 50 percent or 100 percent based on whether states meet qualifications associated with emergency administrative grants (also implemented through the EUISA Act). These programs are effective from the date of the Federal-state agreement to December 31, 2020.

Emergency UI Benefits

During prolonged periods of high unemployment, Congress may authorize the payment of emergency unemployment benefits to supplement extended benefit payments.

An emergency benefits program began in July 2008, authorized under the Supplemental Appropriations Act, 2008. This emergency program was temporarily extended and additionally funded by the ARRA and has been subsequently modified and extended several times through January 1, 2014, with the last authorization from P.L. 112-240, the American Taxpayer Relief Act of 2012. Although authority for this program expired in FY 2014, the UI program continues to process residual transactions for benefit costs incurred prior to the program's expiration.

More recently, section 2107 of the CARES Act provides for 100 percent federal funding for Federal Pandemic Emergency Unemployment Compensation (PEUC). During the statutory eligible weeks of unemployment, PEUC provides emergency unemployment benefits to individuals who have exhausted their regular benefits in those states which participate in certain Federal-state agreements. The program applies to weeks of benefits beginning after the date on which the Federal-state agreement is entered into, and ending on or before December 31, 2020.

Federal Pandemic Unemployment Assistance

Federal Pandemic Unemployment Assistance (PUA) is a new program under section 2102 of the CARES Act. PUA covers individuals who may not otherwise qualify for unemployment benefits, such as those that are self-employed, who seek part-time employment, do not have sufficient work history, or otherwise would not qualify for regular unemployment or extended benefits under state or Federal law or Federal PEUC benefits under section 2107 of the CARES Act. Section 2102 provided for 100 percent Federal funding in those states which participate in certain Federal-state agreements. The program is effective for weeks of unemployment beginning on or after January 27, 2020 and ending December 31, 2020.

Emergency Unemployment Relief for Governmental Entities and Nonprofit Organizations

In general, state and municipal government entities and nonprofit organizations reimburse the State accounts for 100 percent of UI benefits paid on behalf of their former employees. Section 2103 of the CARES Act provides for Federal financing so that 50 percent of the reimbursements are returned to the governmental entities and non-profit organizations. The program is effective for weeks of unemployment beginning on or after March 13, 2020 and ending December 31, 2020. P.L. 116-151, Protecting Nonprofits from Catastrophic Cash Flow Strain Act of 2020, allowed for governmental entities and nonprofit organizations to reimburse the State account for 50 percent of benefits instead of reimbursing 100 percent and then waiting for 50 percent to be returned.

Federal UI Benefits

Unemployment benefits to unemployed Federal civilian personnel and ex-service members are paid from the Federal Employees Compensation Account within the UTF. These benefit costs are reimbursed by the responsible Federal agency and are not considered to be social insurance benefits. Federal UC benefits are not included in this discussion of social insurance programs.

Federal Pandemic Unemployment Compensation

Federal Pandemic Unemployment Compensation (FPUC) was a new program under section 2104 of the CARES Act and provided for 100 percent Federal funding of $600 per week as an amount in addition to regular unemployment benefits in those states which participate in certain Federal-state agreements. Because the funding for FPUC does not flow through the UTF, the discussions of expected economic conditions and sensitivity analyses do not include the FPUC program. FPUC was applicable to weeks of benefits beginning after the date on which the Federal-state agreement was entered into, and ending on or before July 31, 2020. The benefit is not payable for any week of unemployment ending after July 31, 2020.

The Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 (the Stafford Act), as amended, authorizes the President to provide benefit assistance to individuals unemployed as a direct result of a major disaster. The Disaster Unemployment Assistance (DUA) program provides financial assistance to individuals whose employment or self-employment has been lost or interrupted as a direct result of a major disaster declared by the President of the United States and who are not eligible for regular UI benefits. DOL oversees the DUA program and coordinates with the Federal Emergency Management Agency (FEMA) to provide the funds to the state UI agencies for payment of DUA benefits and payment of state administration costs under agreements with the Secretary of Labor. DUA program activity occurs as a result of natural disasters such as hurricanes, flooding, and wildfires.

In accordance with the Stafford Act, Presidential memorandum dated August 8, 2020, "Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019," authorized a program for Lost Wages Assistance (LWA). LWA provides claimants in most unemployment insurance programs up to $400 per week of additional benefits, starting with weeks of unemployment ending on or after August 1, 2020 and ending

December 27, 2020 at the latest. The $400 per week benefit is Federally-funded 75 percent by FEMA disaster funding and 25 percent by State funding. States were encouraged to satisfy the 25 percent state match requirement and provide the additional $100 in benefits either through allocations of the state's Coronavirus Relief Funds (CRF), provided under Title V of the CARES Act, or other state funding (e.g., state funding used to pay regular state unemployment benefits). States were also permitted to satisfy the 25 percent match, without allocating additional state funds, with the state funding used to pay regular state UI unemployment benefits.

Program Finances and Sustainability

As of September 30, 2020, total assets within the UTF exceeded total liabilities by nearly $7.3 billion. At the present time there is a surplus; any surplus of tax revenues and earnings on these revenues over benefit payment expenses is available to finance benefit payments in future periods when tax revenues may be insufficient. Treasury invests any accumulated surplus in Federal securities. The net value of these securities, including interest receivable, as of September 30, 2020 was $50.8 billion. This interest is distributed to eligible state and Federal accounts within the UTF. Interest income from these investments and income from Title XII advances to states during FY 2020 was $1.9 billion. Federal and state UI tax and reimbursable revenues of more than $42.6 billion and regular, extended, emergency, and disaster unemployment benefit payment expense of nearly $200.5 billion were recognized for the year ended September 30, 2020.

As discussed in Note 1-K.1 and disclosed in Note 10 to the consolidated financial statements, DOL recognized a liability for the following unemployment benefits payable: State regular and extended unemployment benefits payable, Federal regular and extended unemployment benefits payable, Federal pandemic emergency unemployment benefits payable, Federal pandemic unemployment assistance benefits payable, Federal pandemic unemployment benefits payable, Federal employees' unemployment benefits payable, and Federal additional unemployment benefits payable to the extent of unpaid benefits applicable to the current period and for benefits paid by states that have not been reimbursed by the UTF. As disclosed in Note 21, UTF accrued unemployment benefits payable as of September 30, 2020 were $12.3 billion.

In FY 2020, the balances in the FUA and EUCA were depleted and the FUA and EUCA borrowed from the Treasury general fund as repayable Advances from U.S. Treasury. As of September 30, 2020, the FUA's outstanding advances totaled $36.0 billion at rates between 1.75 and 2.0 percent; the EUCA repaid its advances as of September 30, 2020.

Subsequent Events

Except for the items discussed below, management has determined that there are no UI or UTF subsequent events requiring accrual or disclosure through November 16, 2020.

Subsequent to September 30, 2020, the EUCA of the UTF borrowed as Advances from U.S. Treasury, $2.0 billion at an interest rate of 1.75 percent. During the same period, the FUA of the UTF borrowed as Advances from the U.S. Treasury $11.0 billion at an interest rate of 1.75 percent.

Effect of Projected Cash Inflows and Outflows on the Accumulated Net Assets of the UTF, in Constant Dollars

The ability of the UI program to meet a participant's future benefit payment needs depends on the availability of accumulated taxes and earnings within the UTF. The Department measures the effect of projected benefit payments on the accumulated net assets of the UTF, under an open group scenario, which includes current and future participants in the UI program. Future estimated cash inflows and outflows of the UTF are tracked by the Department for budgetary purposes. These projections allow the Department to monitor the sensitivity of the UI program to differing economic conditions, and to predict the program's sustainability under varying economic assumptions.

The significant assumptions used in the projections include total unemployment rates, civilian labor force levels, percent of unemployed receiving benefits, total wages, distribution of benefit payments by state, state tax rate structures, state taxable wage bases, interest rates on UTF investments, and the Consumer Price Index-Urban (CPI-U) for goods and services. The use of CPI-U factors allows the projections to be presented in constant dollars with FY 2020 as the base year. The valuation date for the projections is September 30, 2020. Cash projections depend on the assumptions used and actual experience may differ materially from the projections.

Presented on the following pages is the effect of projected economic conditions on the net assets of the UTF, in constant dollars, excluding the Federal Employees Compensation Account. Amount totals for the expected economic conditions analysis and the two sensitivity analyses may differ due to rounding.

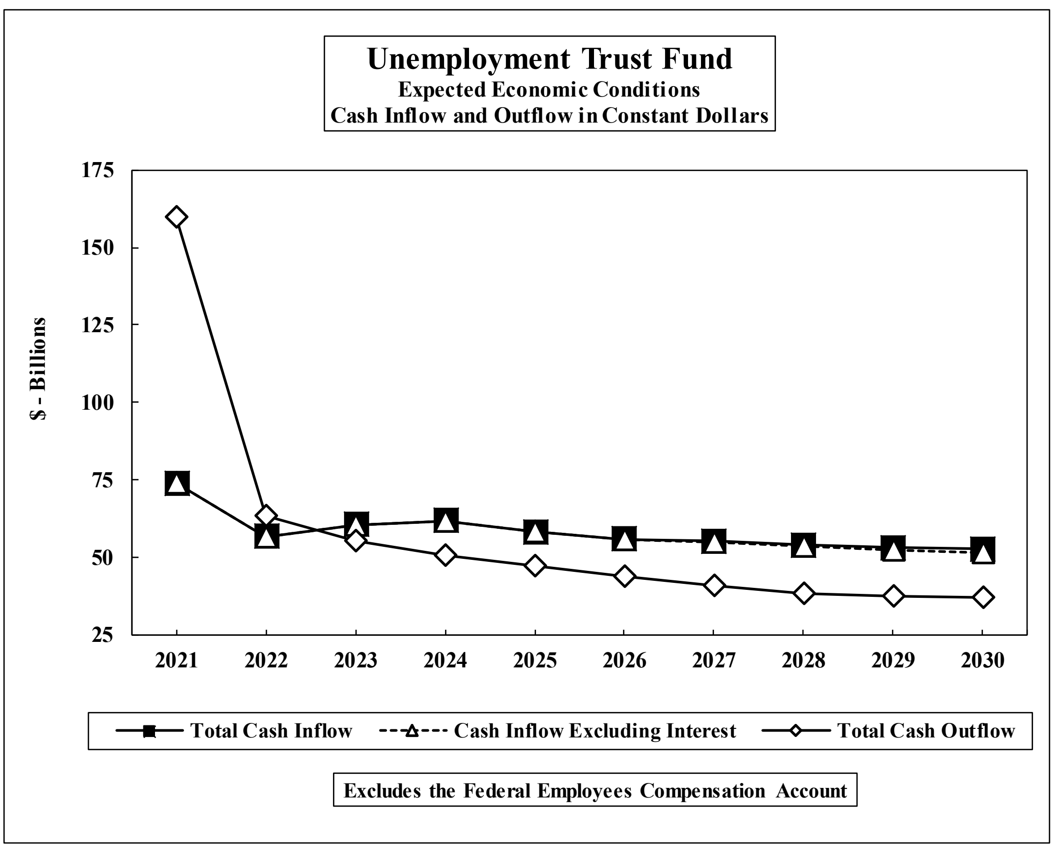
Expected Economic Conditions

Charts I and II graphically depict the effect of expected economic conditions on the UTF, in constant dollars, over the next ten years.

Projected Cash Inflows and Outflows, in Constant Dollars, Under Expected Economic Conditions

Chart I depicts projected cash inflows and outflows of the UTF, in constant dollars, over the next ten years under expected economic conditions. Both cash inflows and cash inflows excluding interest earnings are displayed. Current estimates by the Department are based on an expected unemployment rate between 5.28 and 9.13 percent during FYs 2021 through 2026 and remains below 5.0 percent in FYs 2027 through 2030. Except for FYs 2021 and 2022, total cash inflow exceeds total cash outflow through the end of the projected period. As presented in table (1) Expected Economic Conditions, the net cash outflow (excluding interest) decreases from about $(86.0) billion in FY 2021 to more than $(6.5) billion in FY 2022; then the net cash inflow (excluding interest) increases steadily from nearly $5.4 billion in FY 2023 to a high of $15.3 billion in FY 2028 and back to $14.5 billion in FY 2030. The increase in net cash inflow (excluding interest) after FY 2022 is primarily due to an increase in Federal and State unemployment tax collections over payments for State unemployment benefits.

Chart I

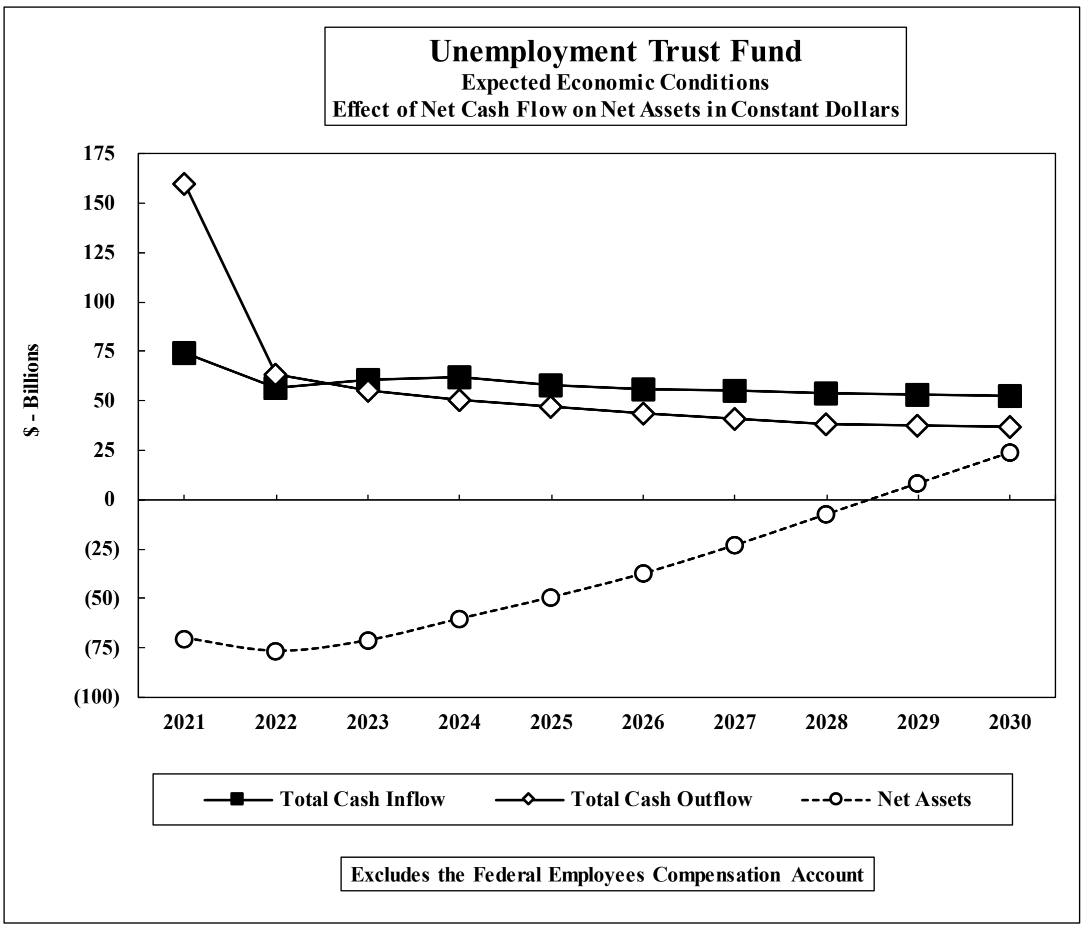


Effect of Expected Cash Flows on UTF Assets in Constant Dollars

Chart II demonstrates the effect of these expected cash inflows and outflows on the net assets of the UTF, in constant dollars, over the ten-year period ending September 30, 2030. Yearly projected total cash inflows, including interest earnings, and total cash outflows, including interest payments, are depicted as well as the net effect of these cash flows on UTF assets.

As depicted in Chart II, total cash outflow exceeds total cash inflow in FYs 2021 and 2022 and total cash inflow exceeds total cash outflow in all other years in the projection period. The excess of total cash inflow over total cash outflow is highest in FY 2029 at nearly $15.8 billion. As presented in table (1) Expected Economic Conditions, starting at a nearly $15.7 billion fund balance at the beginning of FY 2021, net UTF assets decrease nearly $92.4 billion to an almost $(76.8) billion fund net assets deficit and then increase about $100.8 billion over the next eight years to a nearly $24.1 billion fund net assets balance by the end of FY 2030. Chart II depicts the increase in the net assets of the fund.

Chart II



Sensitivity Analyses in Constant Dollars

Charts III (Sensitivity Analysis I) and IV (Sensitivity Analysis II) demonstrate the effect on accumulated UTF assets of projected total cash inflows and total cash outflows of the UTF, in constant dollars, over the ten-year period ending September 30, 2030, in two sensitivity analyses. Each sensitivity analysis uses an open group, which includes current and future participants in the UI program. Sensitivity Analysis I assumes lower rates of unemployment and Sensitivity Analysis II assumes higher rates of unemployment when compared to the expected economic conditions as shown in Charts I and II. Table I below summarizes the unemployment rates for expected conditions, Sensitivity Analysis I, and Sensitivity Analysis II.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

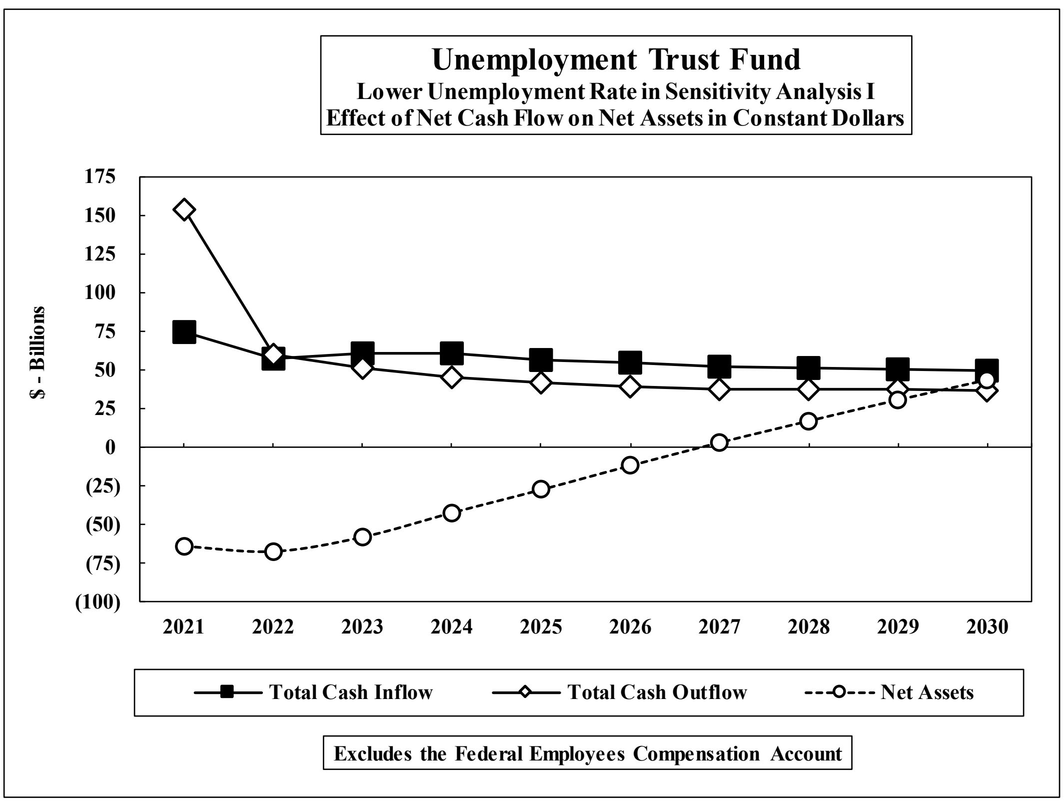
Table I

Total Unemployment Rate for the Ten-Year Period Ending September 30, 2030										
Conditions	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Expected	9.13%	7.31%	6.65%	6.12%	5.70%	5.28%	4.88%	4.54%	4.42%	4.39%
Sensitivity Analysis I	8.52%	6.91%	6.09%	5.37%	4.98%	4.61%	4.44%	4.40%	4.38%	4.38%
Sensitivity Analysis II	9.60%	9.62%	8.94%	8.07%	7.38%	6.16%	5.20%	4.54%	4.42%	4.39%

Effect on UTF Assets, in Constant Dollars, in Sensitivity Analysis I

In this sensitivity analysis, which utilizes a lower unemployment rate of 8.52 percent beginning in FY 2021, as presented in table (2) Sensitivity Analysis I Lower Unemployment Rate, there are net cash outflows in FYs 2021 and 2022, but there is a net cash inflow in FY 2023 and net cash inflows continue through 2030. Chart III depicts the cross-over point where cash outflow exceeds cash inflow for the first two years and cash inflow exceeds cash outflow afterward. Starting at a nearly $15.7 billion fund balance at the beginning of FY 2021, net UTF assets first decrease by about $82.7 billion through FY 2022 to a $(67.0) billion fund net assets deficit and then increase by about $110.7 billion over the next eight years to about a $43.7 billion net assets balance by the end of FY 2030. Chart III depicts the decrease in net assets until FY 2022 and then the increase in net assets thereafter.

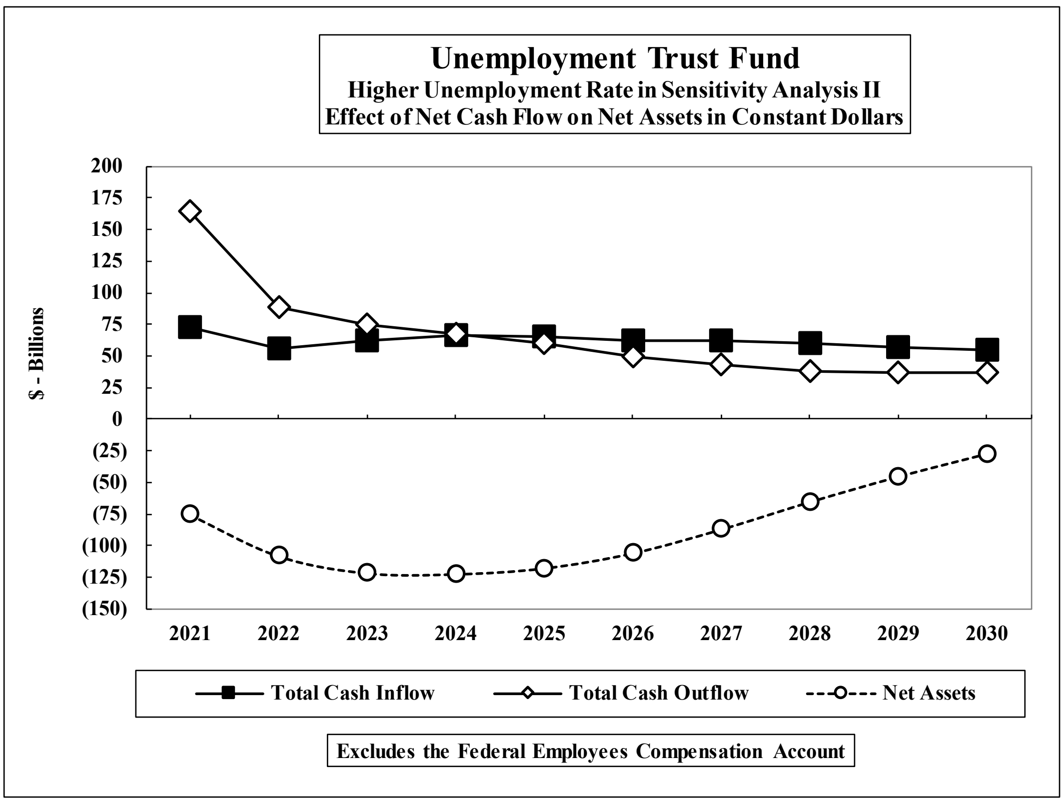
Chart III



Effect on UTF Assets, in Constant Dollars, in Sensitivity Analysis II

In this sensitivity analysis, as presented in the table (3) Sensitivity Analysis II Higher Unemployment Rate, net cash outflows including interest earnings and expenses are projected in FYs 2021 through 2024 by amounts between $(91.0) billion and below $1.0 billion, but inflows exceed outflows in FYs 2025 through 2030 by amounts between nearly $4.7 billion and $21.6 billion. Net cash inflows are reestablished in FY 2026 and peak in FY 2028 with a decrease in the unemployment rate to below 8.0 percent in FY 2025 and then steadily downward for FYs 2026 through 2030. Chart IV depicts the cross-over points where outflows exceed inflows until FY 2025 and inflows exceed outflows until FY 2030. The fund net assets decrease about $137.9 billion from a nearly $15.7 billion fund balance at the beginning of FY 2021 to $(122.2) billion fund net assets deficit in FY 2024. Chart IV depicts the low point in the fund's financial position at a fund net assets deficit of $(122.2) billion in FY 2024 and then the steadily decreasing fund net assets deficit through 2030. At the end of the projection period of Sensitivity Analysis II, the fund net assets deficit is more than $(27.1) billion. There is a difference of about $51.2 billion in net assets between expected economic conditions net assets of almost $24.1 billion in FY 2030 and sensitivity analysis II fund net assets deficit of more than $(27.1) billion in FY 2030.

Chart IV



The example of expected economic conditions and two sensitivity analyses, in constant dollars, demonstrate the counter cyclical nature of the UI program, which experiences net cash inflows during periods of low unemployment that are depleted by net cash outflows during periods of increased unemployment. During the expected conditions and two sensitivity analyses, state accounts without sufficient reserve balances to absorb negative cash flows are forced to obtain advances from the FUA in order to meet benefit payment requirements. Advances to states also deplete the FUA, which borrows from the ESAA and the EUCA until they are depleted. The FUA then requires advances from the General Fund of the U.S. Treasury to provide borrowings to states. (See following discussion of solvency measures for state UI programs.)

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

U.S. DEPARTMENT OF LABOR
SUPPLEMENTARY SOCIAL INSURANCE INFORMATION IN CONSTANT DOLLARS
CASH INFLOW AND OUTFLOW OF THE
UNEMPLOYMENT TRUST FUND EXCLUDING THE FEDERAL EMPLOYEES COMPENSATION ACCOUNT
FOR THE TEN-YEAR PERIOD ENDING SEPTEMBER 30, 2030
(1) EXPECTED ECONOMIC CONDITIONS

(Dollars in millions)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Balance, start of year	$ 15,677	$ (70,238)	$ (76,767)	$ (71,373)	$ (60,411)	$ (49,477)	$ (37,435)	$ (23,038)	$ (7,309)	$ 8,467
Cash inflow										
State unemployment taxes	42,286	49,537	51,610	50,242	45,529	42,023	39,743	37,898	36,259	35,254
Federal unemployment taxes	6,809	6,872	8,718	11,230	12,412	13,455	14,724	14,831	15,030	15,022
General revenue appropriation	24,652	-	-	-	-	-	-	-	-	-
Interest on loans	47	71	74	88	103	274	479	771	1,036	1,210
Deposits by the Railroad Retirement Board	91	196	223	139	75	88	133	157	132	104
Total cash inflow excluding interest	73,885	56,676	60,625	61,699	58,119	55,840	55,079	53,657	52,457	51,590
Interest on Federal securities	54	17	23	31	41	79	208	412	734	1,101
Total cash inflow	73,939	56,693	60,648	61,730	58,160	55,919	55,287	54,069	53,191	52,691
Cash outflow										
State unemployment benefits	152,999	58,774	51,106	46,486	42,851	39,351	36,072	33,254	32,186	31,819
State administrative costs	6,375	4,051	3,749	3,891	3,971	4,020	4,030	4,010	3,988	3,967
Federal administrative costs	219	218	215	212	210	207	205	203	200	197
Interest on tax refunds	1	-	-	-	-	-	-	1	2	2
Interest on advances	149	78	86	84	100	205	489	777	944	1,005
Railroad Retirement Board withdrawals	111	101	98	95	94	94	94	95	95	95
Total cash outflow	159,854	63,222	55,254	50,768	47,226	43,877	40,890	38,340	37,415	37,085
Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow	(85,969)	(6,546)	5,371	10,931	10,893	11,963	14,189	15,317	15,042	14,505
Excess (deficiency) of total cash inflow over (under) total cash outflow	(85,915)	(6,529)	5,394	10,962	10,934	12,042	14,397	15,729	15,776	15,606
Balance, end of year	$ (70,238)	$ (76,767)	$ (71,373)	$ (60,411)	$ (49,477)	$ (37,435)	$ (23,038)	$ (7,309)	$ 8,467	$ 24,073
Total unemployment rate	9.13%	7.31%	6.65%	6.12%	5.70%	5.28%	4.88%	4.54%	4.42%	4.39%

U.S. DEPARTMENT OF LABOR
SUPPLEMENTARY SOCIAL INSURANCE INFORMATION IN CONSTANT DOLLARS
CASH INFLOW AND OUTFLOW OF THE
UNEMPLOYMENT TRUST FUND EXCLUDING THE FEDERAL EMPLOYEES COMPENSATION ACCOUNT
FOR THE TEN-YEAR PERIOD ENDING SEPTEMBER 30, 2030
(2) SENSITIVITY ANALYSIS I LOWER UNEMPLOYMENT RATE

(Dollars in millions)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Balance, start of year	$ 15,677	$ (63,684)	$ (67,011)	$ (57,726)	$ (42,097)	$ (27,207)	$ (11,687)	$ 3,203	$ 17,148	$ 30,747
Cash inflow										
State unemployment taxes	42,873	49,750	51,793	49,734	44,498	40,613	38,211	36,462	35,354	33,855
Federal unemployment taxes	6,898	6,996	8,680	11,010	12,226	13,516	13,707	13,855	13,860	14,042
General revenue appropriation	24,652	-	-	-	-	-	-	-	-	-
Interest on loans	45	66	68	77	88	226	381	611	810	965
Deposits by the Railroad Retirement Board	91	196	223	139	75	88	133	157	132	104
Total cash inflow excluding interest	74,559	57,008	60,764	60,960	56,887	54,443	52,432	51,085	50,156	48,966
Interest on Federal securities	60	19	25	34	46	90	233	447	782	1,164
Total cash inflow	74,619	57,027	60,789	60,994	56,933	54,533	52,665	51,532	50,938	50,130
Cash outflow										
State unemployment benefits	147,233	55,980	47,442	41,184	37,776	34,613	33,134	32,730	32,406	32,258
State administrative costs	6,267	3,987	3,682	3,799	3,881	3,938	3,975	3,994	3,986	3,971
Federal administrative costs	219	218	215	212	210	207	205	203	200	197
Interest on tax refunds	1	-	-	-	-	-	-	1	1	2
Interest on advances	149	68	67	75	82	161	367	564	651	678
Railroad Retirement Board withdrawals	111	101	98	95	94	94	94	95	95	95
Total cash outflow	153,980	60,354	51,504	45,365	42,043	39,013	37,775	37,587	37,339	37,201
Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow	(79,421)	(3,346)	9,260	15,595	14,844	15,430	14,657	13,498	12,817	11,765
Excess (deficiency) of total cash inflow over (under) total cash outflow	(79,361)	(3,327)	9,285	15,629	14,890	15,520	14,890	13,945	13,599	12,929
Balance, end of year	$ (63,684)	$ (67,011)	$ (57,726)	$ (42,097)	$ (27,207)	$ (11,687)	$ 3,203	$ 17,148	$ 30,747	$ 43,676
Total unemployment rate	8.52%	6.91%	6.09%	5.37%	4.98%	4.61%	4.44%	4.40%	4.38%	4.38%

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

U.S. DEPARTMENT OF LABOR
SUPPLEMENTARY SOCIAL INSURANCE INFORMATION IN CONSTANT DOLLARS
CASH INFLOW AND OUTFLOW OF THE
UNEMPLOYMENT TRUST FUND EXCLUDING THE FEDERAL EMPLOYEES COMPENSATION ACCOUNT
FOR THE TEN-YEAR PERIOD ENDING SEPTEMBER 30, 2030
(3) SENSITIVITY ANALYSIS II HIGHER UNEMPLOYMENT RATE

(Dollars in millions)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Balance, start of year	$ 15,677	$ (75,336)	$ (107,960)	$ (121,464)	$ (122,202)	$ (117,549)	$ (105,690)	$ (86,849)	$ (65,228)	$ (45,201)
Cash inflow										
State unemployment taxes	41,626	48,591	52,466	53,363	50,326	47,249	44,314	41,019	37,926	35,570
Federal unemployment taxes	6,704	6,631	8,798	12,505	14,411	13,961	16,411	16,956	17,006	16,579
General revenue appropriation	24,652	-	-	-	-	-	-	-	-	-
Interest on loans	47	82	97	125	153	413	727	1,165	1,557	1,842
Deposits by the Railroad Retirement Board	91	196	223	139	75	88	133	157	132	104
Total cash inflow excluding interest	73,120	55,500	61,584	66,132	64,965	61,711	61,585	59,297	56,621	54,095
Interest on Federal securities	54	14	17	22	29	54	153	335	624	963
Total cash inflow	73,174	55,514	61,601	66,154	64,994	61,765	61,738	59,632	57,245	55,058
Cash outflow										
State unemployment benefits	157,268	83,294	70,579	62,276	55,697	45,151	37,757	32,474	31,430	31,071
State administrative costs	6,439	4,428	4,108	4,178	4,203	4,142	4,073	4,008	3,980	3,960
Federal administrative costs	219	218	215	212	210	207	205	203	200	197
Interest on tax refunds	1	-	-	-	-	-	-	1	2	2
Interest on advances	149	97	105	131	137	312	768	1,230	1,511	1,675
Railroad Retirement Board withdrawals	111	101	98	95	94	94	94	95	95	95
Total cash outflow	164,187	88,138	75,105	66,892	60,341	49,906	42,897	38,011	37,218	37,000
Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow	(91,067)	(32,638)	(13,521)	(760)	4,624	11,805	18,688	21,286	19,403	17,095
Excess (deficiency) of total cash inflow over (under) total cash outflow	(91,013)	(32,624)	(13,504)	(738)	4,653	11,859	18,841	21,621	20,027	18,058
Balance, end of year	$ (75,336)	$ (107,960)	$ (121,464)	$ (122,202)	$ (117,549)	$ (105,690)	$ (86,849)	$ (65,228)	$ (45,201)	$ (27,143)
Total unemployment rate	9.60%	9.62%	8.94%	8.07%	7.38%	6.16%	5.20%	4.54%	4.42%	4.39%

Each state's accumulated UTF net assets or reserve balance should provide a defined level of benefit payments over a defined period. To be minimally solvent, a state's reserve balance should provide for one year's projected benefit payment needs based on the highest levels of benefit payments experienced by the state over the last twenty years. A ratio of 1.00 or greater indicates that the state UTF account balance is minimally solvent. States below this level are vulnerable to exhausting their funds in a recession. States exhausting their reserve balance must borrow funds from either the FUA or private markets to make benefit payments. During FY 2020, the balances in the FUA and EUCA were depleted and the FUA and EUCA borrowed from the Treasury general fund as Advances from U.S. Treasury. FUA outstanding advances were $36.0 billion as of September 30, 2020; the EUCA repaid its advances by September 30, 2020.

Chart V presents the state by state results of this analysis at September 30, 2020 in descending order by ratio. As the chart below illustrates, 37 state UTF accounts and the accounts of the District of Columbia, Puerto Rico, and the Virgin Islands were below the minimal solvency ratio of 1.00 at September 30, 2020. Some states borrow from the FUA and then issue bonds to repay their FUA borrowings; the ratios do not reflect a state's debt to bondholders.

Chart V

Minimally Solvent	
State	Ratio
Oregon	1.96
Wyoming	1.85
Nebraska	1.77
Idaho	1.59
South Dakota	1.54
North Dakota	1.46
Vermont	1.25
Iowa	1.22
Arkansas	1.21
Mississippi	1.11
Maine	1.10
Utah	1.08
Alaska	1.07

Not Minimally Solvent	
State	Ratio
North Carolina	0.97
South Carolina	0.88
Kansas	0.87
Tennessee	0.84
Montana	0.80
Wisconsin	0.65
Alabama	0.60
Puerto Rico	0.56
Washington	0.53
Oklahoma	0.39
Florida	0.36
Missouri	0.34
Michigan	0.33
Rhode Island	0.33
District of Columbia	0.32
New Hampshire	0.27
Arizona	0.19
Maryland	0.14
Nevada	0.14
Louisiana	0.04

Not Minimally Solvent	
State	Ratio
Virginia	0.04
Indiana	0.03
New Jersey	0.00
Pennsylvania	0.00
Delaware	0.00
New Mexico	0.00
Georgia	0.00
Colorado	0.00
West Virginia	0.00
Connecticut	0.00
Minnesota	0.00
Ohio	0.00
Kentucky	0.00
Massachusetts	0.00
Illinois	0.00
California	0.00
Texas	0.00
New York	0.00
Hawaii	0.00
Virgin Islands	0.00

*Includes the District of Columbia, Commonwealth of Puerto Rico, and the Virgin Islands.

Black Lung Disability Benefit Program

The Black Lung Disability Benefit Program provides for compensation, medical, and survivor benefits for eligible coal miners who are totally disabled due to pneumoconiosis (black lung disease) arising out of their coal mine employment and the Black Lung Disability Trust Fund (BLDTF) provides benefit payments when no responsible mine operator can be assigned the liability or when the liability is adjudicated to the BLDTF, which may occur as a result of, among other things, bankruptcy of the Responsible Mine Operator (RMO). Other information about the BLDTF and social insurance reporting is also presented in Notes 1-W and 1-Y of the financial statements.

Program Administration and Funding

The Federal Coal Mine Health and Safety Act sets Black Lung benefits at 37.5 percent of the base salary of a Federal employee at level GS-2, Step 1. Black Lung Disability Benefit payments are funded by excise taxes from coal mine operators based on the domestic sale of coal, as are the program's administrative costs. These taxes are collected by the Internal Revenue Service and transferred to the BLDTF, which was established under the authority of the Black Lung Benefits Revenue Act, and administered by the U.S. Department of the Treasury (Treasury).

P.L. 110-343, Division B-Energy Improvement and Extension Act of 2008, enacted on October 3, 2008, in section 113:
(1) allowed for the temporary increase in coal excise tax rates to continue an additional five years beyond the statutory limit, that is, $1.10 per ton of underground-mined coal and $0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price until December 31, 2018, after which time the coal excise taxes reverted to $0.50 per ton of underground-mined coal and $0.25 per ton of surface-mined coal sold, with a limit of 2.0 percent of sales price and
(2) restructured the BLDTF debt by refinancing the outstanding repayable advances (which had higher interest rates) with discounted debt instruments similar in form to zero-coupon bonds (which had lower interest rates), plus a one-time appropriation. This Act also allowed that any subsequent debt issued by the BLDTF may be used to make benefit payments, other authorized expenditures, or to repay debt and interest from the initial refinancing. All debt issued by the BLDTF was effected as borrowing from the Treasury's Bureau of the Fiscal Service.

On December 20, 2019, P.L. 116-94, the Further Consolidated Appropriations Act 2020, temporarily increased the excise tax rates back to $1.10 per ton of underground-mined coal and $0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price for the period January 1, 2020 through December 31, 2020. In accordance with the laws in effect as of September 30, 2020, the tax rates will again revert to $0.50 per ton of underground-mined coal and $0.25 per ton of surface-mined coal sold, with a limit of 2.0 percent of sales price on January 1, 2021. (See Notes 1-J and 8)

Program Finances and Sustainability

At September 30, 2020, total liabilities of the BLDTF exceeded assets by nearly $6.0 billion This net position deficit represents the accumulated shortfall of excise taxes necessary to meet benefit payments, administrative costs, and interest expense incurred prior to and subsequent to the debt refinancing pursuant to P.L. 110-343. Prior to enactment of P.L. 110-343, this shortfall was funded by repayable advances to the BLDTF, which were repayable with interest. Pursuant to P.L. 110-343, any shortfall will be financed with debt instruments similar in form to zero-coupon bonds, with a maturity date of one year and bear interest at the Treasury 1-year rate. Outstanding debt at September 30, 2020 was $6.4 billion, bearing interest rates ranging from 0.122 percent to 4.556 percent.

Excise tax revenues of $301.4 million, benefit payment expense of $152.2 million, and interest expense of $213.7 million were recognized for the year ended September 30, 2020. The interest expense is accrued and capitalized to the principal of the debt until the debt reaches its face value at the time of maturity. On September 30, 2020 the BLDTF issued debt in the amount of $2.2 billion, bearing interest at 0.122 percent and maturing on September 30, 2021. At September 30, 2020, there were 22 debt instruments with a total carrying value of nearly $6.4 billion and a total face value at maturity of $8.8 billion. Of these 22 debt instruments, 20 are from the October 2008 refinancing and have staggered maturities of September 30 for years 2021 through 2040 and two are one-year debt instruments that were issued on December 31, 2019 and September 30, 2020.

Subsequent Events

As of November 16, 2020, management has determined that there are no subsequent events requiring disclosure for the social insurance financial statements or required supplementary information.

Projected Cash Inflows and Outflows, in Constant Dollars, for the Open Group

During FY 2016, the number of participants who joined the beneficiary population increased due to, among other things, adjudicated liability as a result of responsible mine operator bankruptcy; projections for the number of new participants increased for similar reasons and the BLDTF management determined that the difference between the size of the closed group population and the open group population merited separate reporting for new participants. Accordingly, since FY 2016 the Statement of Social Insurance (SOSI) presents values for the closed group, new participants, and open group.

The significant assumptions used in the projections, in constant dollars, are the coal excise tax revenue estimates, tax rate structure, number of beneficiaries, life expectancy, Federal civilian pay raises, medical cost inflation, interest rate on new debt issued by the BLDTF, and the CPI-U for goods and services. The use of CPI-U factors allows the projections to be presented in constant dollars with FY 2020 as the base year. In FYs 2016 through 2019, the source of the CPI-U factors was OMB; in FY 2020, the source of the CPI-U factors was the 10-year economic projections issued by the Congressional Budget Office in July 2020. The valuation date for the projections is September 30, 2020.

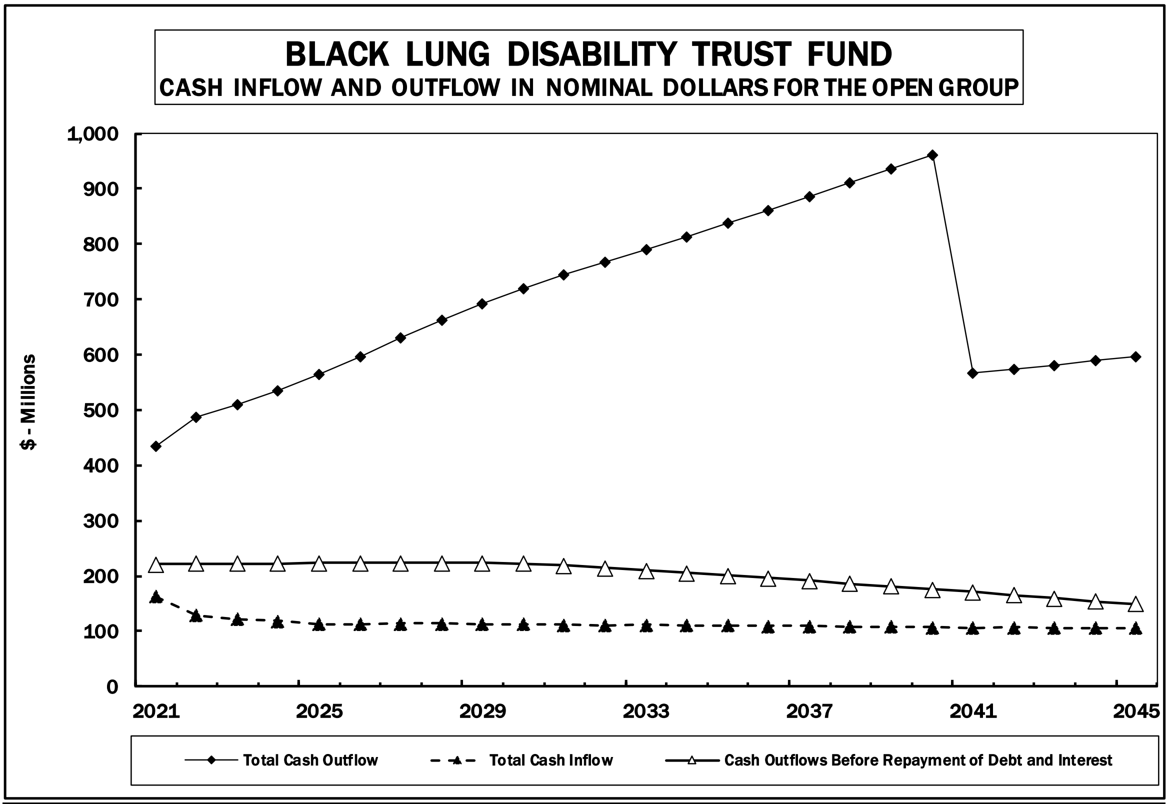
Effective for FY 2017 reporting DOL revised its projection period from a fixed terminus of FY 2040 to a rolling 25-year period beginning on the valuation date. The FY 2020 25-year projection period ends on September 30, 2045. In making the projections, adjustments were made to the model for the potential effects of the COVID-19 pandemic: due to temporary closure of diagnostic testing centers, the diagnostic medical costs for May through September 2020 were based on monthly averages from prior months instead of actual costs; when projecting new participants from non-bankruptcies, FY 2019 results were used instead of FY 2020 results. Cash projections depend on the assumptions used and actual experience may differ materially from the projections.

In order to be consistent with Executive Branch policy on regulations pursuant to the Clean Power Plan (CPP), DOL's estimates of future excise tax income were based on, among other things, Energy Information Administration (EIA) projections that do not reflect CPP regulation; effective September 6, 2019, the CPP regulation was repealed and the EPA issued the Affordable Clean Energy (ACE) regulation. As of September 30, 2020, litigation pursuant to the ACE regulation was before the U.S. Court of Appeals (USCA); DOL's estimates of future excise tax income continued to be based on, among other things, EIA projections that reflect the ACE regulation. The EIA projections reflect long-term economic and demographic trends, including an annual 1.9 percent GDP annual growth rate (relatively flat) offset by future periods of growth; and continued improvements in energy production. To adjust for COVID-19 related current events, management used short-term projections for near future coal production and exports. The effects of the significant decrease in projected cash inflows from excise taxes are also reflected in the Statement of Social Insurance as of September 30, 2020 and are the largest change reported in the Statement of Changes in Social Insurance Amounts for the year ended September 30, 2020.

The projections, in constant dollars for the open group, made over the 25-year period ending September 30, 2045, indicate that cash outflows for benefit payments and administrative expenses will exceed cash inflows from excise taxes for all years in the projection period. Cumulative net cash outflows are projected as $1.72 billion by FY 2045. When payments from the BLDTF's maturing debt are added to the net cash outflows, the BLDTF's net cash outflows after payments on maturing debt are projected to reach $10.93 billion by the end of FY 2045, resulting in a projected deficit of nearly $14.92 billion at September 30, 2045. (See Chart I and Table I of this section)

The net present value of future projected benefit payments and other cash inflow and outflow activities for the closed group and the open group together with the fund's deficit positions as of September 30, 2020, 2019, 2018, 2017, and 2016 are presented in the SOSI.

Chart I



Projected Cash Inflows and Outflows with Sensitivity Analysis, in Constant Dollars, for the Open Group

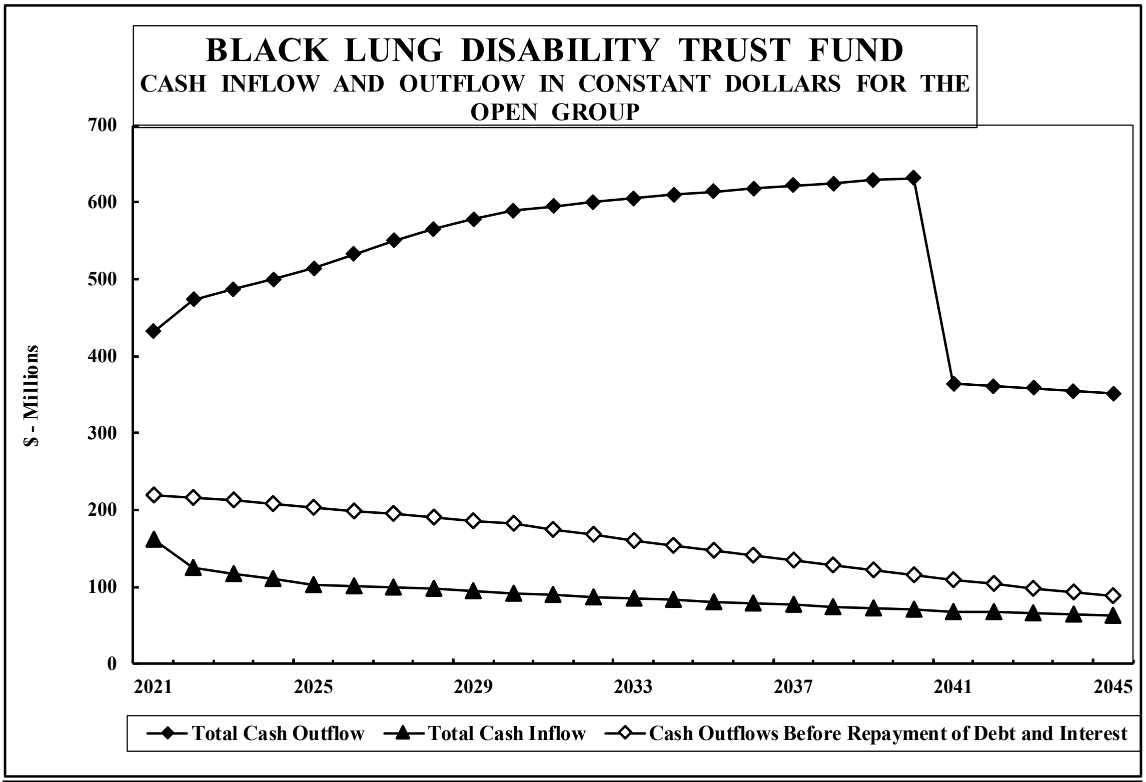
For the projected cash inflows and outflows with sensitivity analysis, in constant dollars for the open group, the significant assumption for medical cost inflation was increased 1.00 percent. For the sensitivity analysis, the other significant assumptions (coal excise tax revenue estimates, tax rate structure, number of beneficiaries, life expectancy, Federal civilian pay raises, interest rate on new debt issued by the BLDTF, and CPI-U for goods and services) were left unchanged. Cash projections depend on the assumptions used and actual experience may differ materially from the projections.

Projected Cash Inflows and Outflows with Sensitivity Analysis, in Constant Dollars, for the Open Group

For the projected cash inflows and outflows with sensitivity analysis, in constant dollars for the open group, the significant assumption for medical cost inflation was increased 1.00 percent. For the sensitivity analysis, the other significant assumptions (coal excise tax revenue estimates, tax rate structure, number of beneficiaries, life expectancy, Federal civilian pay raises, interest rate on new debt issued by the BLDTF, and CPI-U for goods and services) were left unchanged. Cash projections depend on the assumptions used and actual experience may differ materially from the projections.

These projections with sensitivity analysis, in constant dollars for the open group, made over the 25-year period ending September 30, 2045, indicate that cash outflows for benefit payments and administrative expenses will exceed cash inflows from excise taxes for all years in the projection period. Cumulative net cash outflows would be projected to reach $1.84 billion by the year 2045. When payments from the BLDTF's maturing debt are added to the net cash outflows, the BLDTF's net cash outflows after payments on maturing debt would be projected to reach $11.08 billion by the end of the year 2045, and would result in a projected deficit of nearly $15.07 billion at September 30, 2045. (See Chart II and Table II of this section)

Chart II



Closed Group, New Participants, and Open Group with Sensitivity Analysis

For the closed group, new participants, and open group with sensitivity analysis, we modified the significant assumptions as described above (see Projected Cash Inflows and Outflows with Sensitivity Analysis, in Constant Dollars for the Open Group) for the medical cost inflation but the other significant assumptions were left unchanged.

For the Sensitivity Analysis, the changes that we made in the assumptions as described above (see projected Cash Inflows and Outflows with Sensitivity Analysis, in Constant Dollars for the Open Group) had the following effects (in thousands of dollars):

(a) In the SOSI, for the closed group:

(1) the present value of estimated future excise tax income during the projection period would decrease $51,809 from $1,295,220 to $1,243,411;
(2) the present value of estimated future administrative costs during the projection period would decrease $34,072 from $851,780 to $817,708;
(3) the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period would increase $32,064 from $1,415,071 to $1,447,135; and
(4) the closed group measure would decrease $49,801 from $(971,631) to $(1,021,432).

(b) In the SOSI, for the new participants:

(1) the present value of estimated future excise tax income during the projection period would increase $51,808 from $1,295,220 to $1,347,028;
(2) the present value of estimated future administrative costs during the projection period would increase $34,071 from $851,780 to $885,851;
(3) the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period would increase $121,054 from $1,440,636 to $1,561,690; and

(4) the excess of present value of estimated future excise tax income over present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period would decrease $103,317 from $(997,196) to $(1,100,513).

(c) In the SOSI, for the open group:

(1) the present value of estimated future excise tax income during the projection period of $2,590,440 would remain unchanged;
(2) the present value of estimated future administrative costs during the projection period of $1,703,560 would remain unchanged;
(3) the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period would increase $153,118 from $2,855,707 to $3,008,825; and
(4) the open group measure would decrease $153,118 from $(1,968,827) to $(2,121,945).

(d) In the SOSI, the trust fund net position deficit at start of the projection period of $(5,976,255) would remain unchanged.

(e) In the SOSI Summary Section, for the closed group:

(1) the closed group measure would decrease $49,801 from $(971,631) to $(1,021,432);
(2) the Funds with U.S. Treasury and receivables from benefit overpayments of $433,074 would remain unchanged; and
(3) the total of closed group measure plus fund assets would decrease $49,801 from $(538,557) to $(588,358).

(f) In the SOSI Summary Section, for the open group:

1) the open group measure would decrease $153,118 from $(1,968,827) to $(2,121,945);
2) the Funds with U.S. Treasury and receivables from benefit overpayments of $433,074 would remain unchanged; and
3) the total of open group measure plus fund assets would decrease $153,118 from $(1,535,753) to $(1,688,871).

Cash projections depend on the assumptions used and actual experience may differ materially from the projections.

Table I

U.S. DEPARTMENT OF LABOR

SUPPLEMENTARY SOCIAL INSURANCE INFORMATION

CASH INFLOW AND OUTFLOW OF THE BLACK LUNG DISABILITY TRUST FUND IN CONSTANT DOLLARS

FOR THE 25-YEAR PERIOD ENDING SEPTEMBER 30, 2045

OPEN GROUP

(Dollars in thousands)	2021	2022	2023	2024	2025	2026 - 2045	Total
Balance, start of year	$(5,976,255)	$(6,127,528)	$(6,356,730)	$(6,609,057)	$(6,881,962)	$ (7,178,247)	$ (5,976,255)
Cash inflow							
Excise taxes	161,533	125,646	116,388	110,094	103,056	1,608,726	2,225,443
Total cash inflow	161,533	125,646	116,388	110,094	103,056	1,608,726	2,225,443
Cash outflow							
Disabled coal miners benefits	145,359	142,360	138,710	134,779	130,756	1,790,298	2,482,262
Administrative costs	73,693	73,668	73,390	73,003	72,582	1,098,432	1,464,768
Cash outflows before repayment of debt and interest	219,052	216,028	212,100	207,782	203,338	2,888,730	3,947,030
Cash inflow over cash outflow (cash outflow over cash inflow) before repayment of debt and interest	(57,519)	(90,382)	(95,712)	(97,688)	(100,282)	(1,280,004)	(1,721,587)
Maturity of obligations refinanced October 2008	208,292	219,157	229,066	237,314	244,246	4,010,474	5,148,549
Interest on annual borrowings	4,397	38,283	45,524	54,457	66,384	3,851,101	4,060,146
Total cash outflow	431,741	473,468	486,690	499,553	513,968	10,750,305	13,155,725
Total cash outflow over total cash inflow	(270,208)	(347,822)	(370,302)	(389,459)	(410,912)	(9,141,579)	(10,930,282)
Reduction of debt refinanced October 2008	118,935	118,620	117,975	116,554	114,627	1,399,376	1,986,087
Balance, end of year	$(6,127,528)	$(6,356,730)	$(6,609,057)	$(6,881,962)	$(7,178,247)	$(14,920,450)	$(14,920,450)

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Table II

U.S. DEPARTMENT OF LABOR

SUPPLEMENTARY SOCIAL INSURANCE INFORMATION SENSITIVITY ANALYSIS

CASH INFLOW AND OUTFLOW OF THE BLACK LUNG DISABILITY TRUST FUND IN CONSTANT DOLLARS

FOR THE 25-YEAR PERIOD ENDING SEPTEMBER 30, 2045

OPEN GROUP

(Dollars in thousands)	2021	2022	2023	2024	2025	2026 - 2045	Total
Balance, start of year	$(5,976,255)	$(6,128,351)	$(6,358,825)	$(6,612,891)	$(6,888,020)	$ (7,187,027)	$ (5,976,255)
Cash inflow							
Excise taxes	161,533	125,646	116,388	110,094	103,056	1,608,726	2,225,443
Total cash inflow	161,533	125,646	116,388	110,094	103,056	1,608,726	2,225,443
Cash outflow							
Disabled coal miners benefits	146,182	143,619	140,415	136,936	133,364	1,900,634	2,601,150
Administrative costs	73,693	73,668	73,390	73,003	72,582	1,098,432	1,464,768
Cash outflows before repayment of debt and interest	219,875	217,287	213,805	209,939	205,946	2,999,066	4,065,918
Cash inflow over cash outflow (cash outflow over cash inflow) before repayment of debt and interest	(58,342)	(91,641)	(97,417)	(99,845)	(102,890)	(1,390,340)	(1,840,475)
Maturity of obligations refinanced October 2008	208,292	219,157	229,066	237,314	244,246	4,010,474	5,148,549
Interest on annual borrowings	4,397	38,296	45,558	54,524	66,498	3,883,108	4,092,381
Total cash outflow	432,564	474,740	488,429	501,777	516,690	10,892,648	13,306,848
Total cash outflow over total cash inflow	(271,031)	(349,094)	(372,041)	(391,683)	(413,634)	(9,283,922)	(11,081,405)
Reduction of debt refinanced October 2008	118,935	118,620	117,975	116,554	114,627	1,399,376	1,986,087
Balance, end of year	$(6,128,351)	$(6,358,825)	$(6,612,891)	$(6,888,020)	$(7,187,027)	$(15,071,573)	$(15,071,573)

COMBINING STATEMENTS OF BUDGETARY RESOURCES

The principal Combined Statements of Budgetary Resources present the budgetary resources available to DOL and net outlays of budgetary resources for the years ended September 30, 2020 and 2019, respectively; and the status of these resources as of September 30, 2020 and 2019, respectively. Presented on the following pages is the disaggregation of this combined information for each of the Department's major budget agencies.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

COMBINING STATEMENT OF BUDGETARY RESOURCES

For the Year Ended September 30, 2020

(Dollars in thousands)	Employment and Training Administration	Office of Worker's Compensation Programs	Office of Job Corps	Occupational Safety and Health Administration
BUDGETARY RESOURCES				
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	1,839,017	1,614,866	1,448,365	10,581
Appropriations (discretionary and mandatory)	548,192,259	2,391,161	1,760,217	586,733
Borrowing Authority (discretionary and mandatory)	36,000,000	20,774	-	-
Spending authority from offsetting collections (discretionary and mandatory)	6,041,880	2,902,780	-	1,966
Total budgetary resources	$ 592,073,156	$ 6,929,581	$ 3,208,582	$ 599,280
STATUS OF BUDGETARY RESOURCES				
New obligations and upward adjustments (total)	$ 590,048,387	$ 5,301,620	$ 1,801,440	$ 587,062
Unobligated balance, end of year				
Apportioned, unexpired accounts	901,856	1,598,413	1,309,743	2,422
Exempt from apportionment, unexpired accounts	-	22,430	-	-
Unapportioned, unexpired accounts	156,537	4,783	3,932	-
Unexpired unobligated balance, end of year	1,058,393	1,625,626	1,313,675	2,422
Expired unobligated balance, end of year	966,376	2,335	93,467	9,796
Unobligated balance, end of year (total)	2,024,769	1,627,961	1,407,142	12,218
Total budgetary resources	$ 592,073,156	$ 6,929,581	$ 3,208,582	$ 599,280
OUTLAYS, NET				
Outlays, net (total) (discretionary and mandatory)	564,547,572	2,402,191	1,604,709	569,849
Distributed offsetting receipts	(84,798,422)	(3,480)	-	-
Agency outlays, net (discretionary and mandatory)	$ 479,749,150	$ 2,398,711	$ 1,604,709	$ 569,849

Bureau of Labor Statistics	Mine Safety and Health Administration	Employee Benefits Security Administration	Veterans' Employment and Training Service	Wage and Hour Division	Other Program Agencies	TOTAL
10,271	5,893	4,348	15,110	16,111	145,494	5,110,056
587,000	379,816	182,000	55,001	286,725	887,020	555,307,932
-	-	-	-	-	-	36,020,774
100,557	1,595	7,016	256,340	1,563	524,840	9,838,537
$ 697,828	$ 387,304	$ 193,364	$ 326,451	$ 304,399	$ 1,557,354	$ 606,277,299
$ 662,816	$ 380,569	$ 187,183	$ 313,024	$ 295,335	$ 1,177,643	$ 600,755,079
27,515	1,579	2,111	82	3,010	334,968	4,181,699
-	-	-	-	-	-	22,430
-	5	-	-	3,338	28,758	197,353
27,515	1,584	2,111	82	6,348	363,726	4,401,482
7,497	5,151	4,070	13,345	2,716	15,985	1,120,738
35,012	6,735	6,181	13,427	9,064	379,711	5,522,220
$ 697,828	$ 387,304	$ 193,364	$ 326,451	$ 304,399	$ 1,557,354	$ 606,277,299
557,240	368,087	183,794	11,171	283,117	656,549	571,184,279
-	-	-	-	-	(14,579)	(84,816,481)
$ 557,240	$ 368,087	$ 183,794	$ 11,171	$ 283,117	$ 641,970	$ 486,367,798

COMBINING STATEMENT OF BUDGETARY RESOURCES

For the Year Ended September 30, 2019

(Dollars in thousands)	Employment and Training Administration	Office of Workers' Compensation Programs	Office of Job Corps	Occupational Safety and Health Administration
BUDGETARY RESOURCES				
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	$ 1,498,430	$ 1,621,232	$ 1,297,806	$ 14,970
Appropriations (discretionary and mandatory)	35,942,791	2,203,793	1,736,159	557,233
Borrowing Authority (discretionary and mandatory)	-	51,484	-	-
Spending authority from offsetting collections (discretionary and mandatory)	3,353,394	2,945,902	-	2,070
Total budgetary resources	$ 40,794,615	$ 6,822,411	$ 3,033,965	$ 574,273
STATUS OF BUDGETARY RESOURCES				
New obligations and upward adjustments (total)	$ 39,143,147	$ 5,215,462	$ 1,618,469	$ 560,342
Unobligated balance, end of year				
Apportioned, unexpired accounts	932,685	1,577,469	1,328,645	96
Exempt from apportionment, unexpired accounts	-	25,980	-	-
Unapportioned, unexpired accounts	59,248	1,316	400	-
Unexpired unobligated balance, end of year	991,933	1,604,765	1,329,045	96
Expired unobligated balance, end of year	659,535	2,184	86,451	13,835
Unobligated balance, end of year (total)	1,651,468	1,606,949	1,415,496	13,931
Total budgetary resources	$ 40,794,615	$ 6,822,411	$ 3,033,965	$ 574,273
OUTLAYS, NET				
Outlays, net (total) (discretionary and mandatory)	35,283,327	2,302,601	1,539,734	551,037
Distributed offsetting receipts	(380,429)	(2,699)	-	-
Agency outlays, net (discretionary and mandatory)	$ 34,902,898	$ 2,299,902	$ 1,539,734	$ 551,037

Bureau of Labor Statistics	Mine Safety and Health Administration	Employee Benefits Security Administration	Veterans' Employment and Training Service	Wage and Hour Division	Other Program Agencies	TOTAL
$ 9,034	$ 5,337	$ 6,426	$ 13,117	$ 13,101	$ 116,235	$ 4,595,688
550,000	373,816	181,000	50,000	281,110	630,112	42,506,014
-	-	-	-	-	-	51,484
96,454	1,692	7,366	250,041	2,800	472,501	7,132,220
$ 655,488	$ 380,845	$ 194,792	$ 313,158	$ 297,011	$ 1,218,848	$ 54,285,406
$ 647,764	$ 376,284	$ 190,553	$ 300,514	$ 279,987	$ 1,097,577	$ 49,430,099
575	97	288	1,582	256	97,955	3,939,648
-	-	-	-	-	-	25,980
-	5	87	-	11,037	9,554	81,647
575	102	375	1,582	11,293	107,509	4,047,275
7,149	4,459	3,864	11,062	5,731	13,762	808,032
7,724	4,561	4,239	12,644	17,024	121,271	4,855,307
$ 655,488	$ 380,845	$ 194,792	$ 313,158	$ 297,011	$ 1,218,848	$ 54,285,406
538,422	362,481	178,787	30,126	280,176	662,724	41,729,415
-	-	-	-	-	(14,088)	(397,216)
$ 538,422	$ 362,481	$ 178,787	$ 30,126	$ 280,176	$ 648,636	$ 41,332,199

OTHER INFORMATION

Inspector General's Top Management and Performance Challenges

U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210

October 15, 2020

MEMORANDUM FOR THE SECRETARY

Larry D. Turner

FROM: LARRY D. TURNER
Acting Inspector General

SUBJECT: OIG Top Management and Performance Challenges

As required by the Reports Consolidation Act of 2000, we have identified the most serious management and performance challenges facing the Department of Labor (DOL). The Department plays a vital role in the nation's economy and in the lives of workers and retirees and therefore, must remain vigilant in its important stewardship of taxpayer funds, particularly in an era of shrinking resources.

In this report, we summarize the challenges, significant DOL progress to date, and what remains to be done to address them. The challenges we identified are:

- Identifying and Reducing Unemployment Insurance Improper Payments
- Protecting the Safety and Health of Workers
- Helping Adults and Youth Succeed in the Labor Market
- Providing a Safe and Healthy Learning Environment at Job Corps Centers
- Integrity of DOL Rulemaking Processes
- Maintaining the Integrity of Foreign Labor Certification Programs
- Protecting Retirement, Health, and Other Benefit Plans for Workers, Retirees, and Their Families
- Managing Medical Benefits in OWCP Programs, Including Opioids
- Securing and Managing Information Systems

I would be pleased to meet with you concerning any aspect of this report.

Attachment

cc: Patrick Pizzella, Deputy Secretary
Rachel E. Mondl, Chief of Staff
James E. Williams, Chief Financial Officer

Working for America's Workforce

TOP MANAGEMENT AND PERFORMANCE CHALLENGES FACING THE U.S. DEPARTMENT OF LABOR

Office of Inspector General, November 2020

CHALLENGE: Identifying and Reducing Unemployment Insurance Improper Payments

BACKGROUND

The Unemployment Insurance (UI) program provides unemployment benefits to eligible workers who are unemployed through no fault of their own and meet other eligibility requirements of state law. In FY 2019, the Department continued to identify the UI program as susceptible to improper payments (IP). Due to the COVID-19 pandemic, beginning in March 2020, jobless rates soared instantly, causing an unprecedented number of workers to file unemployment compensation claims by the millions.

The UI program paid benefits totaling $86.87 billion during the period of July 1, 2019, to June 30, 2020. Of this amount, improper payments totaled an estimated $7.96 billion, making the estimated improper payment rate 9.17 percent. It should be noted that total benefits paid and the related estimated improper payment amount are exclusive of the Coronavirus Aid, Relief, and Economic Security (CARES) Act funded benefits. This estimated total is above the $2 billion threshold established by the Office of Management and Budget (OMB) for designation as a "high-priority" program under the authority of the Improper Payment Elimination and Recovery Improvement Act of 2012.

The CARES Act provided major funding to the state-federal UI program, including covering workers not typically covered by UI, who can self-certify that they are able and available for work but are unemployed due to a COVID-19 related reason. Since the start of the pandemic in the U.S. in early 2020, unemployment compensation claims have risen exponentially. On March 14, 2020, the Department reported 282,000 initial claims. Within 5 months, on August 15, 2020, the Department reported 57.4 million initial claims. This increase in initial claims is the largest increase since the Department began tracking UI data in 1967. As of November 7, 2020, the Department reported more than $360 billion in UI payments has been expended under the CARES Act. CARES Act benefits have been shown to be particularly susceptible to improper payments. Although the Department has not estimated an improper payment rate for CARES Act funded benefits, the reported improper payment estimate for the regular UI program has been above 10 percent for 14 of the last 17 years. Assuming an improper payment rate of 10 percent or higher for CARES Act benefits, at least $36 billion of the reported $360 billion in UI program funds could be paid improperly, with a significant portion attributable to fraud.

CHALLENGE FOR THE DEPARTMENT

The Department continues to face challenges in ensuring UI improper payments are timely and accurately detected, prevented, and reported.

The UI program requires states to make weekly benefit payments while ensuring claimants meet eligibility requirements. A state workforce agency (SWA) may determine a payment is improper after a claimant receives benefits: (a) based on new information that was unavailable when the SWA approved the benefit payment; or, (b) as a result of the requirement that claimants be provided with due process prior to stopping payment of benefits.

Improper payments often occur as a result of three leading causes:

- *Claimants Do Not Meet Work Search Requirements* - Claimants who fail to demonstrate they meet state requirements for work search.
- *Benefit Year Earnings* - Claimants who continue to claim benefits after they return to work.
- *Employers Do Not Timely Report Employees' Separation* - Employers or their third-party administrators who fail to provide timely and adequate information about why individuals separated from their employment.

These causes and lack of information exacerbate the Department's challenges in helping states address improper payments.

States must have processes in place to ensure sufficient staffing and system resources are ready to manage sudden increases in the number of UI claims and payments to meet the continued requirements of the CARES Act, and similar future legislation. The expanded coverage offered under the temporary Pandemic Unemployment Assistance (PUA) program has posed significant challenges to states as they implement processes to determine initial and continued program eligibility for participants. The reliance solely on claimant self-certifications without evidence of eligibility and wages renders the PUA program vulnerable to improper payments and fraud. Furthermore, the Department needs to determine how to incorporate the impact of UI improper payments related to temporary programs, such as those created by the CARES Act, into the traditionally estimated IP rate calculations.

DEPARTMENT'S PROGRESS

The Department has made efforts to focus on program integrity when implementing the CARES Act programs by putting agreements in place with states to comply with all applicable requirements to receive CARES Act funds, issuing operating guidance, and providing technical assistance to states individually and through webinars. The Department has included requirements for states to focus on program integrity in guidance issued related to the CARES Act. In addition, the Department has reinforced the need for states to actively partner with the Office of Inspector General (OIG) to address fraud in the UI program.

Department officials stated the UI Integrity Center,[5] which operates in partnership with the National Association of State Workforce Agencies, has continued to develop the Integrity Data Hub (IDH) to serve as a secure portal for states to cross-match public and private sources of data, including new tools that will help prevent improper payments. The Department is working with the Integrity Center to further enhance state participation in and use of the IDH through additional guidance and regular communication with states.

The Department issued letters to six states encouraging them to actively promote employer compliance with new hire reporting and to impose and enforce sanctions for employers who fail to comply. The Department used these letters to improve the effectiveness of states' use of the National Directory of New Hires (NDNH) and to identify claimants who have returned to work but continue to claim benefits. The Integrity Center provided additional technical assistance to these states to address the states' specific challenges on cross-matching and benefit year earnings issues. Furthermore, the Department issued guidance to states on enhanced recommended operating procedures for the use of NDNH and State Directory of New Hires cross-matching activity and conducted webinars to provide technical assistance and share state best practices.

The Department has also taken corrective actions to address the OIG's recommendations aimed at reducing UI improper payments related to two of the three top causes: (1) Employers Do Not Timely Report Employees' Separation and (2) Benefit Year Earnings. In addition, legislative proposals aimed at improving UI program integrity were included in the FY 2018, FY 2019, FY 2020, and FY 2021 President's Budget Requests.

WHAT REMAINS TO BE DONE

The Department needs to continue its ongoing work with states to identify and implement strategies designed to reduce the UI improper payment rate, including sharing best practices identified among states. According to Department officials, they will work with the Integrity Center to expand the functionality of the IDH to include datasets as well as other resources to assist states in detecting overpayments and to continue promoting states using the IDH.

The Department must work with states to enforce UI claimants' requirements to meet the conditions of UI eligibility, including: (1) being available for work; (2) actively seeking work; and, (3) accepting suitable work when offered. As part of this effort, ETA indicated it is developing work search guidance that addresses states' "formal warnings" policies that exclude and therefore underestimate IP rates. The Department needs to continue pursuing legislative action included in

[5] The Integrity Center, established by the Department and operated by the National Association of State Workforce Agencies, is designed to assist states in their efforts to more effectively prevent, detect, and recover improper and fraudulent payments, and improve program integrity by developing and promoting innovative program strategies.

previous budget proposals to improve UI program integrity. ETA should also establish a central repository for states' UI claims data and the OIG should have direct access to this data.

As the pandemic and its impact on the U.S. population evolves, the Department will need to issue further guidance consistent with any new laws or changes to current programs. In addition, the Department will need to monitor and provide oversight in all states for CARES Act UI-related programs.

CHALLENGE: Protecting the Safety and Health of Workers

BACKGROUND

The Department's Occupational Safety and Health Administration (OSHA) is responsible for the safety and health of 136 million workers employed at more than 9 million establishments, while the Department's Mine Safety and Health Administration (MSHA) is responsible for the safety and health of approximately 320,000 miners who work at nearly 13,000 mines.

CHALLENGE FOR THE DEPARTMENT

OSHA and MSHA face challenges in determining how to best use their resources to help protect the safety and health of workers, particularly in high-risk industries such as healthcare, meat packing, agriculture, construction, fishing, forestry, manufacturing, and mining. This challenge has been exacerbated by the current COVID-19 pandemic and the limitations imposed on traditional inspection or investigation activity. Further, employers who underreport injuries limit OSHA and MSHA from focusing their inspection and compliance efforts on the most hazardous workplaces.

Since the start of the pandemic, OSHA has been challenged to fulfill essential mission functions, including protecting its workers during this unprecedented health crisis. Every day, concerns of worker safety and pandemic-related death are raised by news outlets from across the U.S. In response to the pandemic, OSHA has used alternative or modified protocols to ensure worker safety, such as conducting inspections remotely and verifying the abatement of hazards through remote follow-up with employers. This is in addition to performing programmed and unprogrammed inspections.

However, challenges persist. Labor organizations representing healthcare, meat processing, transportation and other essential personnel have expressed concerned that OSHA is not providing the level of protection that workers need at various work sites during the pandemic. Furthermore, it was not until September 2020 that OSHA started issuing COVID-19 citations to meat packing employers.

Besides COVID-19 related challenges, when inspections result in citations, the agency continues to face difficulties in verifying hazard abatement at both general industry and construction sites.

In addition, OSHA has been challenged to protect workers who report potential workplace safety violations and complete subsequent whistleblower investigations within the statutory requirements of 30, 60, or 90 days. Escalating this challenge, the pandemic significantly increased the whistleblower complaints OSHA received while the full-time employment in OSHA's Whistleblower Protection Program has decreased. MSHA is specifically challenged to continue performing all its activities during the COVID-19 pandemic. While continuing to perform mandatory inspections, MSHA has limited or suspended certain non-mandatory inspection and enforcement activities and will have to determine both how to resume these activities safely and manage any potential backlog resulting from suspended activities.

In addition, MSHA is challenged by a 25-year high in the number of black lung cases, as reported by the American Journal of Public Health, and needs to develop strategies for addressing this issue. MSHA is currently soliciting public comments, data, and information for a study to assess the impact of the August 2014 Coal Dust Rule on the health of miners, which reduced allowable exposure levels for harmful coal dust. However, because of the latency period between exposure to coal dust and development of black lung disease, it will likely take a decade or more to complete the study. MSHA is also challenged to reduce the number of powered-haulage accidents, which accounted for almost 50 percent of all mining fatalities in 2017 and 2018.

Finally, MSHA and OSHA both regulate the maximum amount of exposure workers can have to respirable silica dust, but the standards for permissible exposure level differ between the two agencies. In the U.S., about 2.3 million workers are exposed to respirable silica dust at the worksite, a situation that can lead to silicosis, a deadly and incurable disease, as well as many other chronic conditions. MSHA is challenged to develop better protections for miners against airborne contaminants, such as respirable silica dust. OSHA's challenge is targeting the highest risk workplaces specifically for silica dust given the agency's limited resources.

DEPARTMENT'S PROGRESS

To facilitate its COVID-19 enforcement efforts, OSHA developed an interim enforcement response plan on April 13, 2020 (revised May 19, 2020),[6] and conducted a webinar to help compliance officers with handling complaints, referrals, and severe injury reports. OSHA also developed an internal triage document to assist field staff with prioritizing certain types of inspections (e.g., fatalities and catastrophes) to better utilize its resources. To ensure the safety of its own staff members, OSHA developed a guide as part of its internal safety and health management system to be used to inform staff about the evolving pandemic and efforts to minimize their exposure to COVID-19.

According to OSHA, the agency encourages employers to comply with illness and injury reporting requirements through a variety of enforcement, outreach, and compliance assistance efforts. OSHA published a revised National Emphasis Program on respirable silica on February 4, 2020, along with a revised directive on Inspection Procedures for the Respirable Crystalline Silica Standards, published on June 25, 2020, to assist in protecting workers and managing risk.

Subsequent to the release of its respirable silica directive, OSHA conducted a webinar for compliance officers across the country to better understand how to conduct silica inspections and enforce the various provisions of the new standards. The OIG is currently performing an audit to determine the extent OSHA has protected workers from exposure to respirable crystalline silica.

MSHA reduced unnecessary contact during the COVID-19 pandemic by temporarily suspending or reducing a number of enforcement activities. As of May 2020, MSHA had suspended five of its enforcement activities, including its accident reduction program. Further, MSHA had reduced the capacity of how it conducted 13 activities, such as mine emergency operations. MSHA was still conducting 15 activities at full capacity, to include its fatal accident investigations and regular safety and health inspections. Further, MSHA posted an information sheet on its website as guidance to its workforce and to the mining industry during this pandemic, which addressed matters such as maintaining social distancing, disinfecting equipment, and washing hands.

MSHA reported it has increased sampling of mines for respirable silica dust and diesel particulate emissions and has ordered additional sampling devices for its inspectors and testing equipment for its lab. Further, in August 2019, MSHA published a request for information (RFI) soliciting information and data on technologically feasible best practices to protect coal and metal and nonmetal miners' health from exposure to silica, including a reduced standard, utilizing protective respiratory technologies, and technical and educational assistance. MSHA held a public meeting on this topic in October 2019.

MSHA also launched a Powered-Haulage Safety Initiative in 2018, which included a website, mine-site visits (particularly for mines with large trucks), training videos, and other safety materials, such as pamphlets and stickers. MSHA announced in the agency's spring 2019 regulatory agenda that it would publish a proposed rule that would require mine operators to develop a safety program for mobile equipment (which includes powered-haulage equipment) at surface mines and surface areas of underground mines. MSHA officials stated they expect to publish the proposed rule in calendar year 2020.

WHAT REMAINS TO BE DONE

OSHA needs to complete its initiatives to improve employer reporting of severe injuries and illnesses and enhance staff training on abatement verification, especially of smaller and transient construction employers. Moreover, because of the pandemic, there has been an increase of complaints but a reduction in inspections, with most inspections not conducted on-site. OSHA needs to ensure it is providing the level of protection that workers need at various job sites.

[6] The *Updated Interim Enforcement Response Plan for Coronavirus Disease 2019 (COVID-19)* is available online at: https://www.osha.gov/memos/2020-05-19/updated-interim-enforcement-response-plan-coronavirus-disease-2019-covid-19

MSHA needs to do more to address the potential backlog of suspended and reduced enforcement activities resulting from the pandemic and develop a plan to manage the backlog once full operations resume. Further, MSHA needs to monitor COVID-19 outbreaks at mines and use that information to determine whether to issue an emergency temporary standard related to the pandemic.

MSHA also needs to identify methods for improving mine operators' reporting of accidents, injuries, and illnesses. To ensure mine operators comply with the Coal Dust Rule, MSHA needs to evaluate the effectiveness and implementation of the rule as new information becomes available. MSHA must also identify ways to better protect miners from highly toxic respirable silica dust, potentially by increasing testing and enforcement for other airborne contaminants.

Finally, MSHA needs to continue its existing efforts to decrease powered-haulage accidents by targeting mines for enforcement, enhancing training, and increasing and sharing its knowledge of available technology.

CHALLENGE: Helping Adults and Youth Succeed in the Labor Market

BACKGROUND

In FY 2020, DOL's Employment and Training Administration (ETA) received $3.8 billion under the Workforce Innovation and Opportunity Act (WIOA) to operate a system of education, skill-based training, and employment services primarily for low-income and dislocated adults as well as at-risk and out-of-school youth.

CHALLENGE FOR THE DEPARTMENT

The Department is challenged to ensure its job training programs provide participants the education, skill-based training, and employment services they need to succeed in the labor market, particularly in light of the health and economic crisis created by the COVID-19 pandemic. This includes (1) helping job seekers, businesses, and career counselors better understand the availability and value of skill-based training and credentials; (2) helping employers recognize the benefit of hiring and training apprentices for their middle- and high-skilled job vacancies; and (3) ensuring all state outcome data are reliable, valid, and accurate. In our most recent audit, we found that although ETA had data to determine if participants were employed after exit, it lacked more specific data to measure the impact credentials had on participants' outcomes, such as job title and if a credential was necessary for the job.

The Department is further challenged in developing an effective strategy for helping disadvantaged job seekers, such as ex-offenders, individuals with disabilities, and those recovering from addiction, become and remain employed. For example, recent studies have reported that opioid abusers commonly drop out of the labor market and are less productive and dependable — making it difficult for them to obtain and retain employment and for employers to find workers in opioid-affected areas. Additionally, as a result of the COVID-19 pandemic, the Department needs to ensure all participants who need job search or training services are able to access them either in person or remotely.

DEPARTMENT'S PROGRESS

With regard to credentials, ETA officials informed us that over the last year they have continued to provide resources through CareerOneStop.org to help job seekers, businesses, and career counselors better understand which credentials are available; the quality and labor market value of those credentials; and, the licenses, education, and training required for specific credentials and occupations. ETA also stated it has continued to emphasize the importance of credential attainment in its grant competitions. ETA has hosted a number of technical assistance events and shared tools online related to the credential attainment measure.

As for state outcome data, in December 2018, ETA issued a Training and Employment Guidance Letter (TEGL) 07-18,[7] in collaboration with the Department of Education, to provide joint guidance to states and grant recipients on the performance accountability system set forth in section 116 of WIOA, which requires states to develop procedures for ensuring the WIOA data they submit are reliable, valid, and accurate. In June 2020, ETA issued TEGL 23-19: *Guidance for Validating Required Performance Data Submitted by Grant Recipients of U.S. Department of Labor (DOL)*, providing

[7] TEGL 07-18 is available online at: https://wdr.doleta.gov/directives/corr_doc.cfm?docn=4255

guidelines for validating performance data submitted by grant recipients of workforce development programs administered by the Department. Since the beginning of WIOA, ETA has emphasized the importance of quality data by building into its Workforce Integrated Performance System (WIPS) a multi-pronged approach to validating the data, with upfront edit checks and validation through grant monitoring on the back end. According to ETA officials, these upfront edit check rules are extensive and facilitate state grant recipients submitting consistent and accurate data. Recently, ETA initiated a Quarterly Report Analysis (QRA) to ensure that states are reporting consistently on a set of key data elements.

The Department has also been assessing grant recipient performance under its American Apprenticeship Initiative program through a set of measures that capture performance by participant employment status, industry sector and occupation for which training was received, completion of education/job training activities, credential attainment, job placement, and wage progression from entry until exit from the program. These measures should improve the Department's ability to analyze the relationship between services provided through grants and the outcomes achieved. The Department stated it has provided, and will continue to provide, technical assistance on sector strategies and performance reporting based on its analysis of the performance measures. ETA continues to make progress on implementing the recently approved apprenticeship changes to the DOL-only Participant Individual Record Layout, to have apprenticeship grant recipients report through WIPS, and to support ETA's broader efforts to support performance reporting standardization across workforce programs.

Concerning opioids, in FY 2020, ETA announced on March 18, 2020, the availability of up to $20 million in funds for opioid recovery demonstration grants to align and deliver career training, and support services that will best serve workers impacted by the crisis in their local areas. The total estimated funding for this demonstration program and other opioid response grants is $100 million.

WHAT REMAINS TO BE DONE

The Department needs to continue developing programs that support investments in training and education leading to improved job skills and employment. In addition, it must continue to support grant recipients in reporting accurate performance information that allows it to make evidence-based and data-driven decisions about job training programs. To enhance this reporting, the Department needs to continue its data validation efforts as well as to provide enhanced technical support to states on accessing and reporting performance information in the WIOA performance management system and on data analytics, governance, and transparency. Moreover, the Department needs to continue its monitoring efforts to ensure state data used to calculate performance measures are complete and accurate.

Finally, the Department needs to monitor the performance of discretionary grants it has awarded for delivering services to employers and workers. ETA provides discretionary grant programs access to WIPS for performance reporting and provides policy/reporting support through technical assistance and standardized reporting procedures. This includes technical assistance on reporting for the opioid recovery grants.

CHALLENGE: Providing a Safe and Healthy Learning Environment at Job Corps Centers

BACKGROUND

The Job Corps program annually provides education, training, and support services to nearly 50,000 disadvantaged, at-risk youth, ages 16–24, at more than 120 Job Corps centers, both residential and nonresidential. OIG audits over the past several years found a wide range of security and safety issues at Job Corps centers, from failure to report and investigate serious misconduct to shortages of security staff. Job Corps now faces new challenges in meeting its mission due to health risks that COVID-19 poses to students and staff. These could potentially become long-term challenges as Job Corps adjusts its operations to reflect new health requirements.

CHALLENGE FOR THE DEPARTMENT

The Job Corps program faces the challenge of continuously providing safe learning environments for its students and staff. Funding plays a significant role in this challenge, particularly as it relates to the procurement, installation, ongoing maintenance, and upgrade of physical security equipment. This equipment allows for the enforcement of safety and security policies via monitoring.

As a result of the pandemic, access to virtual training presents a particular challenge for many Job Corps students. Implementing distance learning programs for Job Corps students may not be feasible for those who do not have access to laptops, tablets, or robust Internet connection that would otherwise allow for successful engagement via an online platform. Moreover, much of the training provided by Job Corps is hands-on and cannot be readily adapted to a distance learning model.

During the pandemic, Job Corps also must ensure the health and safety of students and staff permitted to be on-site at its centers. Job Corps temporarily suspended operations on its campuses on March 16, 2020, and transported nearly 30,000 students to their homes or found them housing. Fifty-five centers remained open to house and feed 445 students who had no other housing options. Between March 16, 2020, and May 31, 2020, four of these students tested positive for COVID-19. 35 staff members, who were actively working at the centers, tested positive as well.

DEPARTMENT'S PROGRESS

According to agency officials, Job Corps is in the final stages of reviewing and approving updated and new center safety and security standard operating procedures for its center oversight activities. The Department plans to review all centers to ensure new security guidelines are in place. By the close of FY 2020, Job Corps had invested approximately $89 million in equipping centers with more than 11,500 cameras, more than 5,000 physical access control systems, walk-through and hand-held metal detectors, centralized security radio networks, and emergency notification systems, as well as expanding the intercom system with more than 2,750 speakers. Additionally, Job Corps invested approximately $1.1 million in essential security equipment, such as radios and magnetometer wands to support security enhancements. In 2020, through the integration of Interagency Security Committee methodology, Job Corps has expanded this effort to establish a consistent and effective means to identify and mitigate risk for each center.

According to agency officials, Job Corps continues to take steps to ensure students have the necessary devices to engage in distance learning. Job Corps has already procured 20,000 Google Chromebooks and wireless hotspots and these devices are now being distributed to students for distance learning. Job Corps is also currently evaluating its options for procuring a learning management system for the program that will standardize the data collection and reporting and much of the delivery of educational training to students during and beyond COVID-19. Changes to the program's existing Center Information System have been made to better track weekly student participation hours until a learning management system is in place.

Agency officials also stated that Job Corps continues to take steps to protect the health and safety of students and staff on-site at its centers during the COVID-19 pandemic. To prepare for resuming on-campus operations, Job Corps released guidance in September 2020 requiring centers to submit for approval center-specific plans for resuming on-campus operations. Job Corps' requirements for these plans consider guidelines from the Centers for Disease Control and Prevention and OSHA, recommendations from state and local health officials, and Job Corps' medical consultants. These center plans for resuming on-campus operations include preadmission health screens and COVID-19 testing for students and staff, new guidelines for social distancing and protective face coverings, and additional physical safety precautions in the classrooms, dorms, recreational facilities, cafeteria, and other campus spaces.

WHAT REMAINS TO BE DONE

Job Corps must continue the progress made with executing and enhancing its safety and security plan. Job Corps must also continue training employees and contractors on new policies and procedures, and ensuring that existing policies and procedures are periodically reviewed and monitored for compliance. Job Corps must ensure center operators and regional office personnel fully enforce Job Corps safety and security policies to improve campus security and control violence. Job Corps is currently developing a centralized security site on the Job Corps intranet where policies, procedures, training opportunities, job aids, security guides, compliance checklists, and additional tools will be accessible. Job Corps must timely identify and remediate noncompliance, as well as expand data collection and analysis, and disseminate information to stakeholders. This is necessary to inform agency decision-making and to assess the impact of proposed, planned, and implemented security reforms. Job Corps needs to ensure students have access to the equipment and technology necessary for distance learning. The program must also protect the health and safety of students and staff who are on-site at its centers during the pandemic.

CHALLENGE: Integrity of DOL Rulemaking Processes

BACKGROUND

DOL issues rules and guidance to promote the welfare of workers, job seekers, and retirees by helping them improve their skills, find work, recover after job loss, injury, or illness, and by safeguarding their working conditions, health and retirement benefits, and wages. Rules are government agency statements that either: (1) implement, explain, or prescribe law or policy; or, (2) describe an agency's organization, procedure, or business practice requirements. Guidance documents assist stakeholders, including agency staff, workers, job seekers, retirees, and employers, with interpreting and taking appropriate actions related to the rules. DOL's Office of the Assistant Secretary for Policy (OASP) is responsible for overseeing DOL's regulatory activities and is working towards: (1) resolving policy discrepancies and clarifying methodologies prior to drafting rules; (2) communicating its decisions to drafters in an efficient and timely manner; and, (3) ensuring internal standard operating procedures (SOPs) are followed to the extent practicable.

CHALLENGE FOR THE DEPARTMENT

DOL faces challenges in ensuring the integrity of its rulemaking process. The OIG has received Congressional requests to review a wide range of DOL's rulemaking activities based on concerns with proposed and finalized rules the agency has issued. The concerns include issues such as the transparency of information provided to the public and the delay of safety standard effective dates. DOL must issue rules that are transparent to the American taxpayer and comply with the requirements of the Administrative Procedure Act (APA) and other applicable federal laws and regulations.

Our work continues to address this area of concern. In particular, we are finalizing our review of the Wage and Hour Division's (WHD's) rulemaking process as it applied to its 2017 Notice of Proposed Rulemaking to rescind portions of WHD's tip regulations issued pursuant to the Fair Labor Standards Act.

DOL also faces challenges in ensuring that it enters into rulemaking when appropriate rather than issuing guidance. We reviewed OSHA's process for issuing rulemaking guidance documents. Our review found OSHA had issued guidance between 2014 and 2016 that could be construed as changing rules in violation of the APA and other federal laws. While OSHA developed procedures to provide reasonable assurance that guidance accurately reflected its rules and policies, it lacked a procedure to document that it had determined the appropriateness of issuing a document as guidance rather than as a rule. As a result, OSHA risked issuing guidance that might create new rules or change existing rules that would be in violation of laws requiring public notice and comment during the agency's rulemaking process.

DEPARTMENT'S PROGRESS

DOL is aware of the challenges associated with its rulemaking process and has initiated a comprehensive review and analysis of it, including evaluating enforcement and compliance assistance materials to ensure they are current, accessible, and easy to understand.

In response to Executive Order 13891, DOL published its Final Promoting Regulatory Openness through Good Guidance (PRO Good Guidance) Rule, which established DOL's policy and requirements for guidance, including for issuing, modifying, withdrawing, and using guidance; making guidance available to the public; a notice-and-comment process for significant guidance; and, taking and responding to petitions about guidance. The standards set out in this rule help the entire Department use guidance lawfully and appropriately, and it gives Americans fair notice of and improved access to guidance.

As part of this effort, OASP also coordinated the creation of a searchable database of all DOL guidance documents currently in effect. This process included the review of thousands of documents and the rescission of thousands of outdated or inappropriate guidance documents. New documents are added to the database as agencies publish new guidance. It is available at https://www.dol.gov/guidance.

OSHA also stated it was developing a training webinar for its staff to describe the steps necessary for issuing guidance documents. OSHA originally expected the revised policy and webinar to be completed by the end of FY 2020, but due to delays resulting from COVID-19, it now plans to complete the webinar in FY 2021.

WHAT REMAINS TO BE DONE

The Department stated that it will seek to use notice of and comment for rulemaking as its exclusive means of altering the regulated public's rights and obligations. DOL needs to establish and maintain a monitoring function to ensure internal SOPs are followed to the extent practicable.

Further, OSHA stated that it intends to revise its guidance issuance policy while DOL's Office of the Solicitor will consider any possible legal risks and ensure adherence to requirements of the APA and the Occupational Safety and Health Act. DOL will need to guarantee that along with OSHA issuing its revised policy, the agency will also implement training webinars for staff and managers. Finally, the Department will need to verify that all DOL agencies with the ability to issue rulemaking-related guidance have training in place to prevent the issuance of guidance that changes legitimately promulgated rules.

CHALLENGE: Maintaining the Integrity of Foreign Labor Certification Programs

BACKGROUND

The Immigration and Nationality Act and related laws assign certain responsibilities to the Secretary of Labor for employment-based immigration and guest worker programs. These responsibilities include determining whether able, willing, and qualified U.S. workers are available for the job and whether there would be any adverse impact on similarly employed U.S. workers if a labor certification allowing the admission of a foreign worker were granted. To carry out these responsibilities, the Secretary has delegated to ETA's Office of Foreign Labor Certification the processing of prevailing wage determinations and applications from employers seeking to hire: (1) immigrant workers for permanent jobs; (2) nonimmigrant workers for temporary specialty jobs; and, (3) nonimmigrant workers for temporary or seasonal agricultural and non-agricultural jobs.

WHD conducts civil investigations to enforce Foreign Labor Certification (FLC) labor protections, which involve wages, working conditions, and making sure similarly employed U.S. workers are not adversely affected in terms of hours, shifts, vacation periods, or benefits.

CHALLENGE FOR THE DEPARTMENT

FLC programs rely solely on employer attestation in determining whether to certify their applications. Thus, it is difficult for the Department to ensure U.S. workers were not available for the job and that a foreign worker filling the job would not adversely affect wages and working conditions of U.S. workers similarly employed. As a result, the Department is challenged with balancing a thorough review of FLC applications to protect U.S. workers all the while timely processing applications to meet employer workforce demands. For example, in the H-2B program, which is used to hire foreign workers for temporary, non-agricultural jobs, rising application levels and seasonal spikes in employer workforce demands have resulted in periodic application processing delays.

Moreover, in response to the Northern Mariana Islands U.S. Workforce Act of 2018, the Department implemented a new DOL certification requirement and related administering procedures for the CW-1 program effective April 4, 2019, which permits employers to hire nonimmigrant workers temporarily in the Commonwealth of the Northern Mariana Islands. Without Congressional funding for dedicated staff for this program, the Department had to temporarily reassign staff to the program to process the CW-1 applications. This adversely impacted work on other FLC programs.

Over the last decade, the OIG, along with other federal partners, conducted more than 70 criminal investigations related to fraud in the H-2B program. These investigations have shown FLC programs to be susceptible to fraud and abuse by dishonest immigration attorneys, employers, labor brokers, and organized criminal enterprises. OIG investigations have also uncovered instances of unscrupulous employers misusing FLC programs to engage in human trafficking, with victims often exploited for economic gain.

As of the end of September 2020, the unemployment rate was more than double the rate prior to the pandemic. Given this substantial increase in unemployment, there will be greater scrutiny placed upon the hiring of foreign labor. On August 3, 2020, the President signed an Executive Order titled "Aligning Federal Contracting and Hiring Practices with the Interests of American Workers," which requires DOL and the Department of Homeland Security to take action to protect U.S. workers from any adverse effects on wages and working conditions caused by the employment of H-1B visa holders at job sites.

The H-1B program allows U.S. employers to employ foreign workers temporarily in specialty occupations. With the high number of job seekers during the pandemic and the Executive Order in effect, the Department is challenged to: (1) verify whether any U.S. workers are available for a job vacancy where H-1B candidates might be considered; and, (2) ensure that a foreign worker filling the job will not adversely affect the wages and working conditions of U.S. workers similarly employed. The fact that these are attestation-based programs further challenges the Department's ability to protect U.S. workers. Moreover, due to social distancing and businesses being permanently or temporarily closed in response to COVID-19, the Department has been limited in its ability to perform any on-site investigations. It has made efforts to increase on-site investigations in priority cases, such as those involving the health and safety of H-2A agricultural workers, as different localities in the U.S. have been re-opening. However, these investigations represent a small fraction of the total number of on-site investigations pending that the Department cannot carry out due to COVID-19.

The Department's limited statutory authority to act on potentially fraudulent H-1B foreign labor applications has been a long-standing challenge, and at times, leads to unscrupulous employers misusing FLC programs for labor and human trafficking. OIG investigations have shown that the H-1B program is susceptible to significant fraud and abuse, often by dishonest immigration attorneys, employers, labor brokers, and organized criminal enterprises. One of the reasons for the fraud and abuse of the H-1B program is that the Department is statutorily required to certify H-1B applications within seven days unless it determines the applications to be "incomplete or obviously inaccurate." The OIG continues to investigate various fraud schemes within the H-1B program, including labor leasing[8], benching of foreign workers[9], and wage kickbacks.[10]

DEPARTMENT'S PROGRESS

As part of the Department's technology modernization initiative, the Foreign Labor Application Gateway (FLAG) System and SeasonalJobs.dol.gov website were developed to replace the legacy iCERT System, improve customer service, and modernize the administration of FLC programs. Employers are able to electronically file applications and upload documents in the FLAG system. The FLAG system is a case management system for the Department and can issue determination letters electronically for a seamless transition of employers' applications from DOL to the Department of Homeland Security. The FLAG system also enhanced data sharing between the State Workforce Agencies and the Department.

SeasonalJobs.dol.gov is a mobile-friendly online portal that is designed to help U.S. workers identify and apply for open seasonal and temporary jobs under the H-2A and H-2B visa programs. In addition to providing more robust and personalized search capabilities that tailor results to the geographic location of U.S. workers, this website makes it easier to integrate employment postings with third-party job search websites to make these job opportunities more accessible to job seekers.

ETA made significant changes to the application form used in the H-2B program in response to the OIG's recommendation to address the form's ambiguity, which has impeded the OIG's Office of Investigations' past efforts to prosecute offenders committing fraud against this program. These changes include: a) requiring petitioners and preparers to affirm they have read and understood the attestations they declared in the application; b) clarifying the petitioners and preparer's responsibility to accurately complete the application form; and, c) acknowledging the consequences of providing misrepresentation on attestations and declarations made on the application.

[8] Labor leasing: The provision of labor to a third party usually providing limited or no benefits to workers, and for a limited time. Most commonly used to describe agricultural and construction contract labor arrangements.
[9] Benching of foreign workers: When employers, during a period of low productivity or otherwise slow business, refuse to pay foreign workers their wages, a.k.a. "benching" them.
[10] Wage kickbacks: When third-party placement firms obtain H-1B workers and pay them lower wages than what U.S. employers would have paid.

According to Department officials, every year since FY 2016, the Department has requested authorization, through its annual budget formulation process, to establish and retain fees to cover the operating costs for FLC programs. This proposal aligns the Department with the funding structures used by the Department of Homeland Security and the Department of State to finance their application-processing activities related to these programs. Employing a similar model for foreign labor certifications would eliminate the need for Congressional appropriations and create a funding structure responsive to market conditions.

WHAT REMAINS TO BE DONE

The Department needs to continue its efforts to ensure H-2B applications are processed in time for employers to hire foreign workers by their dates of need while simultaneously ensuring the review process protects the interests of U.S. workers.

DOL indicated it was starting a process to self-initiate H-1B investigations, which includes entering into a memorandum of understanding with the Department of Homeland Security (DHS) that allows DHS to provide DOL with data on potentially suspect activities. However, DOL should still seek statutory and regulatory authority to strengthen its ability to debar those who abuse the H-1B program. DOL also needs to seek statutory authority to verify the accuracy of information provided on H-1B labor condition applications. DOL officials need to refer all potentially criminal violations to the OIG in a timely manner and enhance the reporting and application of suspensions and debarments government-wide.

CHALLENGE: Protecting Retirement, Health, and Other Benefit Plans for Workers, Retirees, and Their Families

BACKGROUND

The Employee Benefits Security Administration (EBSA) is responsible for protecting the integrity of pensions, health, and other employee benefits for about 154 million people. This responsibility includes enforcement authority over approximately 722,000 private retirement plans, 2.5 million health plans, and millions of welfare benefit plans, which altogether hold approximately $10.7 trillion in assets. It also includes interpretive and regulatory responsibilities for Individual Retirement Accounts, which hold about $9.56 trillion in assets.

EBSA also provides oversight of the federal government’s Thrift Savings Plan (TSP), the largest defined contribution plan in the U.S., with nearly 6 million participants and $621 billion in assets as of June 2020.

CHALLENGE FOR THE DEPARTMENT

EBSA is challenged to allocate its limited resources in a way that will maximize the positive impact of its efforts. This is especially significant given the fast pace of market and regulatory changes affecting ERISA-covered plans, including Congress’ recent creation of a new class of plan sponsor (pooled plan providers) in the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act). EBSA needs to maximize its resources to conduct the number of investigations, audits, reviews, and compliance assistance activities needed to best protect workers’ pensions, health, and other benefits.

One specific challenge EBSA faces is finding an effective way to protect the public from fraud and mismanagement in connection with Multiple Employer Welfare Arrangements (MEWAs). Although fraudulent or mismanaged MEWAs are few, illegal activities associated with them are resistant to early detection. Consequently, by the time the violations become apparent, tens of thousands of plan participants may have been deprived of promised health benefits.

EBSA is further challenged because it has no statutory authority to force certain plans to conduct full scope audits, which would provide significantly stronger assurances to participants than limited-scope audits. Past OIG work revealed that as much as $3.3 trillion in pension assets, including an estimated $800 billion in hard-to-value alternative investments, received limited-scope audits. Independent public accountants performing these limited-scope audits generally were not required to audit investment information already certified by certain banks or insurance carriers, which meant the independent public accountants expressed “no opinion” on the valuation of these assets. These limited-scope audits weaken assurances to stakeholders and put retirement plan assets at risk because they provide little to no confirmation regarding the existence or value of plan assets.

Finally, EBSA is challenged to obtain compliance with its TSP audit recommendations given its limited legal authority to enforce its oversight of more than $500 billion in TSP assets and compel the Federal Retirement Thrift Investment Board (the Board), which administers the TSP, to act on these recommendations. In our 2018 audit on this subject, we found 73 percent of the recommendations EBSA auditors had made to the Board between 2010 and 2017 were still open.

DEPARTMENT'S PROGRESS

In June 2018, EBSA issued regulatory guidance regarding Association Health Plans (AHPs) and MEWAs, as well as other related reforms in the health care market.

With respect to limited scope audits, the American Institute of Certified Public Accountants (AICPA) has recently taken action. In July 2019, the AICPA issued Statement on Auditing Standards (SAS) 136, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*. Effective for years ending after December 15, 2021, for "limited-scope" audits, SAS 136 will require auditors to issue an audit opinion on information not covered by the qualified financial institution's certification. Accordingly, auditors will no longer "disclaim" opinions subject to limited-scope audits. Nonetheless, auditors will continue to not opine on the value of plan assets.

EBSA also stated it has (1) requested an increase of 49 FTEs and $8 million in additional funding for enforcement and administration of its responsibilities with respect to MEWAs and AHPs; and, (2) taken a number of steps to improve its TSP audit risk assessment and encourage the Board to implement audit recommendations.

WHAT REMAINS TO BE DONE

EBSA needs to develop new outreach, education, and enforcement strategies for AHPs and the expanded Multi-Employer Plans (MEP) to accommodate the new diverse plans now available in the market and the new pooled provider plans anticipated to be established under the SECURE Act. Given the new regulations enabling AHPs and the expansion of MEPs likely to result from the SECURE Act, EBSA will have to determine how best to allocate its limited resources to oversee the expansion both in terms of number of plans as well as the increased number of plan types it has to regulate.

In addition, given the dollar amounts involved, EBSA should pursue legislative repeal of the limited-scope audit exemption to ensure better security for retirement plans. Notwithstanding the recently issued SAS 136, limited-scope audits, (now known as ERISA Section 103(a)(3)(C) audits) offer participants significantly reduced assurances of plan asset values as compared to full-scope audits. The proliferation of plan assets subject only to ERISA Section 103(a)(3)(C) audits greatly increases the risk of loss to participants.

Finally, EBSA needs to consistently apply its newly developed audit risk assessment for the TSP to improve the usefulness of its TSP audits, as well as seeking amendments to the Federal Employee Retirement Security Act to solidify its authority to ensure TSP audit recommendations are implemented.

CHALLENGE: Managing Medical Benefits in OWCP Programs, Including Opioids

BACKGROUND

The Department's Office of Workers' Compensation Programs (OWCP) provides compensation and medical benefits to workers for employment-related injuries and occupational diseases. During FY 2019, OWCP paid more than $900 million worth of medical benefits under the Federal Employees' Compensation Act (FECA), more than $840 million under the Energy Employees Occupational Illness Compensation Program Act (EEOICPA), and $40 million under the Black Lung Benefits Act.

CHALLENGE FOR THE DEPARTMENT

OWCP is challenged to effectively manage medical benefits in its workers' compensation programs due to the high risk of fraud, waste, and abuse associated with (1) rising home health care costs in the EEOICPA program, and (2) the use and cost of pharmaceuticals — including opioids — in the FECA program.

In the EEOICPA program, annual home health care costs have risen from $100 million in FY 2010 to more than $610 million in FY 2019, comprising 73 percent of all medical benefits paid by the program in FY 2019. With an aging claimant population, providers can take advantage of the increased demand for home health care services and exploit weaknesses in OWCP's existing controls by employing tactics that are legal but unethical, such as inappropriately bundling or unbundling services. Additionally, the increased use of telehealth as a result of the COVID-19 pandemic could impact OWCP's existing controls over home health care service requests.

Previous OIG work in the FECA program has identified internal control weaknesses related to OWCP's management of pharmaceuticals. For example, OWCP allowed increases in billings for compounded drugs to go undetected and failed to identify the overuse of opioids. Given the high risk of fraud related to prescription payments, OWCP needs to analyze and monitor FECA costs to promptly detect and address such problems.

For opioids in particular, it is critical that OWCP develops controls to help ensure prescription drugs reimbursed by the program are safe, effective, medically necessary, and obtained at a fair price. OWCP needs to be able to identify claimants at risk of opioid addiction and determine the associated costs of treatment. In response to the COVID-19 pandemic, OWCP has had to divert resources from focusing on claimants with opioid prescriptions to processing an influx of COVID-19 claims from federal workers, which has the potential to negatively impact FECA's opioid user population.

DEPARTMENT'S PROGRESS

OWCP continues to analyze and audit home health care billing practices in the EEOICPA program for the purpose of modifying billing rules and policies when it uncovers abusive practices. It has also moved the adjudication of home health care into a national office unit that focuses exclusively on medical benefits adjudication and it has provided internal training to that unit. OWCP officials also implemented a program integrity unit and increased the number of fraud referrals to the OIG for investigation. In addition, consistent with OWCP's concern, the OIG is currently conducting an audit of home health care costs in the EEOICPA program, focusing on controls in place to prevent improper payments for home health care benefits.

In the FECA program, OWCP has reviewed questionable providers acting in a fraudulent or abusive manner, implemented procedures to identify prescribers of prescription drugs, imposed quantity limits on initial fills and refills for compounded drugs and opioids, performed an initial analysis of generic drug prescriptions, and implemented drug exclusion lists for drugs and drug ingredients.

Regarding opioids, OWCP is analyzing prescription data, reaching out to physicians when claimants have long-term and high dose prescriptions, and taking a tailored approach with these claimants and physicians. In June 2017, OWCP developed an authorization requirement for opioid prescriptions that resulted in a decrease in the cost of non-compounded opioids from $58 million to $36 million between FY 2016 and FY 2019. Effective September 23, 2019, OWCP began limiting all initial opioid fills to seven days. Three subsequent seven-day fills can be obtained, but prior authorization is required to obtain opioids beyond 28 days.

OWCP has taken additional actions to better manage pharmaceuticals in the FECA program, which include (1) implementing new policies related to the review and approval of pharmacy claims; (2) providing information to claimants and doctors regarding the risks of opioid use and the availability of alternate treatment options; (3) focusing data analytics on the population of opioid users, with the purpose of predicting their future behavior; (4) improving the detection of fraudulent medical providers and risky opioid prescribers; and, (5) applying non-procurement suspension and debarment procedures to stop payments to medical providers criminally convicted of or indicted for defrauding the FECA program.

WHAT REMAINS TO BE DONE

OWCP should continue its efforts to analyze home health care billings for abusive practices and to identify and refer allegations involving potential fraud or abuse to the OIG for further investigation.

OWCP also needs to follow through on its planned actions in the FECA program, including contracting for a Pharmacy Benefit Manager, a third-party administrator of prescription drug programs that will address the options identified below. After completing these planned actions, OWCP needs to measure their impact on use and cost of prescription drugs as well as consider additional options for monitoring and managing medical costs, including the following:

- Conducting drug utilization reviews to prevent potentially harmful drug interactions;
- Implementing drug exclusion and formulary lists for all drugs and drug ingredients;
- Ensuring continued use of the best methods for calculating fair and reasonable pharmaceutical pricing;
- Requiring the use of preferred pharmacy providers; and,
- Performing cost-limit checks to identify high drug prices requiring additional review and authorization.

OWCP should continue its efforts to identify what insurance providers and other federal, state, and local agencies are doing to manage medical costs and determine which best or promising practices may be suitable for its operations. OWCP also needs to expand its use of data analytics to monitor payments for pharmaceuticals, particularly opioids, and identify trends, risks, and appropriate treatment plans. Finally, OWCP needs to carefully monitor the ongoing COVID-19 pandemic and its impacts on OWCP's four major compensation programs, paying particular attention to FECA's opioid user population, as well as the demand for and cost of home health care services in the EEOICPA program.

CHALLENGE: Securing and Managing Information Systems

BACKGROUND

The Department's major information systems contain sensitive information central to its mission and programs. These systems maintain critical and sensitive data related to financial activities, enforcement actions, job training services, pensions, welfare benefits, and worker safety and health. In FY 2020, the Department's Chief Information Officer (CIO) had oversight of IT investments estimated at $666 million. The funds were used in implementing the Department's services and functions to safeguard the American workforce.

CHALLENGE FOR THE DEPARTMENT

The Department faces challenges safeguarding its data and information systems. Although DOL has made progress in this area, we have long-standing concerns about the Department's IT governance, modernization efforts, and ability to identify, protect, and recover information systems and data.

The OIG continues to identify information security deficiencies in the areas of configuration management, third-party oversight, risk management, and continuous monitoring. While the Department has made improvements in these areas, these deficiencies continue to exist and represent ongoing risks to the confidentiality, integrity, and availability of the Department's information.

In addition, COVID-19 created a new challenge with the sudden rise of DOL employees' teleworking to maintain business operations and DOL providing IT services to its staff while maintaining IT security and accessibility. Once DOL employees can return on-site for work after required telework due to COVID-19, the Department will be further challenged in determining which functions and operations are suitable for continued telework, and whether its information systems can provide sufficient capability and security. The Department also continues to face management challenges in transitioning additional systems to secure cloud services, maintaining its current systems, and modernizing or replacing legacy systems.

DEPARTMENT'S PROGRESS

DOL has implemented new programs and systems designed to strengthen security operations. According to DOL, it continues to make progress in reorganizing its information technology to better manage projects for modernizing, securing, and consolidating information technology, and this includes realigning information processes and personnel under the CIO. While DOL is in the process of restructuring its IT resources and capabilities to a more centralized shared services environment, the OIG is currently conducting an audit of DOL's IT governance to provide insight and best practices.

WHAT REMAINS TO BE DONE

While DOL has begun to consolidate information technology within the Office of the Chief Information Officer, the CIO needs to use this opportunity to:

- Address recurring information security deficiencies;
- Strengthen its oversight responsibilities to ensure DOL agencies adhere to the Department's information security policies, procedures, and controls; and,
- Enhance its security program by ensuring security tools are effectively implemented to improve its Federal Information Security Modernization Act of 2014 (FISMA) maturity posture.

Consistent with the intent of the Clinger-Cohen Act, DOL is consolidating information technology under the CIO. However, we continue to recommend the Department realign the position of the CIO to provide this role greater independence and authority for implementing and maintaining an effective information security program. Under the Department's current organizational structure, the CIO reports to the Assistant Secretary of Administration and Management, not the agency head in compliance with the Clinger-Cohen Act.

Summary of Financial Statement Audit and Management Assurances

The following tables provide a summary of the Department's FY 2020 financial statement audit and its management assurances.

Summary of Financial Statement Audit					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0
Significant Deficiency	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Improvements Needed in the Review of Estimates	0	1	0	0	1
Total Significant Deficiencies	0	1	0	0	1

Summary of Management Assurances						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0					0
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0					0
Conformance with financial management system requirements (FMFIA § 4)						
Statement of Assurance	Systems conform to financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-Conformances	0					0
Compliance with Federal Financial Management Improvement Act (FFMIA)						
	Agency			Auditor		
1. System Requirements	No lack of compliance noted.			No lack of compliance noted.		
2. Accounting Standards	No lack of compliance noted.			No lack of compliance noted.		
3. United States Standard General Ledger (USSGL) at Transaction Level	No lack of compliance noted.			No lack of compliance noted.		

Payment Integrity

The Payment Integrity Information Act (PIIA), enacted on March 2, 2020, reorganized and revised several existing improper payments statutes, including the Improper Payments Information Act of 2002 (IPIA), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA), and the Improper Payment Elimination and Recovery Improvement Act of 2012 (IPERIA). This report covers the transition period between these prior and PIAA per OMB guidance. These laws require Federal agencies to identify and reduce improper payments (IP) and report annually on their efforts according to guidance promulgated by the Office of Management and Budget (OMB): OMB Circular A-123 Appendix C (6/26/2018) and OMB Circular A-136 (8/27/2020). For FY 2020 reporting, OMB indicated in A-136 that *"information previously contained in this section that is not explicitly required below will be reported on https://paymentaccuracy.gov/ through the annual OMB payment integrity data call."*

The information below provides a high-level summary of information useful to the reader of this AFR regarding DOL's payment integrity efforts to mitigate fraud, waste, abuse and all forms of IP.

I. IMPROPER PAYMENT REPORTING

Reporting Due to Reported IP Rate
Two DOL programs—Unemployment Insurance (UI) and the Federal Employees' Compensation Act (FECA)—are considered susceptible to significant IP because they report an IP rate above the legal threshold, and are required to report detailed information related to IP. The chart below provides a summary of IP estimation results.

Reporting Due to Statute
Division B of Public Law 115-123, division B of Public Law 115-56, and division A of Public Law 115-72, all programs and activities expending more than $10 million in any one fiscal year of funds appropriated for disaster relief shall be deemed to be "susceptible to significant improper payments" for purposes of the Improper Payments Information Act of 2002 (31 U.S.C. 3321 note), notwithstanding section 2(a) of such Act. Programs or activities susceptible to significant IP shall produce and report an IP estimate starting with the FY 2019 reporting period, to the extent possible. In FY 2020 one DOL program, ETA's National Disaster Workforce Grants (NDWG) program met this threshold. As shown in the chart below, this review found no IP in FY 2020.

DOL Programs Required to Submit Improper Payments Estimates ($ in millions)						
Program	**Requirement Based on…**	**Measure**	**Estimated Rate (% of total outlays & total $)[6]**			
			FY20 [2]		**FY19 [2]**	
Unemployment Insurance (UI) [1]	IP rate exceeds threshold	**Total Outlays**	**$86,866.54**		**$26,910.00**	
		Proper Payments	**90.83%**	**$78,902.61**	**89.39%**	**$24,054.85**
		Improper Payments:	9.17%	$7,963.92	10.61%	$2,855.15
		…Overpayments	8.72%	$7,577.37	10.21%	$2,747.51
		…Underpayments	0.45%	$386.56	0.40%	$107.64
		IP Made Directly by the Federal Government	0.00%	$0.00	0.00%	$0.00
		IP Made By Recipients of Federal Money [4]	9.17%	$7,963.92	10.61%	$2,855.15
		Net IP (IP Minus Amounts Recovered by States)	8.27%	$7,181.38	8.08%	$2,174.69
		IP Minus "Work Search" Errors	7.09%	$6,155.36	7.44%	$2,002.10
Federal Employees' Compensation Act (FECA) [1]	IP rate exceeds threshold	**Total Outlays**	**$2,960.22**		**$3,013.59**	
		Proper Payments	**97.66%**	**$2,891.01**	**97.56%**	**$2,940.03**
		Improper Payments:	2.34%	$69.21	2.44%	$73.56
		…Overpayments	1.90%	$56.13	1.79%	$54.06
		…Underpayments	0.44%	$13.08	0.65%	$19.50
		IP Made Directly by the Federal Government	2.32%	$68.73	2.43%	$73.27
		IP Made By Recipients of Federal Money [5]	0.02%	$0.48	0.01%	$0.29
National Disaster Workforce Grants (NDWG)	IP rate exceeds threshold	**Total Outlays**	**$15.36**			
		Proper Payments	**100.00%**	**$0.00**		
		Improper Payments:	0.00%	$0.00		

Notes: [1] UI & FECA covers the 12-month period from July 1, 2019 through June 30, 2020. NDWG data represents a 9-month Single Audit Act data lag as described in the OMB-approved Estimation Methodology and this AFR.
[2] FY 2020 UI outlays are for the period from July 1, 2019 through June 30, 2020 and are based on the ETA 5159 Claims and Payment Activities reports. The FY20 IP rate is estimated from the results of the Benefit Accuracy Measurement (BAM) survey. Due to the Coronavirus Disease 19 (COVID-19) pandemic, states suspended BAM operations beginning in April 2020. The rates reflects the population amounts of UI benefits paid reported by BAM from the period from July 1, 2019 through March 31, 2020.
[3] FY 2019 UI outlays are based on the Unemployment Insurance Outlook for the President's FY 2020 Budget Midsession Review. The FY19 IP rate is estimated from the results of the BAM survey for the period from July 1, 2018 through June 30, 2019. The rate reflects the population amounts of UI benefits paid reported by BAM.
[4] These figures represent the IP amounts and percentages made by the UI agencies in the 52 state workforce agencies (50 states, Puerto Rico, and the District of Columbia. The Virgin Islands does not operate a BAM program). Although the significant majority of these payments are funded by taxes collected by the states and territories on employers in their jurisdictions, the funds are deposited in the Unemployment Trust Fund and have been considered federal funds for reporting purposes. These funds can only be used for the payment of UI benefits.
[5] These payments encompass those made from the OWCP's bill payment contractor.
[6] Rates and dollars have been rounded to two decimal places. Rounding may account for imprecise totals.

UI Supplementary Reporting

The UI program has identified the following top root causes of improper payments:

- ***Work Search***—Failure of claimants to comply with the states' work search requirements;
- ***Benefit Year Earnings***—Payments to individuals who continue to claim benefits after they have returned to work and fail to report earnings; and
- ***Separations***—Failure of employers or their third-party administrators to provide timely and accurate information on the reason for an individual's separation from employment.

States may also have additional, unique root causes that stem from differences in state laws, policies, and operational practices.

UI Program Percent (%) of Total Dollars Overpaid by Cause

% of Total Dollars Overpaid by Cause	% of Overpayments (2020 Rate)	% of Overpayments (2019 Rate)	Relative Change
Work Search: (Failure to actively seek employment)	24.69%	32.77%	-8.08
Benefit Year Earnings: (Continuing to claim benefits after returning to work)	37.44%	31.71%	+5.73
Separation: (Ineligible due to voluntarily quitting or discharge for cause)	18.13%	17.42%	+0.71
Able and Available: (Ineligible due to not being able to work or available for work)	7.82%	6.36%	+1.46
Employer Service Registration: (Failing to register for referral to work or reemployment services)	1.39%	1.50%	-0.11
Other Eligibility Issues: (Refusal of work, self-employment, failure to report for agency review or report requested information, citizenship status, and claiming benefits using a false identity)	2.89%	2.72%	+0.17
Base Period Wages: (Error in calculating claimant's benefit based on wages earned prior to period of unemployment)	3.86%	2.92%	+0.94
All Other Issues: (Adjustments to dependents' allowance, adjustments to benefits due to claimant receipt of income from severance pay, vacation pay, Social Security, or employer pension, back pay awards, payment during a period of disqualification, or agency redetermination of eligibility)	3.78%	4.60%	-0.82

Note: Totals may not add up to 100% due to rounding.

Additionally, for the 12-months ending June 30, 2020, the UI program reported $935.38 million in established overpayments and recovered $782.54 of those overpayments (over an 83% recovery rate).

II. SAMPLING AND ESTIMATION

Susceptible to Significant Improper Payments: Two DOL programs, the Unemployment Insurance (UI) and the Federal Employees' Compensation Act (FECA) benefit programs, are required to provide estimates based on the susceptibility threshold in statute:

- Either potential estimated IP greater than 1.5% of outlays and greater than $10 million, or
- Potential estimated IP of more than $100 million, regardless of percentage.

Payment integrity information and IP estimation plans for UI, FECA and NDWG can be found at:

- **UI** – https://oui.doleta.gov/unemploy/improp_pay.asp
- **FECA** – http://dolcontentdev.opadev.dol.gov/ocfo/media/reports/20180626IPMETHODOLOGY.pdf
- **NDWG** – https://www.dol.gov/sites/dolgov/files/OPA/reports/ETA-Disaster-Supplemental-IP-Methodology-FY20CensusUpdate.pdf

In consultation with OMB and the DOL Office of Inspector General (OIG), the Department developed statistical sampling processes conducted to estimate the IP rate for each program identified as being susceptible to significant IPs. These methodologies vary by program.

UI Program:

The UI program is a federal-state partnership. Although the Department has oversight responsibility for the national program, 53 states[11] operate and administer the UI programs in accordance with their individual state laws and processes and pay benefits from state unemployment taxes. Only states can directly prevent, detect, and recover improper payments.

UI IP estimates are based on results of the Benefit Accuracy Measurement (BAM) survey that examines a statistically valid sample of payments for the three largest permanently authorized unemployment compensation (UC) programs – State UI, Unemployment Compensation for Federal Employees (UCFE), and Unemployment Compensation for Ex-Servicemembers (UCX). BAM investigators in each state conduct comprehensive independent audits for randomly-selected weekly samples of paid and denied claims. The BAM survey does not include temporary or episodic programs such as Emergency Unemployment Compensation 2008 (EUC08)[12] and Extended Benefits (EB). However, for purposes of reporting payment accuracy data, the estimated IP rates are assumed to be generalizable to the EUC08 and EB programs. Please note that the UI IP rate estimates reported in Section I does not include the new UI-related programs enacted under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The table above titled **"DOL Programs Required to Submit Improper Payments Estimates"** displays rates for FY 2020 and FY 2019 reporting periods. Due to the unprecedented increases in state UI claims workloads as a result of the economic effects of the Coronavirus Disease 19 (COVID-19) pandemic and the need for resources to implement new UI-related programs under the CARES Act, states diverted all available staff to support claims processing functions. To address these challenges, DOL provided operational flexibilities to states that included temporary suspension of the BAM survey by states for the quarter beginning April 1, 2020 through June 30, 2020.

The UI program reports data for the 12-month period from July 1 – June 30 rather than the fiscal year due to the 120 day period provided to state BAM investigators to complete claim audits following the end of each quarter. However, for the

[11] The 53 "states" are the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands. *See* 26 U.S.C. § 3306(j)(1).

[12] On June 30, 2008, Public Law 110-252 (referred to as the Emergency Unemployment Compensation Act of 2008 or EUC08) was enacted, which provided up to 13 weeks of additional unemployment compensation (UC) benefits to workers who had exhausted their entitlements under regular state UI programs.

2020 reporting period, due to the operational flexibilities described above, the estimated UI IP rate is computed using three quarters of data gathered from July 1, 2019 to March 31, 2020. The IP rate computed for the three quarters is then applied to the UI outlays for the period from July 1, 2019 – June 30, 2020 to provide an estimate for the 12-month reporting period.

During this period, state agencies completed audits for 17,232 cases (data are based on a completion rate of 97.50%). Based on these results, the 95% confidence interval of the estimated IP rate is plus or minus 0.73%.

The federal-state UI partnership continues to implement a comprehensive Program Integrity Strategic Plan that outlines strategies and actions to address the leading root causes of UI overpayments. The goals of this plan are to reduce the UI improper payment rate to comply with PIIA requirements and improve overall UI program integrity and payment accuracy. This plan is continuously updated and evolves as new corrective actions and strategies are identified.

FECA Program:

The IP rate component for non-fraudulent FECA payments was derived by random sampling with replacement. The sample sizes used (504 compensation payments and 504 medical payments, for a total of 1008 payments) were selected and validated by the OWCP statistician to assure a 90% confidence interval with a precision of 2.5%. Each sampled payment was closely examined in accordance with program standards to determine whether or not it was proper. The absolute value of any IP found in the sample were totaled and projected to a dollar amount that represents the IP rate for the entire population. The extent of fraudulent payments is based on averaging actual restitution amounts.

2017 Disaster Response: NDWG

In the Bipartisan Budget Act of 2018 (P.L. 115-123), Congress appropriated $100 million, of which $99.5 million is available for obligation, for ETA's National Dislocated Worker Grants (NDWGs) [13] for states impacted by Hurricanes Harvey, Maria, and Irma and those jurisdictions impacted by wildfires in 2017. In FY 2019 DOL developed an OMB-approved IP estimation Methodology materially identical to the non-statistical Workforce Investment Act (WIA) and Hurricane Sandy Disaster Grants IP estimation methodologies previously approved by OMB and reported in the Department's AFR through FY 2016. As noted in this Methodology, the IP estimation uses grantee data from Single Audit Act. Grantees must submit Single Audit Act reports to the Federal Audit Clearinghouse within nine months of the end of their fiscal year, which may not correspond with the Federal fiscal year. In FY 2020, DOL updated this Methodology to move from non-statistically significant sampling to provide a census review. All applicable NDWG payments were reviewed for IP.

III. IP RISK ASSESSMENTS

OMB Circular A-123 Appendix C requires that all agencies institute a systematic method of reviewing all programs and identify programs susceptible to significant IP. This systematic method could be a quantitative evaluation based on a statistical sample or a qualitative method (e.g., a risk-assessment questionnaire). At a minimum, agencies are required to take into account the following risk factors likely to contribute to IP, regardless of which method (quantitative or qualitative) is used:

i. Whether the program or activity reviewed is new to the agency;
ii. The complexity of the program or activity reviewed, particularly with respect to determining correct payment amounts;
iii. The volume of payments made annually;
iv. Whether payments or payment eligibility decisions are made outside of the agency, for example, by a state or local government, or a regional Federal office;
v. Recent major changes in program funding, authorities, practices, or procedures;

[13] NDWGs are a subset of the *WIOA - Dislocated Worker Employment and Training Activities (National Reserves)* program.

vi. The level, experience, and quality of training for personnel responsible for making program eligibility determinations or certifying that payments are accurate;
vii. Inherent risks of IP due to the nature of agency programs or operations;
viii. Significant deficiencies in the audit reports of the agency including, but not limited to, the agency Inspector General or the Government Accountability Office (GAO) audit report findings, or other relevant management findings that might hinder accurate payment certification; and
ix. Results from prior IP work.

In addition, Appendix C requires agency heads to review all programs to identify risk susceptibility for significant IP at least once every three years. DOL conducts risk assessments for all programs on a three-year rolling cycle to ensure that all programs are reviewed at least triennially. Detailed information on the results of FY 2020 IP susceptibility risk assessments may be found directly below.

As part of the Department's regular cycle of Department-wide Payment Integrity Reviews in FY 2020, *Program Inventory and Questionnaires* were sent to all agency heads to ensure any new programs were identified and to consider if conditions surrounding payment integrity or the cost-effectiveness of formal recapture audit program analyses had changed. This process allows annual monitoring of all DOL programs, and to ensure DOL conducts *IP Risk Assessments* of all identified programs at least once every three-years. Identified programs include all "activities or sets of activities recognized as programs by the public, OMB, or Congress, as well as those that entail program management or policy direction." FY 2020 Program Inventory and Questionnaires identified three new UI programs created under the CARES Act of 2020. These programs are included in the list of DOL programs below, however under the CARES Act all three programs are temporary – Federal Pandemic Unemployment Compensation (FPUC) expired on July 31, 2020, the Pandemic Unemployment Assistance (PUA) and Pandemic Emergency Unemployment Compensation (PEUC) programs are set to expire on December 27, 2020. In addition, all programs were requested to reassess the cost-effectiveness of recapture audit programs, only the UI program determined this would be cost-effective.

FY 2020 IP Risk Assessments were conducted for a subset of all identified DOL programs and did not find any additional programs to be at risk of being susceptible to significant IP. Risk assessments are required for new programs only after a full year of operations.

The **Susceptibility to Improper Payments Risk Assessment Results** chart below lists all DOL programs and the most recent Risk Assessments results. UI and FECA continue to be considered susceptible to IP because they report an IP rate above the legal threshold. No additional DOL programs were determined to be susceptible for IP. OIG was not responsive to communication regarding the Department-wide Payment Integrity Reviews. 2017 Disaster-response NDWG grants required to report "as susceptible" are a subset of the "WIOA - Dislocated Worker Employment and Training Activities (National Reserves)" program assessed as a whole and noted in the chart below.

Agency	Program Name	Identified Program in 2019	Identified Program in 2020	Risk Assessment: Most Recent	Risk Assessment: Result: (Susceptibility to Significant IP)
BLS	Compensation and Working Conditions	Yes	Yes	FY19	Not Susceptible.
BLS	Executive Direction and Staff Services	Yes	Yes	FY20	Not Susceptible.
BLS	Headquarters Relocation	NA	Yes	NA - new	Not Susceptible.
BLS	Labor Force Statistics	Yes	Yes	FY19	Not Susceptible.
BLS	Prices and Cost of Living	Yes	Yes	FY20	Not Susceptible.
BLS	Productivity and Technology	Yes	Yes	FY20	Not Susceptible.
DM	DOL Management and other [1]	Yes	Yes	FY18	Not Susceptible.
EBSA	Employee Benefits Security Administration	Yes	Yes	FY18	Not Susceptible.
ETA	Apprenticeship	Yes	Yes	FY18	Not Susceptible.
ETA	CARES Act - Federal Pandemic Unemployment Compensation (FPUC)	NA	Yes	NA – new & expired	NA – new & expired 7/31/20
ETA	CARES Act - Pandemic Unemployment Assistance (PUA)	NA	Yes	NA – new	NA – new & ending on or before 12/31/20
ETA	CARES Act - Pandemic Emergency	NA	Yes	NA – new	NA – new & ending on or

	Unemployment Compensation (PEUC)				before 12/31/20
ETA	Community Service Employment for Older Americans	Yes	Yes	FY20	Not Susceptible.
ETA	Employment Service	Yes	Yes	FY20	Not Susceptible.
ETA	Federal-State UI Program	Yes	Yes	Reporting.	Susceptible to significant IP.
ETA	Foreign Labor Certification	Yes	Yes	FY19	Not Susceptible.
ETA	Indian and Native American Program	Yes	Yes	FY19	Not Susceptible.
ETA	Job Corps	Yes	Yes	FY19	Not Susceptible.
ETA	Migrant and Seasonal Farmworker	Yes	Yes	FY18	Not Susceptible.
ETA	Reintegration of Ex-Offenders	Yes	Yes	FY18	Not Susceptible.
ETA	TAA [*] Community College & Career Training Grants	Not funded since 2014	Not funded since 2014	NA	NA - Not Susceptible.
ETA	TAA [*] (FUBA)	Yes	Yes	FY19	Not Susceptible.
ETA	WIOA - Youth Activities	Yes	Yes	FY18	Not Susceptible.
ETA	WIOA - Adult Employment and Training Activities	Yes	Yes	FY18	Not Susceptible.
ETA	WIOA - Dislocated Worker Employment and Training Activities Formula)	Yes	Yes	FY18	Not Susceptible.
ETA	WIOA - Dislocated Worker Employment and Training Activities (National Reserves) [2]	Yes	Yes	FY18	Not Susceptible. [2]
ETA	WIOA - Workforce Data Quality Initiative	Yes	Yes	FY19	Not Susceptible.
ETA	Workforce Information - Etools	Yes	Yes	FY20	Not Susceptible.
ETA	YouthBuild	Yes	Yes	FY18	Not Susceptible.
ILAB	International Labor Affairs Bureau	Yes	Yes	FY18	Not Susceptible.
MSHA	Mine Safety and Health Administration	Yes	Yes	FY19	Not Susceptible.
ODEP	Office of Disability Employment Policy	Yes	Yes	FY18	Not Susceptible.
OFCCP	Office of Federal Contract Compliance Programs	Yes	Yes	FY18	Not Susceptible.
OIG	Office of Inspector General	Non-responsive.	Non-responsive.	Non-responsive.	
OLMS	Office of Labor-Management Standards	Yes	Yes	FY19	Not Susceptible.
OSHA	Occupational Safety and Health Administration	Yes	Yes	FY20	Not Susceptible.
OWCP	Coal Mine Workers' Compensation	Yes	Yes	FY19	Not Susceptible.
OWCP	Energy Employees Occupational Illness Compensation	Yes	Yes	FY20	Not Susceptible.
OWCP	FECA Program	Yes	Yes	Reporting	Susceptible to significant IP.
OWCP	Longshore and Harbor Workers Compensation	Yes	Yes	FY19	Not Susceptible.
VETS	Federal Administration & USERRA Enforcement	Yes	Yes	FY19	Not Susceptible.
VETS	Homeless Veterans' Reintegration Program	Yes	Yes	FY18	Not Susceptible.
VETS	Jobs for Veterans State Grants (JVSG)	Yes	Yes	FY20	Not Susceptible.
VETS	Transition Assistance Program Employment Workshop (TAP)	Yes	Yes	FY18	Not Susceptible.
WB	Women's Bureau	Yes	Yes	FY18	Not Susceptible.
WHD	Wage & Hour Division	Yes	Yes	FY20	Not Susceptible.

NOTE: [1] For the purposes of Payment Integrity reporting, "Departmental Management and other" includes OCFO-controlled finance operations not noted as a separate program, including payroll, procurement, property management, rent, and fleet.
[2] This program includes NDWG Disaster Grants discussed in Section II, *Sampling and Estimation* of this Payment Integrity Report. Specific disaster response grants report "as susceptible" per legal requirement, not based on risk assessment.
[*] Trade Adjustment Assistance (TAA), Federal Unemployment Benefits and Allowances (FUBA)

Fraud Reduction Report

The Department is committed to preventing fraud and mitigating our fraud risk. DOL safeguards assets and ensures fiscal integrity by focusing on prevention and fraud risk mitigation in all programs—while also maintaining robust antifraud efforts to detect fraud indicators. DOL adheres to the fraud risk principle as set out in the *Standards for Internal Control in the Federal Government*, and to fraud risk strategies as instructed in the Fraud Reduction and Data Analytics Act (FRDAA) of 2015 (Pub. L. 114-186, 31 USC 3321 note). DOL also employs an Enterprise Risk Management (ERM) approach as prescribed by OMB Circular No. A-123. DOL recognizes the diverse range of fraud risk within the government and leverages interdepartmental trainings and resources such as *A Framework for Managing Fraud Risks in Federal Programs* and *Program Integrity: The Antifraud Playbook* to incorporate a variety of approaches to manage this threat.

During FY 2020, DOL conducted a variety of efforts to ascertain fraud risk including the IPERA Reviews of all DOL programs. The IPERA Reviews are discussed in the Payment Integrity section of this AFR. Additionally, DOL conducts the annual Entity Level Controls (ELC) Survey of DOL agency management and personnel to review financial and internal controls risks. The ELC Survey canvasses agencies with a focus on assessing fraud at an agency and program level. These surveys assist in assessing and maintaining a well-informed and fraud-aware culture, and have affirmed the implementation of robust antifraud controls including separation of duties and established procedures to prevent and detect fraud.

DOL's OMB Circular A-123 internal control process identifies key controls and practices to mitigate and detect fraud in areas such as grants, procurement, beneficiary payments, payroll, and purchase and travel cards. In addition, DOL has participated in the FRDAA Working Group and other inter-governmental workgroups to improve sharing and the development of data analytics techniques, financial and administrative controls, and other best practices and techniques for detecting, preventing, and responding to fraud and other improper payments both within the Department and across government.

In cases of fraud or attempted fraud, the Department has established policies and procedures to identify and prosecute cases. In light of recently enacted Families First Coronavirus Response Act and the Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Secretary of Labor and the Inspector General sent an email to DOL staff emphasizing employees responsibilities merit heightened vigilance in the operation of our agencies and in the supervision of entities receiving funds in connection with DOL programs. DOL personnel are responsible for promptly reporting information that they reasonably believe reflects fraud, waste, abuse, misconduct, or other wrongdoing. All DOL agency heads, supervisors, and managers are responsible for ensuring that allegations are reported promptly to the OIG either publicly, or anonymously through the Fraud Hotline at 1-800-347-3756 or oig.dol.gov/hotline.htm.

The OIG reviews and determines whether such allegations have merit, and is responsible for conducting investigations, audits, and prosecution when appropriate. The OIG may conduct its own audit or investigation, refer the matter to another law enforcement or other federal agency, or refer the matter to the Secretary of Labor or to a program agency within DOL. If a referral is made to the Secretary of Labor or to a program agency within DOL, the OIG may reassume responsibility for such audit or investigation at their sole discretion. As part of this process, DOL leadership works to maintain a strong workplace culture of anti-fraud vigilance and encourages the prompt reporting of any potential misconduct. In FY 2020, the OIG published the *DOL-OIG Pandemic Response Oversight Plan* and other reports and statements which DOL leadership and program officials have leveraged to focus anti-fraud mitigation efforts.

OCFO continues to work with DOL's charge card provider to implement a cost-effective data analytics and suspicious activity flagging project to assess all travel card payments for regulatory and policy compliance, and to flag payments that may present greater fraud risk for review. As this pilot project is established, best practices are being shared with offices across the Department for consideration by other charge card programs.

The Unemployment Insurance (UI) and Federal Employees' Compensation Act (FECA) programs have been deemed susceptible to improper payments and therefore provide separate fraud reporting. Each program has a mature fraud detection program with strong prosecution efforts.

The FECA program continues to implement enhanced mitigation activities in its Program Integrity Unit (PIU). In FY20, FECA closely monitored medical billing data to identify potential fraud including incentivized prescribing, kickbacks and other possible schemes, which resulted in policy changes and referrals to the Department's OIG. Below are specific actions taken by FECA:

- Worked with new bill-pay contractor to identify and implement controls to prevent medical bill pay fraud.
- Collaborated with DOL and agency OIGs to create and implement new fraud detection technology and protocols.
- Expanded a policy to review and exclude bill payment of medications that were deemed available at lower cost, over-the-counter or not medically necessary. Since its' implementation the policy has expanded to include a broad range of medications and medical devices.
- Increased data analytics to identify medications and procedure codes which meet exception policies.

The PIU uses structured data analytic methods to review spending patterns and react to program fraud, waste, and abuse. FECA uses several medical spending tracking tools for medical outlays including a "year-to-year" comparison methodology, internal bill pay dashboards and partnerships with health care anti-fraud associations. FECA also targets service providers through robust risk analysis metrics using several risk factors which included frequency of billing, duration, charges and diversity of services.

When evidence of behavior that could be construed as deceptive, misleading, or unfair is identified, the program sends a referral to the Department's OIG. FECA collaborates with DOL and Agency OIGs to create and implement new fraud detection technology and protocols. This has resulted in an increase in court-ordered restitution awarded to the program, which in turn drives the IP rate up with a short-term increase in FECA's fraud IP estimation. However, it reflects an achievement by the government to detect, prosecute, and recover those payments.

In FY 2020, DOL worked with the states and the OIG to address the significant rise in suspected fraud in UI programs including the Pandemic Unemployment Assistance (PUA) program created under the CARES Act. Due to an increase in suspected fraudulent activity, specifically organized fraud schemes targeting the CARES Act UI programs, the Department emphasized the importance of program integrity in CARES Act guidance and issued specific fraud prevention and detection guidance including, Unemployment Insurance Program Letter (UIPL) Nos. 23-20 and 28-20 and Training and Employment Notice (TEN) Nos. 03-20, 04-20, and 05-20. In addition to guidance, DOL scheduled a call with states and issued letters to all state governors further encouraging state UI programs to take aggressive actions to combat fraud and identity theft.

With a focus on prevention and intercepting fraud as early as possible, the Department has actively worked with the Department's OIG and with states to employ multiple techniques to prevent and detect fraud, including:

- Identity Verification – to verify personal information supplied by individuals filing claims, using a variety of methods and resources, such as:
  - Social Security Administration Cross-match – to validate a Social Security Number supplied by a claimant.
  - Systematic Alien Verification for Entitlement (SAVE) – to verify the immigration status of non-U.S. citizens and to confirm the validity of the information supplied by individuals filing claims.
  - Incarceration cross-matches – to compare UI applicants' information to local, state, and federal prison databases.
  - Interstate Connection Network (ICON) – to compare UI applicants' information to detect duplicate claims filed in other states and under other UI programs using Interstate Benefits (IB) Cross-match and the State Identification Inquiry (SID) State Claims and Overpayment File, and the IB8606 applications.
  - Internet Protocol (IP) Address – to identify IP addresses linked to multiple claims or claims filed outside of the U.S.

- Data mining and data analytics – to detect fraud when a claim is filed and on an ongoing basis throughout the lifecycle of a claim. Continuous efforts to prevent and detect fraud are critical since fraud can occur at any point during the continued claims series.

- *Integrity Data Hub (IDH)* – The Department has actively promoted states' use of the tools and datasets available through the IDH. The IDH is a DOL-funded secure, robust, centralized, multi-state data system that allows states to submit claims for cross-matching, provides a national fraud alert system to states, and supports data analytics on multi-state claims. The following IDH functionalities are currently available to states:
  - *Suspicious Actor Repository (SAR)* – allows states to match UI claims against other states' known suspicious claims data. This tool allows each state to benefit from the investigative work of other states as claims data associated with known or probable UI fraud is submitted and stored in the SAR for cross-matching purposes.
  - *Suspicious E-Mail Domains* – allows states to cross-match their claims against a database of suspicious e-mail domains that have been associated with fraudulent activity. The IDH flags claims with these domains for further investigation by the submitting state.
  - *Foreign IP Addresses* – allows states to receive flags on UI claims filed from IP addresses outside of the U.S.
  - *Data Analysis* – provides the unique ability to analyze national claims data and conduct cross-state analysis within a secure system.
  - *Multi State Cross-Match (MSCM)* – allows for the IDH to collect and store claims data submitted by states creating a multi-state database of UI claims data. Using this database, the IDH is able to identify where UI claims data are being used across multiple states (i.e., flagging a Social Security Number that is being used across four different states). The MSCM also provides a lookback capability to identify after-the-fact matches based on new claims or fraud activity data submitted to the IDH.
  - *Identity Verification (IDV)* – provides states with a centralized identity verification/identity proofing solution. The IDV solution provides fraud scoring information, including flagging of synthetic identities. The IDV solution is now operational and available for state use. Early adopter states have reported that it is a highly successful integrity resource to prevent and detect identity theft.
  - *Fraud Alert System* – allows states to share information through the secure IDH environment on emergent fraud schemes/activities identified in their states. The capability allows all states to review and/or submit information on fraud schemes and to receive updates to improve awareness across the UI community. The IDH Fraud Alert System is available to all states independent of the state executing an agreement with the UI Integrity Center or participating in other IDH functionality.

- Other valuable assets provided by the UI Integrity Center include the following:
  - *UI Integrity Center Fraud Calls* – states, ETA, and OIG staff have held routine conference calls since fraud was first being detected in the early stages of the CARES Act program to discuss and share information on UI fraud schemes. These calls are conducted by the UI Integrity Center to share information on UI Integrity Center services, tools, and resources, and to provide a secure forum for states to discuss emergent fraud schemes and share best practices to prevent and detect fraud activity affecting the UI system.
  - *State Services* – the UI Integrity Center employs a diverse group of UI professionals with a broad range of experience. The State Services team provides both virtual and onsite consultation services to states to provide state-specific recommendations and operational best practices in the prevention and detection of identity theft and fraud, and the recovery of improper payments.
  - *National Integrity Academy (NIA)* – the Academy currently provides 126 eLearning lessons and modules, including course bundles targeted to new Claims Takers, Adjudicators, and staff administering the PUA program, and includes four NIA certificate programs: UI Operations Integrity, UI Tax Integrity, UI Fraud Investigations, and UI Program Leadership. Additional information about course offerings, along with the online course catalog, can be found at: https://www.naswa.org/learning.
  - *Integrity Knowledge Exchange* – an increasingly valuable tool that captures information on state practices and provides recommendations to states on ways to combat UI fraud and improve integrity. Through the Integrity Knowledge Exchange, the UI Integrity Center documents specific practices, creates model operational blueprints, and shares information with all states. Over 1,933 resource documents are currently

available on the knowledge exchange, including 96 documented successful integrity practices that support the Model BPC Blueprint.

Due to ETA's promotion of the states' use of IDH, the following list of actions have been completed to-date:

- 48 states/territories have executed an IDH participation agreement and 5 are in process;
- 30 states are submitting data and cross-matching with the SAR, preventing an estimated savings of $32.26 million since system inception in October 2017;
- 24 states are utilizing MSCM;
- All states, ETA National and Regional Office staff, and the OIG participate in the Fraud Alert System (191 alerts were shared in FY 2020);
- In June 2020 IDH functionality was updated include new UI claim types, including the PUA program; and
- 13 states have completed testing and are using the new IDV.

Further information can be found above in the **Payment Integrity** section of this AFR and on PaymentAccuracy.gov. FECA fraud estimation is based on restitution orders properly adjudicated (i.e., the courts) reported by the OIG which equaled $58.12 million in FY 2020 reporting. UI fraud estimation is similarly based on fraud established by a proper adjudicating authority and reported by the OIG. The level of "established fraud" in the UI program was $301.66 million for the 12-month period ending June 30, 2020, based on state data submitted on the ETA 227 Overpayment Detection and Recovery Activities report(s).

The Department is committed to ensuring program integrity and advancing our fraud reduction efforts. To prevent potential fraud, DOL will continue to prioritize identification and implementation of new and promising strategies, to test key controls, to take aggressive steps to mitigate and detect fraud. DOL will also continue to strengthen its collaboration with the OIG to refer suspected fraud for investigation and prosecution.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FRAUD
WASTE
ABUSE
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OFFICE OF INSPECTOR GENERAL
UNITED STATES DEPARTMENT OF LABOR
Office of Inspector General
U.S. Department of Labor
Misuse of U.S. Department of Labor Funds
Violations of Federal Procurement Regulations
Federal Workers' Compensation Fraud
Falsification or Forgery of Official Documents
Unemployment Insurance Fraud
Visa Certification Fraud
If you suspect wrongdoing involving
U.S. Department of Labor programs or operations,
contact the OIG Hotline
800.347.3756
www.oig.dol.gov
See website for confidentiality and whistleblower information
Scan Here to
Report Fraud, Waste
& Abuse Now!

Real Property

Per Section II.4.7 of OMB Circular A-136, agencies are required to report information regarding real property in their annual AFR.

The Department's Federal Real Property Profile is located at: https://www.gsa.gov/policy-regulations/policy/real-property-policy/asset-management/federal-real-property-profile-frpp/federal-real-property-public-data-set.

DOL real property assets compose approximately 0.3 percent of total Federal government real property inventory. The Department's mission and programs do not involve significant real estate except in one area—more than 98 percent of the DOL's real property (based on net book value) is managed by the Office of Job Corps on 123 Job Corps Centers (JCCs) across the nation. JCCs offer career technical training to nearly 50,000 students nationwide in campus settings offering residential, dining, and other services. The real property portfolio is varied but generally consists of buildings over 40 years old, many of which are at former military bases. JCCs are both government-owned and direct-leased facilities. The Department's Mine Safety and Health Administration (MSHA) also holds three properties transferred from the Bureau of Mines when MSHA was created.

Veterans' Employment and Training Service (VETS)

VETS administers four major programs to meet the employment and training needs of veterans and eligible spouses, especially those with significant barriers to employment, and connect employers across the country with work-ready veterans. VETS' mission is to prepare America's veterans, service members and their spouses for meaningful careers, provide them with employment resources and expertise, protect their employment rights, and promote their employment opportunities. VETS' four major program activities and program costs and outputs are described below.

Program Activities

Jobs for Veterans State Grants (JVSG)

In accordance with 38 U.S.C. Chapter 41, JVSG provides funding to 54 states and U.S. territories for Disabled Veterans' Outreach Program (DVOP) specialists and Local Veterans' Employment Representative (LVER) staff, located in American Job Centers and other locations. DVOP specialists provide intensive services to veterans with significant barriers to employment, including disabled veterans and other eligible populations. LVER staff promotes the hiring of veterans in communities through outreach activities that build relationships with local employers, and provide training to workforce center staff to facilitate the provision of services to veterans.

Transition Assistance Program (TAP)

TAP, authorized under 10 U.S.C. 1144, is for separating and retiring service members and their spouses. The program is a cooperative effort among VETS; the U.S. Departments of Defense, Homeland Security, Veterans Affairs, and Education; and the U.S. Small Business Administration. VETS offers a total of three days of instruction on employment preparation as a component of TAP, both domestically and at overseas installations. The Workshop provides employment assistance to transitioning service members and their spouses by providing tools for a successful transition from the military to the civilian workforce.

Homeless Veterans' Reintegration Program (HVRP)

HVRP, authorized under 38 U.S.C. 2021, addresses the needs of the most vulnerable population of veterans, those who are homeless or at risk of homelessness. HVRP provides employment and training services to homeless veterans, equipping them with the skills to gain meaningful employment. Funds are awarded to eligible applicants through a competitive grant process outlined in an annual Funding Opportunity Announcement. In addition to the main HVRP grants, funding is used to serve specific subsets of the homeless veteran population:

- The **Homeless Female Veterans and Veterans with Families Program** specifically targets the subpopulation of female veterans experiencing homelessness and veterans with families experiencing homelessness.
- The **Incarcerated Veterans' Transition Program** provides employment services to incarcerated veterans at risk of becoming homeless.
- **Stand Down Grants** are awarded to public and private organizations for local events typically held for one to two days, during which a variety of social services are provided to veterans experiencing homelessness.

Federal Administration, including the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Veterans' Preference

VETS is responsible for administering USERRA, 38 U.S.C. 4301-4335, which protects civilian job rights and benefits for active service members, veterans, and members of the National Guard and Reserves. USERRA also prohibits discrimination in employment against any current or prospective employee, due in part to those individuals' past, present, or future military service, status, or obligations. Additionally, under the Veterans' Employment Opportunities Act (5 U.S.C. 3330a-3330c) VETS is responsible for investigating claims alleging a Federal agency's failure to apply Veterans' Preference in hiring or during a reduction-in-force and claims from veterans alleging a lack of access to a Federal agency's covered employment opportunities.

Program Costs and Outputs

The full cost of VETS programs is presented in the Consolidated Statement of Net Cost. The costs of VETS programs, and the participants served, are presented below by major program.

VETS Employment and Training Program Costs and Participants Served (in Thousands) For FYs 2019 and 2020

	2020		2019	
Program	Cost	Part. Served	Cost	Part. Served
JVSG[1]	$189,286	79.2	$199,032	62.8
TAP[2]	27,347	92.9	21,801	126
USERRA[3]	12,105	6.5	12,072	5.2
HVRP	53,378	17.1	51,197	13.8
TOTAL (4), (5), (6), (7)	**$282,116**	**195.7**	**$284,102**	**207.8**

(1) Source: Workforce Integrated Performance System (WIPS) participant count, July 2019 - June 2020.

(2) Source: Employment Fundamentals of Career Transition (EFCT) Workshop facilitator participation count, October 2019 - June 2020.

(3) USERRA Participants (USERRA Outreach Measure) reflects the number of people VETS connects with each year (service members, spouses, and employers) to inform them of their rights and responsibilities under the law.

(4) Source: PY 2019 4th quarter grantee reports.

(5) FY 2020 costs for Labor, employment and pension standards are not reported.

(6) FY 2020 costs reflect administrative costs, per FASAB SFFAS 8, Supplementary Stewardship Reporting.

(7) FY 2020 participants served numbers will be revised when 4th quarter data is available.

Program Outcomes

Outcomes for the VETS programs will be presented in the Department's Annual Performance Report for FY 2020, available in February 2021 on the DOL website at: https://www.dol.gov/general/aboutdol#budget.

Table CMP 1: Civil Monetary Penalty Inflation Adjustment

Table CMP 1 below describes the Department's current civil monetary penalties, their authorities, year enacted, latest year of adjustments, current penalty level amounts, and additional details (85 FR 2292-2303 (January 15, 2020)).

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. §1059(b) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 209(b) - Failure to furnish reports (e.g., pension benefit statements) to certain former participants and beneficiaries or maintain records.	1974	2020	$31 per employee per failure.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2300, 2299-2302 (January 15, 2020)
29 U.S.C. 1132 (c)(2) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(2) - Failure or refusal to properly file plan annual report; and failure of a multiemployer plan to certify endangered or critical status under §305(b)(3)(C) treated as failure to file annual report.	1987	2020	Maximum $2,233 per day per failure.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2300, 2299-2302 (January 15, 2020)
29 U.S.C. §1132(c)(4) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(4) - Failure to disclose certain documents upon request under ERISA Sections 101(k) and (l); failure to furnish notices under Sections 101(j) and 514(e)(3) - each statutory recipient a separate violation.	1993	2020	Maximum $1,767 per day per failure.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2300, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. §1132(c)(5) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(5) - Failure to file annual report for Multiple Employer Welfare Arrangements (MEWAs).	1996	2020	Maximum $1,625 per day per failure.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2300, 2299-2302 (January 15, 2020)
29 U.S.C. §1132(c)(6) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(6) - Failure to provide Secretary of Labor requested documentation.	1997	2020	Maximum $159 per day not to exceed $1,594 per request.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2300, 2299-2302 (January 15, 2020)
29 U.S.C. §1132(c)(7) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(7) - Failure to provide notices of blackout periods and of right to divest employer securities – each participant/beneficiary a separate violation.	2002	2020	Maximum $141 per day per failure.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2300, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. §1132(c)(8) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(8) - Failure by an endangered status multiemployer plan to adopt a funding improvement plan or meet benchmarks; failure of a critical status multiemployer plan to adopt a rehabilitation plan.	2006	2020	Maximum $1,402 per day per failure.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2300, 2299-2302 (January 15, 2020)
29 U.S.C. §1132(c)(9)(A) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(9)(A) - Failure by an employer to inform employees of CHIP coverage opportunities under Section 701(f)(3)(B)(i)(l) – each employee a separate violation.	2009	2020	Maximum $119 per day per failure.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2300, 2299-2302 (January 15, 2020)
29 U.S.C. §1132(c)(9)(B) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(9)(B) - Failure by a plan to timely provide to any State information required to be disclosed under Section 701(f)(3)(B)(ii), as added by CHIP regarding coverage coordination – each participant/beneficiary a separate violation.	2009	2020	Maximum $119 per day per failure.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2300, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. §1132(c)(10)(B)(i) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(10)(B)(i) - Failure by any plan sponsor of group health plan, or any health insurance issuer offering health insurance coverage in connection with the plan, to meet the requirements of Sections 702(a)(1)(F), (b)(3), (c) or (d); or Section 701; or Section 702(b)(1) with respect to genetic information.	2008	2020	$119 per day per participant and beneficiary during noncompliance period.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2301, 2299-2302 (January 15, 2020)
29 U.S.C. §1132(c)(10)(C)(i) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(10)(C)(i) - Penalty for uncorrected de minimis violations.	2008	2020	Minimum $2,970 per participant or beneficiary for de minimis failures not corrected prior to notice from Department of Labor.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2301, 2299-2302 (January 15, 2020)
29 U.S.C. §1132(c)(10)(C)(ii) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(10)(C)(ii) - Penalty for uncorrected violations that are not de minimis.	2008	2020	Minimum $17,824 per participant or beneficiary for non- de minimis failures not corrected prior to notice from Department of Labor.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2301, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. §1132(c)(10)(D)(iii) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(10)(D)(iii) - Unintentional failure overall limitation.	2008	2020	$594,129.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2301, 2299-2302 (January 15, 2020)
29 U.S.C. §1132(c)(12) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(c)(12) - Failure of a CSEC plan in restoration status to adopt a restoration plan.	2014	2020	Maximum $109 per day, per failure.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2301, 2299-2302 (January 15, 2020)
29 U.S.C. §1132(m) *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Section 502(m) - Failure to make a proper distribution from a defined benefit plan under section 206(e) of ERISA.	1994	2020	Maximum $17,213 per distribution.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2301, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. 1185d; 42 U.S.C. 300gg–15 29 C.F.R. 2590.715-2715(e); *29 C.F.R. 2575.1 through .3*	Employee Retirement Income Security Act of 1974 (ERISA), as amended. Failure to provide Summary of Benefits and Coverage under PHS Act section 2715(f), as incorporated in ERISA section 715 and 29 CFR 2590.715-2715(e) – each participant/beneficiary a separate violation.	2010	2020	Maximum $1,176 per failure.	EBSA	https://www.osha.gov/sites/default/files/laws-regs/federalregister/2020-01-15.pdf 85 FR 2301, 2299-2302 (January 15, 2020)
30 C.F.R. 100.3(a)	Federal Mine Safety and Health Act of 1977 (Mine Act). Regular assessment. Except as provided in §100.5(e), general violation of a mandatory health or safety standard or violation of any other provision of the Mine Act, as amended.	1977	2020	Maximum $73,901.	MSHA	*https://www.ecfr.gov/* 85 FR 2299, 2299-2302 (January 15, 2020)
30 C.F.R. 100.3(g)	Federal Mine Safety and Health Act of 1977 (Mine Act). Regular assessment. Penalty conversion table. The penalty conversion table is used to convert the total penalty points to a dollar amount.	1978	2020	Minimum $137, Maximum $73,901.	MSHA	*https://www.ecfr.gov/* 85 FR 2300, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
30 C.F.R. 100.4(a)	Federal Mine Safety and Health Act of 1977 (Mine Act). Unwarrantable failure and immediate notification. Penalty for any citation or order issued under section 104(d)(1) of the Mine Act.	2006	2020	Minimum $2,464.	MSHA	https://www.ecfr.gov/ 85 FR 2300, 2299-2302 (January 15, 2020)
30 C.F.R. 100.4(b)	Federal Mine Safety and Health Act of 1977 (Mine Act). Unwarrantable failure and immediate notification. Penalty for any order issued under section 104(d)(2) of the Mine Act.	2006	2020	Minimum $4,925.	MSHA	https://www.ecfr.gov/ 85 FR 2300, 2299-2302 (January 15, 2020)
30 C.F.R. 100.4(c)	Federal Mine Safety and Health Act of 1977 (Mine Act). Unwarrantable failure and immediate notification. Penalty for failure to provide timely notification to the Secretary under section 103(j) of the Mine Act.	2006	2020	Minimum $6,159, Maximum $73,901.	MSHA	https://www.ecfr.gov/ 85 FR 2300, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
30 C.F.R. 100.5(c)	Federal Mine Safety and Health Act of 1977 (Mine Act). Determination of penalty amount; special assessment. Failure to correct a violation for which a citation has been issued under Section 104(a) of the Mine Act.	1977	2020	Maximum $8,006.	MSHA	https://www.ecfr.gov/ 85 FR 2300, 2299-2302 (January 15, 2020)
30 C.F.R. 100.5(d)	Federal Mine Safety and Health Act of 1977 (Mine Act). Determination of penalty amount; special assessment. Any miner who willfully violates the mandatory safety standards relating to smoking standards.	1977	2020	Maximum $338.	MSHA	https://www.ecfr.gov/ 85 FR 2300, 2299-2302 (January 15, 2020)
30 C.F.R. 100.5(e)	Federal Mine Safety and Health Act of 1977 (Mine Act). Determination of penalty amount; special assessment. Violations that are deemed to be flagrant under section 110(b)(2) of the Mine Act.	2006	2020	Maximum $270,972.	MSHA	https://www.ecfr.gov/ 85 FR 2300, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 C.F.R. 1903.15(d)(1)	Occupational Safety and Health Act of 1970 (OSH Act). Penalty per willful violation under section 17(a) of the Act, 29 U.S.C. 666(a).	1970	2020	Minimum $9,639, Maximum $134,937.	OSHA	https://www.ecfr.gov/ 85 FR 2301, 2299-2302 (January 15, 2020)
29 C.F.R. 1903.15(d)(2)	Occupational Safety and Health Act of 1970 (OSH Act). Penalty per repeated violation under section 17(a) of the Act, 29 U.S.C. 666(a).	1970	2020	Maximum $134,937.	OSHA	https://www.ecfr.gov/ 85 FR 2301, 2299-2302 (January 15, 2020)
29 C.F.R. 1903.15(d)(3)	Occupational Safety and Health Act of 1970 (OSH Act). Penalty for a serious violation under section 17(b) of the Act, 29 U.S.C. 666(b).	1970	2020	Maximum $13,494.	OSHA	https://www.ecfr.gov/ 85 FR 2301, 2299-2302 (January 15, 2020)
29 C.F.R. 1903.15(d)(4)	Occupational Safety and Health Act of 1970 (OSH Act). Penalty for an other-than-serious violation under section 17(c) of the Act, 29 U.S.C. 666(c).	1970	2020	Maximum $13,494.	OSHA	https://www.ecfr.gov/ 85 FR 2301, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 C.F.R. 1903.15(d)(5)	Occupational Safety and Health Act of 1970 (OSH Act). Penalty for a failure to correct a violation under section 17(d) of the Act, 29 U.S.C. 666(d).	1970	2020	Maximum $13,494 per day.	OSHA	https://www.ecfr.gov/ 85 FR 2301, 2299-2302 (January 15, 2020)
29 C.F.R. 1903.15(d)(6)	Occupational Safety and Health Act of 1970 (OSH Act). Penalty for a posting requirement violation under section 17(i) of the Act, 29 U.S.C. 666(i).	1970	2020	Maximum $13,494.	OSHA	https://www.ecfr.gov/ 85 FR 2301, 2299-2302 (January 15, 2020)
33 U.S.C. 930(e) 20 C.F.R. 702.204	Longshore and Harbor Workers' Compensation Act. Failure to furnish and or falsifying. Knowingly and willfully fail or refuse to send any report required by §702.201, or knowingly or willfully make a false statement or misrepresentation in any report.	1927	2020	Maximum $24,441 for each failure, refusal, false statement, or misrepresentation.	OWCP	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)
33 U.S.C. 914(g) 20 C.F.R. 702.236	Longshore and Harbor Workers' Compensation Act. Failure to report termination of payments. Failure to notify the district director that the final payment of compensation has been made as required by §702.235.	1927	2020	$297.	OWCP	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
33 U.S.C. 948(a) 20 C.F.R. 702.271(a)(2)	Longshore and Harbor Workers' Compensation Act. Discrimination; against employees who bring proceedings, prohibition, and penalty.	1972	2020	Minimum $2,444, Maximum $12,219.	OWCP	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)
30 U.S.C. 942 20 C.F.R. 725.621(d)	Black Lung Benefits Act. Failure or refusal to file required reports.	1969	2020	Maximum $1,488 for each failure or refusal.	OWCP	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)
33 U.S.C. 933(d)(1) 20 C.F.R. 726.302(c)(2)(i)	Black Lung Benefits Act. Determination of penalty. Failure to secure payment of benefits for mines with fewer than 25 employees.	1978	2020	$146 per day.	OWCP	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)
33 U.S.C. 933(d)(1) 20 C.F.R. 726.302(c)(2)(i)	Black Lung Benefits Act. Determination of penalty. Failure to secure payment of benefits for mines with 25-50 employees.	1978	2020	$290 per day.	OWCP	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
33 U.S.C. 933(d)(1) 20 C.F.R. 726.302(c)(2)(i)	Black Lung Benefits Act. Determination of penalty. Failure to secure payment of benefits for mines with 51-100 employees.	1978	2020	$436 per day.	OWCP	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)
33 U.S.C. 933(d)(1) 20 C.F.R. 726.302(c)(2)(i)	Black Lung Benefits Act. Determination of penalty. Failure to secure payment of benefits for mines with more than 100 employees.	1978	2020	$579 per day.	OWCP	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)
33 U.S.C. 933(d)(1) 20 C.F.R. 726.302(c)(4)	Black Lung Benefits Act. Determination of penalty. Failure to secure payment of benefits after 10th day of notice.	1978	2020	$146 per day.	OWCP	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)
33 U.S.C. 933(d)(1) 20 C.F.R. 726.302(c)(5)	Black Lung Benefits Act. Determination of penalty. Failure to secure payment of benefits for repeat offenders.	1978	2020	$436 per day.	OWCP	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
33 U.S.C. 933(d)(1) 20 C.F.R. 726.302(c)(6)	Black Lung Benefits Act. Determination of penalty. The maximum daily base penalty amount applicable to any violation of §726.4.	1978	2020	Maximum $2,976.	OWCP	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)
40 U.S.C. 3702(c) 29 C.F.R. 5.8(a); 29 C.F.R. 5.5(b)(2)	Contract Work Hours and Safety Standards Act (CWHSSA). Failure to pay laborers and mechanics at a rate not less than one and one-half times their basic rate of pay.	1962	2020	$27 for each calendar day.	WHD	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. 2005(a) 29 C.F.R. 801.42(a)	Employee Polygraph Protection Act (EPPA). (1) Requiring, requesting, suggesting or causing an employee or prospective employee to take a lie detector test or using, accepting, referring to or inquiring about the results of any lie detector test of any employee or prospective employee, other than as provided in the Act or this part. (2) Taking an adverse action or discriminating in any manner against any employee or prospective employee on the basis of the employee's or prospective employee's refusal to take a lie detector test, other than as provided in the Act or this part. (3) Discriminating or retaliating against an employee or prospective employee for the exercise of any rights under the Act. (4) Disclosing information obtained during a polygraph test, except as authorized by the Act or this part. (5) Failing to maintain the records required by the Act or this part. (6) Resisting, opposing, impeding, intimidating, or interfering with an official of the DOL during the performance of an investigation, inspection, or other law enforcement function under the Act or this part. (7) Violating any other provision of the Act or this part.	1988	2020	Maximum $21,410.	WHD	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. 211(d) 29 C.F.R. 530.302 (a),(b)	Fair Labor Standards Act (FLSA) Homeworker. Violation of recordkeeping, monetary, certificate or other statutes, regulations or employer assurances.	1938	2020	Minimum $21, Maximum $1,071.	WHD	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)
29 U.S.C. 216(e)(1)(A)(i) 29 C.F.R. 579.1(a)(1)(i)(A); 29 C.F.R. 570.140(b)(1)	Fair Labor Standards Act (FLSA) Child labor. (1) Violation of child labor standards (sections 212 or 213(c)).	1938	2020	Maximum $13,072 for each employee.	WHD	https://www.gpo.gov/fdsys/pkg/FR-2018-01-02/pdf/2017-28224.pdf 85 FR 2301, 2299-2302 (January 15, 2020)
29 U.S.C. 216(e)(1)(A)(i) 29 C.F.R. 579.1(a)(1)(i)(B); 29 C.F.R. 570.140(b)(2)	Fair Labor Standards Act (FLSA) Child labor. (2) Violation of child labor standards (sections 212 or 213(c)), for each such violation that causes the death or serious injury of any employee under the age of 18 years, which penalty may be doubled where the violation is a repeated or willful violation.	1938	2020	Maximum $59,413 for each such violation.	WHD	https://www.ecfr.gov/ 85 FR 2301, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. 216(e)(2) 29 C.F.R. 578.3(a); 29 C.F.R. 579.1(a)(2)	Fair Labor Standards Act (FLSA) Minimum Wage and Overtime. Repeated or willful violation of section 206 or 207 of FLSA, or section 6 (minimum wage) or section 7 (overtime) of the Act.	1938	2020	Maximum $2,050 for each such violation.	WHD	https://www.ecfr.gov/ 85 FR 2301, 2299-2302 (January 15, 2020)
29 U.S.C. 2619(b) 29 C.F.R. 825.300(a)(1)	Family & Medical Leave Act (FMLA). Willful violation of posting requirement.	1993	2020	Maximum $176 for each separate offense.	WHD	https://www.ecfr.gov/ 85 FR 2301, 2299-2302 (January 15, 2020)
8 U.S.C. 1288(c)(4)(E)(i) 20 C.F.R. 655.620 (a)	Immigration & Nationality Act (D-1). Violation of the attestation or 20 CFR 655 subparts F or G related to utilizing alien crew for longshore activities in U.S. ports.	1952	2020	Maximum $9,639 for each alien crewmember.	WHD	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
8 U.S.C. 1182(n)(2)(c)(i) 20 C.F.R. 655.810(b)(1)	Immigration & Nationality Act (H-1B). (1) A violation pertaining to strike/lockout (§655.733) or displacement of U.S. workers (§655.738). (2) A substantial violation pertaining to notification (§655.734), labor condition application specificity (§655.730), or recruitment of U.S. workers (§655.739). (3) A misrepresentation of material fact on the labor condition application. (4) An early-termination penalty paid by the employee (§655.731(c)(10)(i)). (5) Payment by the employee of the additional $500/$1,000 filing fee (§655.731(c)(10)(ii)). (6) Violation of the requirements of the regulations in this subpart I and subpart H of this part or the provisions regarding public access (§655.760) where the violation impedes the ability of the Administrator to determine whether a violation of sections 212(n) or (t) of the INA has occurred or the ability of members of the public to have information needed to file a complaint or information regarding alleged violations of sections 212(n) or (t) of the INA.	1952	2020	Maximum $1,928 per violation.	WHD	https://www.ecfr.gov/ 85 FR 2301, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
8 U.S.C. 1182(n)(2)(c)(ii) 20 C.F.R. 655.801(b)	Immigration & Nationality Act (H-1B). Any employer to engage in the conduct described in paragraph (a) of this section. Such conduct shall be subject to the penalties prescribed by sections 212(n)(2)(C)(ii) or (t)(3)(C)(ii) of the INA and §655.810(b)(2).	1952	2020	Maximum $7,846.	WHD	https://www.ecfr.gov/ 85 FR 2301, 2299-2302 (January 15, 2020)
8 U.S.C. 1182(n)(2)(c)(ii) 20 C.F.R. 655.810(b)(2)	Immigration & Nationality Act (H-1B). (1) A willful failure pertaining to wages/working conditions (§§655.731, 655.732), strike/lockout, notification, labor condition application specificity, displacement (including placement of an H-1B nonimmigrant at a worksite where the other/secondary employer displaces a U.S. worker), or recruitment. (2) A willful misrepresentation of a material fact on the labor condition application; or (3) Discrimination against an employee (§655.801(a)).	1952	2020	Maximum $7,846 per violation.	WHD	https://www.ecfr.gov/ 85 FR 2301, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
8 U.S.C. 1182(n)(2)(c)(iii) 20 C.F.R. 655.810(b)(3)	Immigration & Nationality Act (H-1B). (1) A willful failure pertaining to wages/working conditions (§§655.731, 655.732), strike/lockout, notification, labor condition application specificity, displacement (including placement of an H-1B nonimmigrant at a worksite where the other/secondary employer displaces a U.S. worker), or recruitment. (2) A willful misrepresentation of a material fact on the labor condition application. (3) Discrimination against an employee (§655.801(a)).	1952	2020	Maximum $54,921 per violation.	WHD	https://www.ecfr.gov/ 85 FR 2301, 2299-2302 (January 15, 2020)
8 U.S.C. 1188(g)(2) 29 C.F.R. 501.19(c)	Immigration & Nationality Act (H-2A). Violation of the work contract or a requirement of 8 U.S.C. 1188, 20 CFR part 655 subpart B, or the regulations in this part.	1952	2020	Maximum $1,766 per violation.	WHD	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
8 U.S.C. 1188(g)(2) 29 C.F.R. 501.19(c)(1)	Immigration & Nationality Act (H-2A). Willful violation of the work contract, or of 8 U.S.C. 1188, 20 CFR part 655, subpart B, or the regulations in this part, or for each act of discrimination prohibited by §501.4.	1952	2020	Maximum $5,942.	WHD	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)
8 U.S.C. 1188(g)(2) 29 C.F.R. 501.19(c)(2)	Immigration & Nationality Act (H-2A). Violation of a housing or transportation safety and health provision of the work contract, or any obligation under 8 U.S.C. 1188, 20 CFR part 655, subpart B, or the regulations in this part, that proximately causes the death or serious injury of any worker.	1952	2020	Maximum $58,833 per worker.	WHD	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
8 U.S.C. 1188(g)(2) 29 C.F.R. 501.19(c)(4)	Immigration & Nationality Act (H-2A). Repeat or willful violation of a housing or transportation safety and health provision of the work contract, or any obligation under 8 U.S.C. 1188, 20 CFR part 655, subpart B, or the regulations in this part, that proximately causes the death or serious injury of any worker.	1952	2020	Maximum $117,664 per worker.	WHD	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)
8 U.S.C. 1188(g)(2) 29 C.F.R. 501.19(d)	Immigration & Nationality Act (H-2A). Violation for failure to cooperate with a WHD investigation.	1952	2020	Maximum $5,942 per investigation.	WHD	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)
8 U.S.C. 1188(g)(2) 29 C.F.R. 501.19(e)	Immigration & Nationality Act (H-2A). Violation for laying off or displacing any U.S. worker employed in work or activities that are encompassed by the approved *Application for Temporary Employment Certification* for H-2A workers in the area of intended employment either within 60 days preceding the date of need or during the validity period of the job order, including any approved extension thereof, other than for a lawful, job-related reason.	1952	2020	Maximum $17,650 per violation per worker.	WHD	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
8 U.S.C. 1188(g)(2) 29 C.F.R. 501.19(f)	Immigration & Nationality Act (H-2A). Violation for improperly rejecting a U.S. worker who is an applicant for employment, in violation of 8 U.S.C. 1188, 20 CFR part 655 subpart B, or the regulations in this part.	1952	2020	Maximum $17,650 per violation per worker.	WHD	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)
8 U.S.C. 1184(c)(14) 29 C.F.R. 503.23(b)	Immigration & Nationality Act (H-2B). For violation of any provisions of §503.16 related to wages, impermissible deductions or prohibited fees and expenses, the Administrator, WHD, may assess civil money penalties that are equal to the difference between the amount that should have been paid and the amount that actually was paid to such worker(s).	1952	2020	Maximum $12,919 per violation.	WHD	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)
8 U.S.C. 1184(c)(14) 29 CFR 503.23(c)	Immigration & Nationality Act (H-2B). For violation related to termination by layoff or otherwise or has refused to employ any worker in violation of §503.16(r), (t), or (v), within the periods described in those sections, the Administrator, WHD may assess civil money penalties that are equal to the wages that would have been earned but for the layoff or failure to hire.	1952	2020	Maximum $12,919 per violation.	WHD	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
8 U.S.C. 1184(c)(14) 29 C.F.R. 503.23(d)	Immigration & Nationality Act (H-2B). Any other violation that meets the standards described in section 503.19.	1952	2020	Maximum $12,919 per violation.	WHD	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)
29 U.S.C. 1853(a)(1) 29 C.F.R. 500.1(e)	Migrant and Seasonal Agricultural Worker Protection Act (MSPA). The Act empowers the Secretary of Labor to enforce the Act, conduct investigations, issue subpoenas and, in the case of designated violations of the Act, impose sanctions. As provided in the Act, the Secretary is empowered, among other things, to impose an assessment and to collect a civil money penalty.	1983	2020	Maximum $2,549 for each violation.	WHD	https://www.ecfr.gov/ 85 FR 2301, 2299-2302 (January 15, 2020)
41 U.S.C. 6503(b) 41 C.F.R. 50-201.3(e)	Walsh-Healey Public Contracts Act (PCA). Any breach or violation of any of the foregoing representations and stipulations shall render the party responsible therefor liable to the United States of America for liquidated damages, in addition to damages for any other breach of the contract per day for each person under 16 years of age, or each convict laborer knowingly employed in the performance of the contract.	1936	2020	$27 per day for each person under 16 years of age or each convict laborer knowingly employed.	WHD	https://www.ecfr.gov/ 85 FR 2302, 2299-2302 (January 15, 2020)

For EBSA's specific penalty amounts, please refer to Location for Penalty Update Details.

Grants Programs

Summary table grants programs below describes the Department’s grant and cooperative agreement awards (awards) and balances for which closeout has not yet occurred, but for which the period of performance has elapsed by two years or more prior to September 30, 2020 with zero dollar and undisbursed balances as reported in the U.S. Department of Health and Human Services (HHS), Payment Management System (PMS) as of September 30, 2020.

Description	Awards with Zero Dollar and Undisbursed Balances as reported in PMS*							
	2-3 Years		>3-5 Years		> 5 Years		Total	
	wards	Amount	Awards	Amount	wards	Amount	Awards	Amount
Total Zero Dollar Balances	57	-	21	-	21	-	99	-
Total Undisbursed Balances	72	$2,591,649.14	42	$5,454,770.11	18	$3,309,398.14	132	$11,355,817.39
Total Zero Dollar and Undisbursed Balances	**129**	**$2,591,649.14**	**63**	**$5,454,770.11**	**39**	**$3,309,398.14**	**231**	**$11,355,817.39**

*The expiration age is calculated based on the FY 2020 reporting date.

The above summary table displays the Department’s awards for which the period of performance has elapsed more than two years in the Health and Human Services, PMS. The majority of those awards held have been administratively closed out in the Department’s Financial Management System upon required work associated with the awards have been completed.

The Department has robust procedures and dedicated resources to ensure the timely closeout of awards after the period performance. The Department is aggressively working with HHS to expedite the closeout of the period of performance has elapsed awards. Close out for these awards was delayed mainly due to disconnection between grants management and payment systems, and grantees delay technical deliverables.

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Eugene Scalia - Secretary of Labor

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Acronyms

ACE	Affordable Clean Energy
AFR	Agency Financial Report
APA	Administrative Procedure Act
ARRA	American Recovery and Reinvestment Act
BAM	Benefit Accuracy Measurement
BLDTF	Black Lung Disability Trust Fund
BLS	Bureau of Labor Statistics
BPC	Benefit Payment Control
CARES	Coronavirus Aid, Relief, and Economic Security
CBO	Congressional Budget Office
CEO	Chief Evaluation Office
CIO	Chief Information Officer
COLA	Cost of Living Allowance/Adjustment
CPI	Consumer Price Index
CPI-M	Consumer Price Index-Medical
CPI-U	Consumer Price Index-Urban
CPP	Clean Power Plan
CSEOA	Community Service Employment for Older Americans
CSRS	Civil Service Retirement System
CY	Current Year
DFEC	Division of Federal Employees' Compensation
DHS	Department of Homeland Security
DMF	Death Master File
DM&R	Deferred Maintenance and Repairs
DNP	Do Not Pay
DOE	U.S. Department of Energy
DOL	U.S. Department of Labor
DOTS	District Office Trouble Shooters
EB	Extended Benefits
EBSA	Employee Benefits Security Administration
EEOICPA	Energy Employees Occupational Illness Compensation Program Act
EIA	Energy Information Administration
ERISA	Employee Retirement Income Security Act
ERM	Enterprise Risk Management
ES	Employment Service
ESAA	Employment Security Administration Account
ETA	Employment and Training Administration
EUCA	Extended Unemployment Compensation Account
EUISA	Emergency Unemployment Insurance Stabilization and Access Act
FASAB	Federal Accounting Standards Advisory Board
FAUC	Federal Additional Unemployment Compensation
FCI	Facilities Condition Index
FEC	Federal Employees Compensation
FECA	Federal Employees' Compensation Act
FERS	Federal Employees Retirement System
FFCRA	Families First Coronavirus Response Act
FFMIA	Federal Financial Management Improvement Act
FLC	Foreign Labor Certification
FMFIA	Federal Managers' Financial Integrity Act
FPUC	Federal Pandemic Unemployment Compensation
FRUSG	Financial Report of the U.S. Government
FUA	Federal Unemployment Account
FUTA	Federal Unemployment Tax Act
FXI	ForeSee Experience Index
GAAP	Generally Accepted Accounting Principles
GSA	U.S. General Services Administration
HVRP	Homeless Veterans' Reintegration Program
IDV	Identity Verification
ILAB	Bureau of International Labor Affairs
IDH	Integrity Data Hub
IP	Improper Payments
IPERA	Improper Payments Elimination and Recovery Act
JVSG	Jobs for Veterans State Grants
MEWAs	Multiple Employer Welfare Arrangements
MSCM	Multi State Cross-Match
MSHA	Mine Safety and Health Administration
NASWA	National Association of State Workforce Agencies
NCFMS	New Core Financial Management System
NDWG	National Dislocated Worker Grants
OCFO	Office of the Chief Financial Officer
ODEP	Office of Disability Employment Policy
OFCCP	Office of Federal Contract Compliance Programs
OIG	Office of Inspector General
OJC	Office of Job Corps
OLMS	Office of Labor-Management Standards
OMB	Office of Management and Budget
OPM	U.S. Office of Personnel Management
OSHA	Occupational Safety and Health Administration
OSH Act	Occupational Safety and Health Act
OWCP	Office of Workers' Compensation Programs
PEUC	Pandemic Emergency Unemployment Compensation
PFEIs	Principal Federal Economic Indicators
PIIA	Payment Integrity Information Act
PP&E	Property, Plant, and Equipment
PUA	Pandemic Unemployment Assistance
PY	Program Year
RECA	Radiation Exposure Compensation Act
RFI	Request for Information
RMO	Responsible Mine Operator
SAR	Suspicious Actor Repository
SBR	Statements of Budgetary Resources
SECURE	Setting Every Community Up for Retirement Enhancement Act
SCOTUS	Supreme Court of the United States
SCSEP	Senior Community Service Employment Program
SCSIA	Statements of Changes in Social Insurance Amounts
SFFAS	Statement of Federal Financial Accounting Standards
SOSI	Statements of Social Insurance
SSA	U.S. Social Security Administration / Social Security Act
STC	Short-time Compensation
SUIESO	State Unemployment Insurance and Employment Service Operations
TAA	Trade Adjustment Assistance
TAACCCT	Trade Adjustment Assistance Community College and Career Training
TSP	Thrift Savings Plan
UC	Unemployment Compensation
UCFE	Unemployment Compensation for Federal Employees
UCX	Unemployment Compensation for Ex-Service Members
UI	Unemployment Insurance
USCA	U.S. Court of Appeals
USMCA	United States-Mexico-Canada Agreement
USERRA	Uniformed Services Employment and Reemployment Rights Act
USPS	United States Postal Service
UTF	Unemployment Trust Fund
VETS	Veterans' Employment and Training Service
VEVRAA	Vietnam Era Veterans' Readjustment Assistance Act
WIPS	Workforce Integrated Performance System
WB	Women's Bureau
WHD	Wage and Hour Division
WIOA	Workforce Innovation and Opportunity Act

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