



UNITED STATES DEPARTMENT OF LABOR

# Agency Financial Report

## FISCAL YEAR 2022



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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

When I began serving as Secretary of Labor, I knew that America had a tough path ahead to fully recover from the COVID-19 pandemic. But, I also knew that America's workers, as they always have, would rise to the challenge and rebuild our economy, one that works for everyone.

One thing that became clear during the pandemic was that the labor of too many workers on whom our nation relies had, for too long, gone unnoticed. These workers earn low wages, face difficult working conditions and have tenuous job security. They are disproportionately people of color, women, individuals with disabilities, or from other marginalized groups. This year, we inducted these essential workers of the COVID-19 pandemic into the [Labor Department's Hall of Honor](#)—the highest recognition we can bestow.

To support these essential workers, and all of America's workers, at the start of 2022 the Department launched the [Good Jobs Initiative](#). This initiative is focused on directing all of our, and our federal partners', tools and resources towards the goal of creating good jobs for all workers, across the economy. Since President Biden took office, we have created over 10 million jobs and today more Americans are working than ever. Our work through this initiative will ensure that the jobs we are creating are the good jobs America's workers need and deserve.

The [Bipartisan Infrastructure Act](#), [CHIPS and Science Act](#), and [Inflation Reduction Act](#) have given us the opportunity to drive good jobs for workers deep into the heart of our economy as we rebuild this country in an equitable manner. Through these historic investments in America's infrastructure and manufacturing, we're taking advantage of an opportunity to create good jobs that give America's workers new inroads to opportunities that come with deserved benefits, dignity and respect.

In order to build the workforce America needs, the Department must use all of its resources with focus, efficiency, and equity. We are committed to continually assessing and improving our programs, and the 2022 Agency Financial Report is part of that process. The Report describes our accomplishments in the past year and provides metrics that help strengthen successful initiatives, like the Good Jobs Initiative, and make improvements to programs that are underperforming. 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.



Martin J. Walsh  
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."*

Message from the Secretary of Labor  
(Unaudited)

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In FY 2022, the Department has received a qualified opinion from an independent audit of our financial statements. This Agency Financial 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 (OMB) Circular A-123, except for the material weakness identified by the auditors. DOL takes this issue very seriously and will work to resolve the matter in the coming year. For detailed information, please see Management's Response in the Independent Auditor's Report. 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.

Throughout the pandemic, when the going was toughest America's workers kept showing up for their communities. As we continue to rebuild our economy, I promise that we will show up for them. We will accomplish this by continuing to strive for excellence in all that we do. We will prioritize fiscal responsibility and program performance in the service of our mission, and we will always listen to the voices and needs of America's workers. I'm grateful for the opportunity to lead this work in collaboration with my Department colleagues, all of our partners, and the American people.

Sincerely,



MARTIN J. WALSH  
U.S. Secretary of Labor  
December 13, 2022

# 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.**

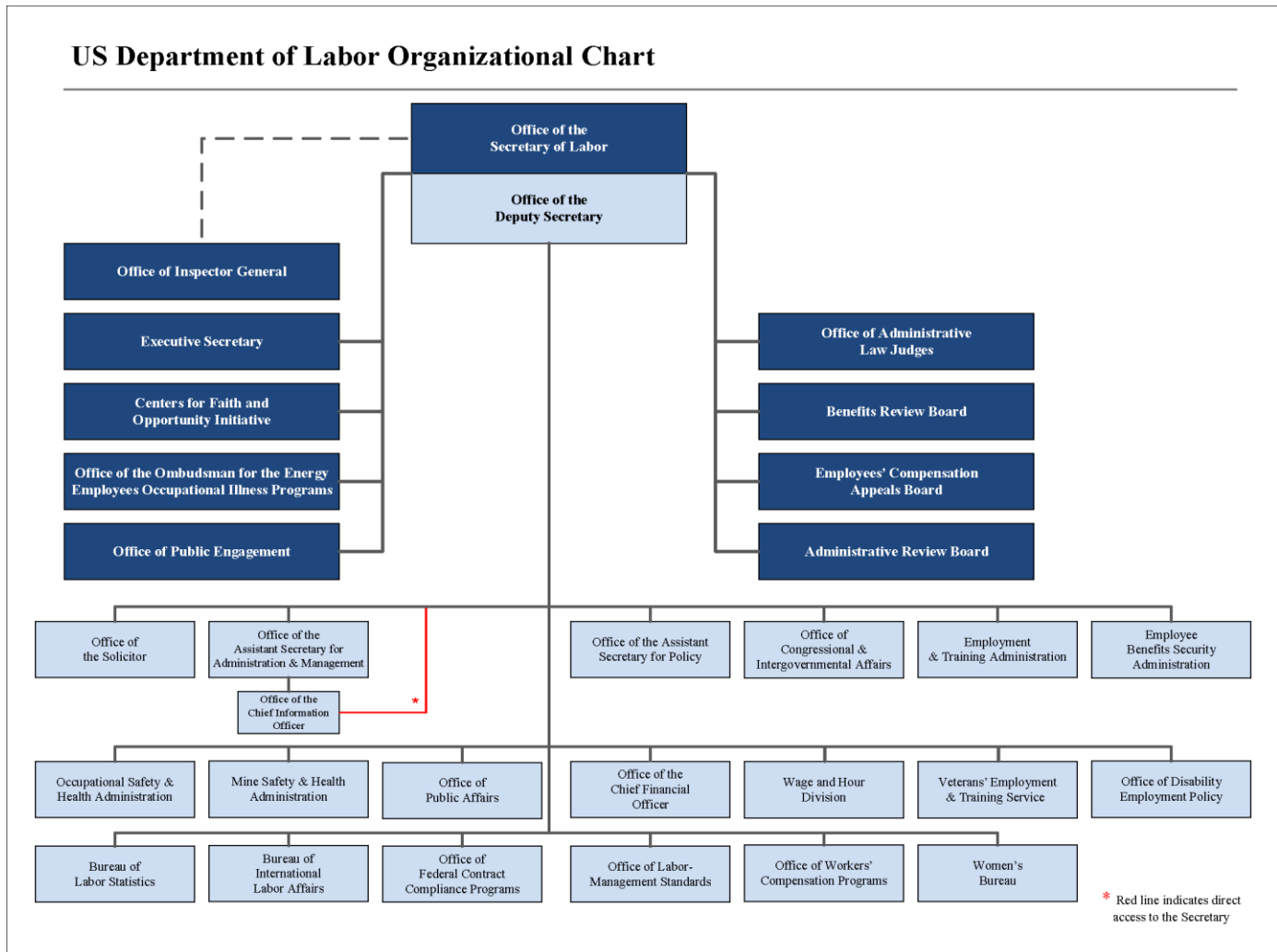
U.S. Department of Labor’s (DOL or the Department) annual Agency Financial Report (AFR) provides fiscal data and summary performance results that enable the President, Congress, and American people to assess the Department’s accomplishments for each fiscal year (October 1 through September 30). This 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 A-136, Financial Reporting Requirements](#) (06/03/2022).

## 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.



For text links and additional information, visit the [Agencies and Programs](#) page on DOL.gov.



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## Program Performance Overview

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### Performance Goals, Objectives, and Results

The Department's performance is led with results-driven management through strategic planning, and performance reporting in accordance with the [Government Performance and Results Modernization Act of 2010](#) (GPRAMA). FY 2022 performance results for outcome measures reported under GPRAMA are included in the *Annual Performance Report*, which is currently scheduled to be published by February 6, 2023 with the FY 2024 Congressional Budget Justification. This and previous reports can be found at <https://www.dol.gov/general/aboutdol#budget>.

### Strategic Planning

The Department's FY 2022-2026 Strategic Plan meets the requirements of the GPRAMA and is the foundation for DOL's performance, planning and budget activities. As identified below, four overarching Strategic Goals (Goal 1, etc.) encompass seven Strategic Objectives (1.1, etc.), and support the realization of Secretary Walsh's vision and achievement of the Department's mission.

- **Goal 1: Build Opportunity and Equity for All**
  - Objective 1.1: Advance training, employment, and return-to-work opportunities that connect workers to higher-wage jobs, especially in ways that address systemic inequities.
- **Goal 2: Ensure Safe Jobs, Essential Protections and Fair Workplaces**
  - Objective 2.1: Secure safe and healthful workplaces, particularly in high-risk industries.
  - Objective 2.2: Protect workers' rights.
  - Objective 2.3: Improve the security of retirement, health, and other workplace related benefits for America's workers and their families.
  - Objective 2.4: Strengthen labor rights, improve working conditions, promote racial and gender equity, and empower workers around the world.
- **Goal 3: Improve Administration of and Strength Worker Safety Net Programs**
  - Objective 3.1: Ensure timely and accurate income support when work is unavailable by strengthening benefits programs and program administration.
- **Goal 4: Produce Gold Standard Statistics and Analyses**
  - Objective 4.1: Provide timely, accurate, and relevant information on labor market activity, working conditions, price changes, and productivity in the U.S. economy.

### Strategic Goals and Objectives

The Department's strategic goals and objectives serve as the performance framework for programs and functions administered by fourteen DOL subagencies. The following chart is categorized by DOL's strategic goals and objectives, and presents a brief description of each supporting subagency, and forward-looking information.



## GOAL 1: Build Opportunity and Equity for All

### 1.1 Advance training, employment, and return-to-work opportunities that connect workers to higher-wage jobs, especially in ways that address systemic inequities.

*The American economy must work for all workers. The DOL subagencies supporting this goal oversee programs and develop policy as part of the nation's public workforce system, providing support to workers and employers. In the coming years, these agencies will strengthen their efforts to expand opportunities to address equity and inclusiveness.*

#### Supporting DOL subagencies:

- **Employment and Training Administration (ETA)** creates customer-focused workforce solutions for American workers. **Visit [here](#)**, for more information.
- **Veterans' Employment and Training Service (VETS)** provides transitioning veterans, service members, and military spouses with resources and tools to gain and maintain employment. **Visit [here](#)**, for more information.
- **Women's Bureau (WB)** formulates policies and initiatives to promote the interests of working women. **Visit [here](#)**, for more information.
- **Office of Disability Employment Policy (ODEP)** develops evidence-based policies, practices, and tools to foster a more inclusive workforce to increase quality employment opportunities for individuals with disabilities. **Visit [here](#)**, for more information.

## GOAL 2: Ensure Safe Jobs, Essential Protections, and Fair Workplaces

### 2.1 Secure safe and healthful workplaces, particularly in high-risk industries.

*All workers have a right to a safe and healthful work environment. The DOL subagencies supporting this goal recognize that some workers are more vulnerable than others and that some workplaces are more hazardous than others. In the coming years, by strategically scheduling inspections and outreach in high-risk areas, in addition to completing mandated enforcement activity, DOL expects to have the greatest effect on overall compliance.*

#### Supporting DOL subagencies:

- **Occupational Safety and Health Administration (OSHA)** protects workers' rights. **Visit [here](#)**, for more information.
- **Mine Safety and Health Administration (MSHA)** prevents fatalities, disease, and injury from mining, and secure safe and healthful working conditions for America's miners. **Visit [here](#)**, for more information.

## 2.2 Protect workers' rights

*All workers have the right to be paid properly and treated equitably. The DOL subagencies supporting this goal promote fair pay, worker rights, equal opportunity, and serve as the voice of the American workforce. These agencies enforce laws and provide compliance assistance that address worker pay and leave, equal rights, and labor-management transparency. In years ahead, these agencies will continue to refine their strategies, specifically by expanding efforts in areas and industries that impact historically underserved communities.*

### Supporting DOL subagencies:

- **Wage and Hour Division (WHD)** enforces labor standards and ensures workers in the U.S. are paid the wages they have earned. **Visit [here](#)**, for more information.
- **Office of Federal Contract Compliance Programs (OFCCP)** promotes fair and diverse workplaces for America's federal contractor employees. **Visit [here](#)**, for more information.
- **Office of Labor Management Standards (OLMS)** promotes union financial integrity, transparency, and democracy. **Visit [here](#)**, for more information.

## 2.3 Improve the security of retirement, health, and other workplace related benefits for America's workers and their families.

*Workers must have confidence in, and understanding of, their retirement and health benefits. Employee Benefits Security Administration's (EBSA) mission is to assure the security of the retirement, health and other workplace related benefits of America's workers and their families. In the coming years, EBSA's enforcement program will continue to use a wide variety of approaches such as the establishment of national and regional priorities, voluntary compliance programs, civil and criminal litigation, regulations and guidance, and research-based analysis to accomplish its mission.*

### Supporting DOL subagency:

- **EBSA** administers an integrated program of regulation, compliance assistance, public education, civil and criminal enforcement, and research analysis. **Visit [here](#)**, for more information.

## 2.4 Strengthen labor rights, improve working conditions, promote racial and gender equity, and empower workers around the world.

*The Bureau of International Labor Affairs (ILAB) works to strengthen global labor standards, enforces labor commitments among trading partners, promotes racial and gender equity, and combats international child labor, forced labor, and human trafficking. ILAB's efforts position the United States as a leader on international labor rights by demonstrating U.S. commitment to work with governments, workers, civil society organizations, and other actors to achieve its mission.*

**Supporting DOL subagency:**

- **ILAB** benefits workers from all backgrounds and experiences. ILAB supports inclusive trade policy that advances economic security and racial and gender equity. **Visit [here](#)**, for more information.

**GOAL 3: Improve Administration of and Strengthen Worker Safety Net**

**3.1 Ensure timely and accurate income support when work is unavailable by strengthening benefits programs and program administration.**

*America's economy must have a strong safety net to support unemployed, injured, and ill workers. The DOL subagencies supporting this goal will leverage evidence-based strategies and strengthen the oversight of new and/or existing programs to accelerate delivery of benefits, reemployment, and return-to-work outcomes for workers.*

**Supporting DOL subagencies:**

- **Office of Workers' Compensation Programs (OWCP)** provides workers' compensation benefits for workers who are injured or become ill on the job. **Visit [here](#)**, for more information.
- **Employment and Training Administration, Office of Unemployment Insurance (ETA/OUI)** supports states' timely and accurate benefit payments for unemployed workers. **Visit [here](#)**, for more information.

**GOAL 4: Produce Gold Standard Statistics and Analyses**

**4.1 Provide timely, accurate, and relevant information on labor market activity, working conditions, price changes, and productivity in the U.S. economy.**

*The Bureau of Labor Statistics (BLS) measures 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 and strives to meet the needs of a diverse set of customers for accurate, objective, relevant, timely, and accessible information.*

**Supporting DOL subagency:**

- BLS adheres to a set of values and principles that guide it in fulfilling its mission. **Visit [here](#)**, for more information.

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## Performance Management

The Department regularly assesses Departmental and subagency progress in the implementation of the DOL Strategic Plan priorities. The goals laid out in DOL's strategic plan are cascaded down to agency management plans for each DOL agency, and ultimately to the individual performance plans of DOL's approximately 15,000 staff. The performance management process is led by the Performance Management Center in the Office of the Assistant Secretary for Administration and Management.

Through quarterly reviews with the Deputy Secretary, executives assess program performance, both quarterly and year-to-date, against targets established in each subagency's annual agency management plan. The Department tracks and analyzes over 400 performance measures.

## Performance Outcomes

A detailed breakdown of DOL performance results can be found in the FY 2022 Annual Performance Report.

Highlighted measures:

Measure	FY 2022 Target	FY 2022 Result	Percent Achieved
Percent of wage-loss claims timely processed within 14 days: claims not requiring further development	92%	94%	101%
Number of Active Registered Apprentices	700,000	604,512 [estimated]	86%

## Looking Forward

As the Department looks forward, the current economic state and recovery efforts from the public health crises are continued anticipated risks and uncertainties that could impact DOL subagency programs. DOL's work stabilizes the economy, and DOL will continue to invest in the country's workers. The most impacted workers in these situations are the most vulnerable and underserved communities. DOL will continue to focus efforts on these worker populations, prioritizing communities most affected by poverty. The Department will continue to be bold, unleashing our full power to serve and protect all workers; and build a DOL team and culture in which all are valued, heard, and developed into leaders now and in the future. The Department will face challenges in assisting workers and employers. To address these anticipated risks, the Department will continue to effectively target resources, and use performance data to make evidence-based policy decisions and partnering with all levels of government and private employers to ensure the greatest possible impact and opportunities for all workers.

The Department of Labor continues to assess, plan, and prepare for climate-related risks. This includes addressing facility requirements for resilience and mission stability before, during, and after acute and long-term climate events. For more information on our climate resilience efforts, please see the link to the 2022 Climate Adaptation and Resilience Plan Progress Report found in the Other Information section of this report.

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## 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 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) *Standards for Internal Control in the Federal Government* (published September 10, 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* (revised June 6, 2018). 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. As a result, management was able to provide reasonable assurance, with the exception of the material weakness, on the effectiveness of its internal controls over reporting as of September 30, 2022. These business processes help to ensure that reported financial performance information is relevant and reliable.

In FY 2022, 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) 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 Statement of Net Cost. Total Net Cost of DOL activities was \$57.1 billion for FY 2022.

### 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.

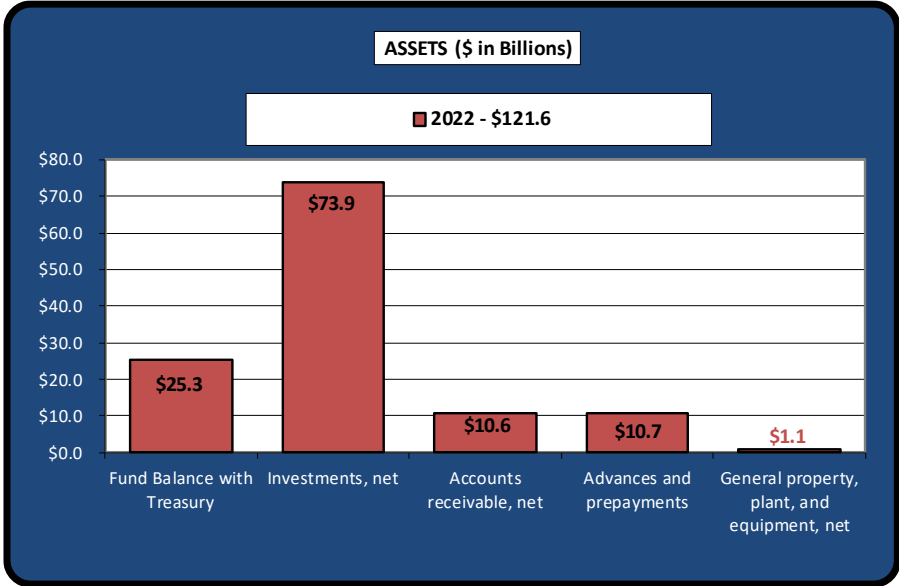
**Figure 1: Summary of Selected Financial Data for FY 2022**

<b>(Dollars in billions)</b>	<b><u>2022</u></b>
<b>Financial position</b>	
Total assets	\$121.6
Fund Balance with Treasury	25.3
Investments, net	73.9
Accounts receivable, net	10.6
Advances and prepayments	10.7
Total liabilities	\$112.5
Debt	46.1
Benefits due and payable	11.3
Other liabilities: Energy employees occupational illness compensation benefits	48.3
<b>Net cost of operations</b>	
Net cost of operations	\$57.1
Income maintenance	48.2
Employment and training	6.2
<b>Budgetary resources</b>	
Total budgetary resources	\$77.9
New obligations and upward adjustments (total)	70.4
Appropriations (discretionary and mandatory)	43.2
Agency outlays, net (discretionary and mandatory)	49.2

**Financial Position**

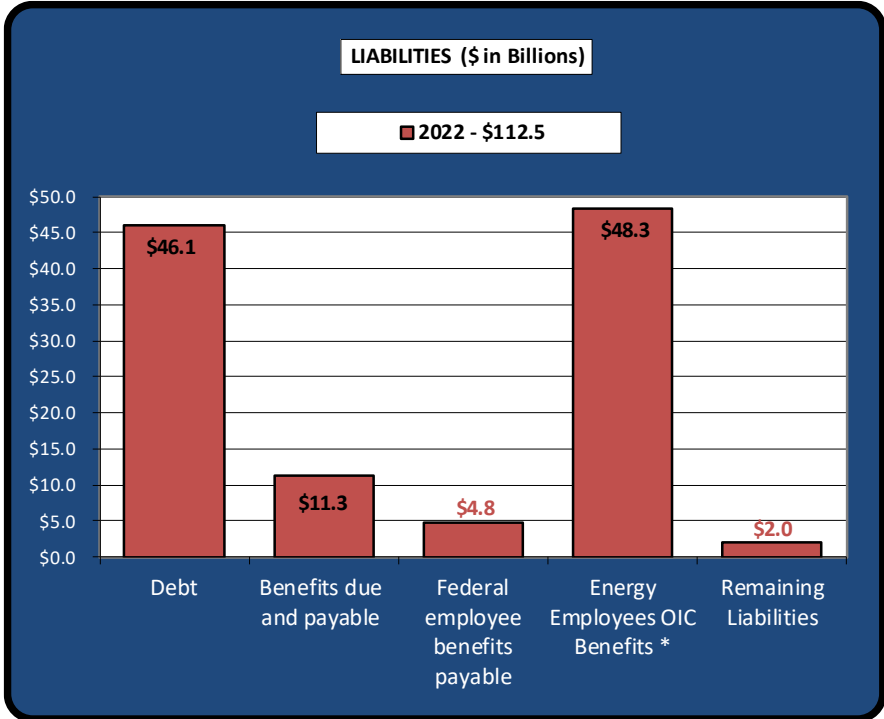
The Department's balance sheet presents DOL's financial position through the identification of agency assets, liabilities, and net position, as showed below. The Department's total assets were \$121.6 billion at the end of FY 2022 (See Figure 2 on the next page for reported Assets by Type for FY 2022). Accounts receivable, net was \$10.6 billion at the end of FY 2022. DOL's Investments, net, totaling \$73.9 billion, are Treasury Securities, and therefore intra-governmental assets. Investments, net comprise the largest portion of total assets. DOL's Fund Balance with Treasury of \$25.3 billion at the end of FY 2022 represents obligated and unobligated balances available to finance DOL's expenditures. Advances and prepayments were \$10.7 billion at the end of FY 2022. These advances are for unemployment benefit payments to the states.

Figure 2: Assets by Type for FY 2022



The Department’s total liabilities were \$112.5 billion at the end of FY 2022. (See Figure 3 for reported Liabilities by Type for FY 2022). The \$48.3 billion at the end of FY 2022 in Energy Employees Occupational Illness Compensation benefits comprise the largest component of DOL’s total liabilities. DOL records a liability for all unpaid disability benefits for the period of our reporting. The debt component of \$46.1 billion in DOL’s total liabilities relates advances from US. Treasury to the Unemployment Trust Fund and Black Lung Disability Trust Fund.

Figure 3: Liabilities by Type for FY 2022



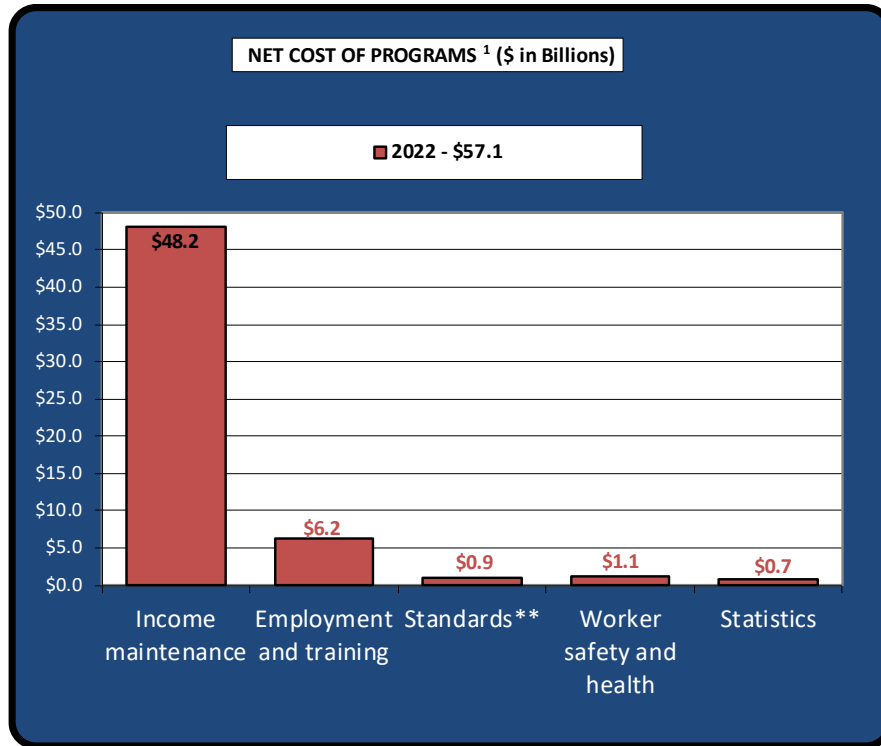
\* OIC = Occupational Illness Compensation.



**Net Cost of Operations**

The Department's net cost of operations for the year ended September 30, 2022 was \$57.1 billion. (See Figure 4 for reported Net Cost of Operations by Program for FY 2022)

**Figure 4: Net Cost of Operations by Program for FY 2022**



<sup>1</sup>The Department's Net Cost of Programs include costs not assigned to specific programs, which were \$49.7 million for FY 2022.

\*\*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 \$48.2 billion in FY 2022.

**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 \$6.2 billion in FY 2022.

**Budgetary Resources**

The Statement of Budgetary Resources reports the budgetary resources available to DOL to effectively carry out the activities of the Department during FY 2022 as well as the status of these resources at the end of the fiscal year. During FY 2022, total budgetary resources were \$77.9 billion.

## Impact of COVID-19

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, as amended by the Continued Assistance for Unemployed Workers (CAUW) Act of 2020 and the American Rescue Plan (ARP) Act, funded several programs which were administered by DOL. In FY 2022, the Department's funding was utilized to finance administrative aspects of the COVID-19 unemployment related programs. There was also a significant recovery of prior-year obligations in FY 2022. All the major DOL programs were funded by indefinite authority.

DOL received \$1.1 billion in administrative funding in FY 2022. As of September 30, 2022, obligations incurred were \$773.5 million and \$287.4 million was unobligated. In FY 2022, DOL deobligated funds for various COVID-19 programs in the amount of \$39.4 billion, as a result of changes in the estimated future benefit costs related to these programs.

COVID-19 has a significant impact to DOL's assets, liabilities, costs and net position. In FY 2022, Accounts receivable, net with the public related to COVID-19 was increased by \$2.2 billion as a result of receivables with the states for benefit overpayments.

DOL still has outstanding debt and interest of \$39.6 billion in FY 2022, as a result of the repayable advances received to fund regular unemployment benefits and extended unemployment benefits attributed to the increased costs related to COVID-19.

## **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. DOL uses a rolling 25-year projection period that begins on the September 30 valuation date. For the September 30, 2022 valuation date, the rolling 25-year projection period ends September 30, 2047.

For the five years presented in the SOSI, the open group measure at the 2018 measurement date decreased significantly from a negative \$(1.03) billion as of September 30, 2018 to a negative \$(1.95) billion as of September 30, 2021; however, by the September 30, 2022 valuation date, the open group measure increased by more than \$2.74 billion to an open group measure of positive \$792.0 million as of September 30, 2022, primarily due to the permanent increase in the coal excise tax rates mandated by the Inflation Reduction Act of 2022. Over the four September 30 valuation dates from 2018 to 2021, the long-term decrease in the open group measure was 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. With the enactment of the Inflation Reduction Act of 2022, the open group measure as of September 30, 2022 improved primarily because of a higher present value of estimated future tax income.

**Figure 5: Black Lung Disability Benefit Program - Table of Key Measures for FY 2022 and FY 2021**  
(Dollars in millions)

<b>Black Lung Disability Benefit Program - Table of Key Measures</b>				
<b>(Dollars in millions)</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>	
			<b>Amount</b>	<b>Percent</b>
<b>Financial position*</b>				
Total assets	\$ 304.6	\$ 286.9	\$ 17.7	6.2%
Less: total liabilities	<u>(6,566.0)</u>	<u>(6,365.7)</u>	<u>(200.3)</u>	(3.1)%
Net position (assets net of liabilities)	<u>\$ (6,261.4)</u>	<u>\$ (6,078.8)</u>	<u>\$ (182.6)</u>	(3.0)%
<b>Costs and changes in net position*</b>				
Net cost of operations	\$ (290.1)	\$ (320.1)	\$ 30.0	9.4%
Net financing sources	<u>107.5</u>	<u>217.6</u>	<u>(110.1)</u>	(50.6)%
Change in net position	<u>\$ (182.6)</u>	<u>\$ (102.5)</u>	<u>\$ (80.1)</u>	(78.1)%
<b>Social insurance</b>				
Open group measure, beginning of year	<u>\$ (1,952.0)</u>	<u>\$ (1,968.8)</u>	<u>\$ 16.8</u>	0.9%
Open group measure, end of year	<u>\$ 792.0</u>	<u>\$ (1,952.0)</u>	<u>\$ 2,744.0</u>	140.6%
*Refer to the FY 2021 AFR for financial position as of September 30, 2021 and costs and changes in net position for the year ended September 30, 2021.				

The increase in the total assets of \$17.7 million [6.2%] was due to a higher Fund Balance with Treasury (FBWT) as of September 30, 2022. The BLDTF FBWT represents immediate needs to cover benefits and other expenses; higher FBWT was needed at September 30, 2022. FY 2022 net financing sources decreased \$110.1 million [(50.6)%] from FY 2021 primarily because of lower tax revenue.

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.

On December 27, 2020, after the SOSI as of September 30, 2020 was published, P.L. 116-260, Division EE, Taxpayer Certainty and Disaster Tax Relief Act of 2020, temporarily extended the increased excise tax rates of \$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, 2021 through December 31, 2021. In accordance with the laws in effect as of September 30, 2021, the

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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 on January 1, 2022 and these assumptions were used for the SOSI as of September 30, 2021.

The Inflation Reduction Act of 2022 permanently raised the coal excise tax rates to the higher level of \$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 on domestic sales of coal on or after October 1, 2022 and these assumptions were used for the SOSI as of September 30, 2022. However, coupled with the increase in total liabilities, the resulting change in net position for FY 2022 was \$(182.6) million, a decline in net position that was greater than in FY 2021, which was \$(102.5) million.

Total liabilities increased \$200.3 million [3.1%] at the end of FY 2022. The BLDTF paid maturing debt and interest on September 30, 2022, but borrowed again on that date. The increase in the debt level is important because it demonstrates that although the BLDTF repaid debt of \$2.43 billion, the debt level increased due to additional borrowing of \$2.56 billion and accrued interest of \$74.7 million as of September 30, 2022. The open group measure as of September 30, 2022 increased \$2.74 billion, primarily because of the changes in assumptions about coal excise taxes of \$2.64 billion due to the permanent increase in coal excise tax rates. The open group measure as of September 30, 2021 versus September 30, 2020 was nearly unchanged at more than \$16.8 million because the changes in the assumptions about coal excise taxes and administrative costs (which decreased the open group measure) were offset by the changes in the assumptions about beneficiary costs/characteristics and discount rates (which increased the open group measure).

The total of open group measure plus fund assets as of September 30, 2022 represents a projected net cash flow that may be used to liquidate the liabilities of the BLDTF. As of September 30, 2022, the open group measure plus fund assets is \$1,096.6 million due to an improvement in the open group measure of \$2.74 billion, but this does not improve the fund's poor financial condition caused by its existing debt; for the BLDTF debt, the principal and interest that will mature on September 30, 2023 will be more than \$2.91 billion, which will contribute to a higher debt level and continuing poor financial condition of the fund; the carrying value of the debt as of September 30, 2022 is \$6.56 billion, an increase in debt of \$204.7 million which contributed to the continuing poor financial condition of the fund; and the fund deficit was \$(6.26) billion, a decline in the financial condition of the fund of \$182.6 million. Together, the excess of BLDTF debt over the 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, Required Supplementary Information (RSI), as well as the [FY 2021 AFR](#), 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 2047.

### **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's total net costs for education and training programs were \$4.3 billion, which provided services to 1.5 million participants in FY 2022. These costs consisted of job training programs authorized by the Workforce Innovation and Opportunity Act (WIOA) of 2014, 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 2022 were \$1.5 billion, providing services to 41 thousand participants in primarily residential settings at 120 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**

- **WIOA Adult Program** – The WIOA Title I Adult Program helps prepare adult job seekers, particularly those who are low income or low skilled, for good jobs, through formula grants to states. States use the funds to provide employment and training services through a network of approximately 2,300 American Job Centers. WIOA funds employment and training services at three broad service levels to job seeker customers: basic career services, individualized career services, and training services. These services are provided at a level that most effectively meets their needs to achieve gainful employment. The program is also designed to assist employer customers in meeting their needs for hiring skilled workers. Adult Programs serve the broadest range of individuals, including but not limited to, low-income and public assistance recipients, basic skills deficient, Unemployment Insurance claimants, veterans, people with disabilities, dislocated workers, migrant and seasonal farm workers, Indian and Native Americans, and workers 55 or older. ETA's FY 2022 costs through the WIOA Adult programs were \$912 million.
- **WIOA Dislocated Worker Program** – The WIOA Dislocated Worker Program funds services to support the reemployment of laid-off workers. The Department allocates 80 percent of funds by formula to the states. The Secretary of Labor may use the remaining 20 percent for National Dislocated Workers Grants-these specially targeted funds can infuse resources to areas suffering most from plant closings, mass layoffs, or job losses due to natural disasters or military base realignment and closures. States allocate their Dislocated Worker funds to their local workforce development areas to provide career and training services to individuals who have lost their jobs through no fault of their own, including separating service members, military spouses, and displaced homemakers. Additionally, the program allows for states to reserve up to 25 percent of their Dislocated Worker funds for Rapid Response activities. Rapid Response is a proactive, business-focused, and flexible strategy to assist both growing companies seeking skilled workers and businesses and workers affected by layoffs through coordinated and quickly provided services. ETA's FY 2022 costs for the WIOA Dislocated Worker programs were \$1.3 billion.
- **WIOA Youth Program** – The WIOA Youth Formula Program provides employment and education services to eligible in-school youth, ages 14-21, and eligible out-of-school youth, ages 16-24, who face barriers to employment. The program serves high school dropouts, foster youth, homeless youth, offenders, youth with disabilities, youth with low literacy rates, as well as others who may require additional assistance to complete an educational program and acquire an industry-recognized credential or enter employment. ETA's FY 2022 costs for the WIOA Youth programs were \$1.0 billion.
- **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 96 Job Corps centers (including 4 satellites) under these contractual arrangements. The remaining 24 centers are operated through interagency agreements between DOL and the U.S. Department of Agriculture, Forest Service. OJC's FY 2022 costs for the Job Corps program were \$1.5 billion.
- **Reentry Employment Opportunities programs** – The Reentry Employment Opportunities Adult (REO-Adult) program helps offenders returning home from prison find employment and access job training. Currently, the program funds three grants to national intermediary organizations to provide job placement and training that leads to industry-recognized credentials to offenders returning home to high-poverty, high-crime communities; 43 grants to local community-based organizations to similarly provide job placement and training leading to industry-recognized credentials to offenders returning home from prison to high-poverty, high-crime communities; and 20 grants to community-based organizations to provide a continuum of services to offenders beginning while they are still in prison or jail and continuing post-release. The REO-Adult Program also administers the Federal Bonding Program and provides grants to 32 states to provide fidelity bonding as an incentive for

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employers to hire persons with criminal records. The Reentry Employment Opportunities Youth (REO-Youth) program provides grants to serve youth and young adults who have been involved in the justice system or are at risk of justice involvement. Current projects include 13 grants to national intermediary organizations to operate workforce programs serving young adult offenders ages 18 to 24, with a priority to serving high poverty, high-crime communities; 73 grants to local not-for-profit organizations to operate workforce programs for young adult offenders, also with a priority to serving high-poverty, high-crime communities; and six grants to intermediary organizations to partner with community colleges in providing services to young adult offenders ages 18-24. ETA's FY 2022 costs for the Reentry Employment Opportunities programs were \$79 million.

- **National programs** – ETA's National programs provide program support for WIOA activities, including nationally administered programs providing employment and training services to segments of the population that face 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 2022 costs for the WIOA National Programs were \$140 million.

### **Community Service Employment for Older Americans (CSEOA) Program**

Authorized by the Older Americans Act of 1965, the Senior Community Service Employment Program (SCSEP) is designed to foster individual economic self-sufficiency and promote useful work experience opportunities in the community for unemployed low-income persons (particularly persons who have poor employment prospects) who are age 55 or older, and to increase the number of persons who may benefit from unsubsidized employment in the public and private sectors. ETA's FY 2022 costs for the CSEOA's SCSEP were \$407 million.

### **Trade Adjustment Assistance for Workers Program**

The Trade Adjustment Assistance (TAA) Program is a vital part of the workforce development system as it helps workers dislocated by foreign trade to adjust to changing market conditions and shifting skill requirements. Addressing the needs of trade-affected workers is a unique challenge, as they are typically dislocated from relatively outdated-skill, high-wage employment. In many cases, dislocations occur via mass layoffs or plant closures in single-industry regions, which makes finding comparable employment in the same geographic area difficult. Furthermore, many of these jobs are permanently lost from the domestic economy, requiring affected workers to completely retool their skills. TAA provides these affected workers with opportunities to obtain the skills, credentials, resources, and case management support necessary to become reemployed. On July 1, 2022, the termination provision under Section 285(a) of the Trade Act of 1974, as amended, took effect. Until further notice, the Department may not issue any determinations and may not accept any new petitions or requests for reconsideration. ETA's FY 2022 TAA training costs were \$150 million.

### **National Apprenticeship Program**

The Office of Apprenticeship (OA) provides direction and national leadership for the apprenticeship system nationwide. OA, in collaboration with industry and states, facilitates business, industry, and labor participation in these innovative work-based learning and post-secondary earn-and-learn models that increase business efficiency and provide workers with a solid path to the middle class. ETA's FY 2022 costs in Apprenticeship programs were \$172 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 2022.

**ETA Education and Training Programs**  
**Program Costs (in Millions) and Participants Served <sup>(1)</sup> (in Thousands)**  
**For FY 2022**

Program	2022	
	Costs	Part. Served
<b>WIOA</b>		
Adult	\$912	291.0
Dislocated Worker <sup>(2)</sup>	1,312	265.7
Youth <sup>(3)</sup>	1,023	130.0
Job Corps	1,537	41.0
Reentry Employment Opportunities Programs <sup>(4)</sup>	79	11.1
National Programs <sup>(5)</sup>	140	26.0
<b>CSEOA</b>		
SCSEP	407	42.4
TAA for Workers <sup>(7)</sup>	150	16.8
Apprenticeship <sup>(8)</sup>	172	628.1
Other <sup>(6)</sup>	112	131.0
<b>TOTAL</b>	<b>\$5,844</b>	<b>1,583.1</b>

- (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 2022 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) Reentry Employment Opportunities Programs includes the REO-Adult and REO-Youth programs
- (5) National Programs include the Native American and Migrant and Seasonal Farmworker programs.
- (6) 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.
- (7) The Trade Adjustment Assistance for Workers Program was terminated on July 1, 2022.
- (8) The Apprenticeship line consolidated with the Apprenticeship line that was previously recorded under WIOA to include their costs and participants.

## Program Outcomes

Outcomes for training programs comprising ETA's education and training programs are presented in the Department's Annual Performance Report for FY 2022, available on the DOL website in February 2023 at <https://www.dol.gov/general/aboutdol#budget>.

## Limitations of 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 2022, DOL continued to make necessary changes in NCFMS to support DOL's migration to standard Federal business processes, which included adding capability to report general fund and non-general fund transactions to the U.S. Treasury. During FY 2022, NCFMS was successfully upgraded to Oracle E-Business Suite (EBS), 12.2, on schedule. Also, several critical components of NCFMS were accomplished in FY 2022, to include the implementation of Oracle Analytics Server, done in two phases. Phase 1, production deployment, was completed on schedule in August 2022; Phase 2, the planned decommissioning of Informatica, is on schedule for December 2022. Chrome compatibility was completed on schedule in June 2022, F5 Load Balancer was completed on schedule and lastly the Employment Training Administration (ETA) Unified Management System (UMS) was completed on schedule. In addition, the Department is continuing to develop a strategy to ensure compliance with the Zero Trust Executive Order mandate is met.

The Oracle upgrade supported regulatory deadlines for GSA's unique entity identifier and completed the prerequisite steps required to begin the implementation of the G-Invoicing solution. The Department has successfully met the mandate for the use of G-Invoicing to administer any new General Term & Conditions (7600A) activity by Department resources as of October 1, 2022. The Department continues to develop an integration between G-Invoicing and NCFMS for new orders and performance transactions which is scheduled to be completed in Fiscal Year 2023.

The Department will continue working with the Department of Treasury and the Office of Management and Budget on implementing a government-wide Financial Management Quality Service Management Office (FM QSMO) solution for financial management. The Department is currently in Phase 1, Readiness Phase, of the Modernization and Migration Management (M3) Playbook.

## Management Assurances

### Federal Managers' Financial Integrity Act of 1982

The Federal Managers' Financial Integrity Act of 1982 (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 the agency head to provide an annual assurance statement whether the agency has met this requirement or not.

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

The Federal Financial Management Improvement Act of 1996 (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 makes an annual determination whether the financial systems substantially comply with FFMIA.

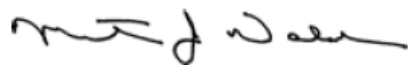
#### Federal Managers' Financial Integrity Act of 1982

The Department of Labor management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. DOL conducted its assessment of risk and internal control in accordance with OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. Based on the results of the assessment, the Agency can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2022, except for the following material weaknesses reported:

1. Improvements Needed in Controls Over Estimates Related to Unemployment Trust Fund Balances and Activity

#### Federal Financial Management Improvement Act of 1996

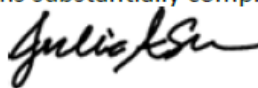
The Federal Financial Management Improvement Act of 1996 (FFMIA) requires agencies to implement and maintain financial management systems that are substantially in compliance with Federal financial management systems requirements, Federal accounting standards, and the United States Government Standard General Ledger at the transaction level. All DOL financial management systems substantially comply with FFMIA as of September 30, 2022.



Martin J. Walsh  
Secretary of Labor



Kevin L. Brown  
Deputy Chief Financial Officer



Julie A. Su  
Deputy Secretary of Labor



Rachana Desai Martin  
Assistant Secretary for Administration and Management

December 13, 2022

# Financial Section



## Message from the Chief Financial Officer

Office of the Chief Financial Officer (OCFO) staff are committed to promoting fiscal integrity and the effective and efficient use of resources through innovation. We are proud to support the Department's mission and the President's Management Agenda through a commitment to upholding strong financial management and accountability.

This Agency Financial Report (AFR) provides timely information that the American public can use to better understand DOL and its programs. In FY 2022, OCFO worked to address the qualified opinion on our consolidated financial statements and collaborated with our strategic partners to build a stronger, more resilient Department of Labor (DOL).

In FY 2022, the independent auditors gave DOL a qualified opinion on our consolidated financial statements. OCFO's top priority will be to address findings raised by the audit and return to an unmodified opinion in FY 2023. More information regarding this audit opinion and our ongoing efforts may be found in *Management's Response* in the *Independent Auditors' Report* of this AFR.

With our work, OCFO is focused on implementing and continually improving DOL Strategic Goals through investments in strong fiscal integrity, risk-based decision making, and innovative solutions in the stewardship of Federal resources.

**G-Invoicing:** In FY 2022, OCFO implemented advanced reporting capabilities in our core financial management system (FMS) using Business Intelligence based Oracle Analytics Server to replace outdated reporting tools. This update not only provides robust financial and performance reporting capabilities, but also improves accessibility for underserved communities.

In FY 2023, OCFO will complete the reporting transition, decommission legacy tools, and ensure full FMS-based adoption of G-Invoicing.

**Enterprise Risk Management (ERM):** The Department's ERM Council made great strides in providing senior leaders with an integrated, department-wide view of risk, risk tolerances, and risk mitigation efforts to increase transparency and collaboration, reduce costs, and to manage risks more effectively to the DOL mission. In FY 2023, ERM efforts will continue to mature, eliminating siloed perspectives to identify inaction risks across agencies and to identify how Diversity, Equity, Inclusion and Accessibility risk and climate change risk may affect DOL's mission and the Secretary's vision of protecting workers morning, noon, and night.

**Core Financial Management System (FMS):** In coordination with the Treasury Quality Service Management Office, OCFO upgraded the Department's core FMS from Oracle E-Business Suite (EBS) version 12.1.3 to 12.2. This change allows us to more efficiently meet critical reporting deadlines, reduces DOL's costs, reduces burden on mission-service staff across the Department, and allows OCFO staff to shift focus from routine accounting functions to more effective financial stewardship.



Kevin L. Brown  
Deputy 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."*

Message from the Chief Financial Officer  
(Unaudited)

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This AFR provides decision makers, taxpayers, and other stakeholders extensive financial information outlining the important work being done by OCFO and all DOL staff. I hope that you find it useful and an informative showcase of our commitment to transparency and accountability.

A handwritten signature in black ink, appearing to read 'KB', with a horizontal line extending to the right.

Kevin L. Brown  
Deputy Chief Financial Officer  
December 13, 2022



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

## Independent Auditors' Report

Secretary and Inspector General  
United States Department of Labor

### Report on the Audit of the Financial Statements

#### *Qualified Opinion on the Consolidated Financial Statements and Opinion on the Sustainability Financial Statements*

We have audited the financial statements of the United States (U.S.) Department of Labor (DOL), which comprise the consolidated financial statements and the sustainability financial statements. The consolidated financial statements comprise the consolidated balance sheet as of September 30, 2022, and the related consolidated statements of net cost and changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the consolidated financial statements.

The sustainability financial statements comprise the statements of social insurance as of September 30, 2022, 2021, 2020, 2019, and 2018, the statements of changes in social insurance amounts for the years ended September 30, 2022 and 2021, and the related notes to the sustainability financial statements.

In our opinion, except for the possible effects on the 2022 consolidated financial statements of the matters described in the Basis for Qualified Opinion on the Consolidated Financial Statements and Basis for Opinion on the Sustainability Financial Statements section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the United States Department of Labor as of September 30, 2022, and its net costs, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

Also, in our opinion, the accompanying sustainability financial statements present fairly, in all material respects, the United States Department of Labor's social insurance information as of September 30, 2022, 2021, 2020, 2019, and 2018, and its changes in social insurance amounts for the years ended September 30, 2022 and 2021 in accordance with U.S. generally accepted accounting principles.

#### *Basis for Qualified Opinion on the Consolidated Financial Statements and Basis for Opinion on the Sustainability Financial Statements*

In fiscal year 2022 DOL reported remaining obligations from prior year in the amount of \$7.9 billion, net of a current year downward adjustment in the amount of \$39.4 billion, related to the unemployment insurance programs enacted during the COVID-19 pandemic. These amounts are reflected in the unobligated balance

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from prior year budget authority, net, caption of the combined statement of budgetary resources for the year ended September 30, 2022. The obligations were comprised of \$3.0 billion in undelivered orders- paid (public) and \$4.9 billion in undelivered orders – unpaid (public). DOL also included information related to these obligations and the downward adjustments in notes 18.A, 18.D, 18.E, and 25. We were unable to obtain sufficient appropriate audit evidence about the methodology and certain underlying assumptions used to estimate the balances in fiscal year 2022. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

In addition, DOL reported COVID-19 related unemployment insurance benefit overpayments, net of allowance for uncollectible accounts, in the amount of \$3.5 billion, in the accounts receivable, net (with the public), caption in the consolidated balance sheet as of September 30, 2022. DOL also included information related to the accounts receivable and the allowance for uncollectible accounts in notes 4, 19, 21 and 25. We were unable to obtain sufficient appropriate audit evidence about the methodology and certain underlying assumptions used in developing the estimated component of the related account balances in fiscal year 2022. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 22-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 22-01 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DOL and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements and audit opinion on the sustainability financial statements.

#### *Emphasis of 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 estimated future income to be received and future expenditures to be paid using 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 any related trust funds are 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 policy or law 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, for example, implementation of policy changes to avoid trust fund exhaustion or unsustainable debt levels. 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 sustainability financial statements is not modified with respect to this matter.



#### *Other Matter - 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 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.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 22-01 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and OMB Bulletin No. 22-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 DOL's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### *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 financial



statements. Such information is the responsibility of management and, although not a part of the 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 financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audits of the 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*

Management is responsible for the other information included in the *Agency Financial Report*. The other information comprises the Message from the Secretary of Labor, Message from the Chief Financial Officer, and Other Information sections but does not include the financial statements and our auditors' report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2022, we considered the 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 the DOL's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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*.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in Exhibit I, we identified certain deficiencies in internal control that we consider to be a material weakness.

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. We consider the deficiencies described in Exhibit I to be a material weakness.

**Report on 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, 2022 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. 22-01.

We also performed tests of DOL's 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 Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on DOL's response to the findings identified in our audit and described in Exhibit II. DOL's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of the Reporting Required by Government Auditing Standards**

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections 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 the DOL's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

**KPMG LLP**

Washington, DC  
December 13, 2022

**1. Improvements Needed in Controls Over Estimates Related to Unemployment Trust Fund (UTF) Balances and Activity**

Certain unemployment insurance (UI) pandemic programs were established in response to the COVID-19 pandemic to provide enhanced UI benefits to eligible individuals. Although the UI pandemic programs expired at the end of fiscal year 2021, there continued to be UI benefit disbursement and related activities during fiscal year 2022 that are reported in the United States Department of Labor's (DOL) fiscal year 2022 consolidated financial statements and related notes. The preparation of the DOL financial statements requires management to make certain estimates and assumptions related to the UI programs that affect the reported amounts of assets and liabilities as of September 30, 2022, and the associated revenues and expenses for the year then ended. These estimates include the Obligation of COVID-19 funding, UTF COVID-19 benefit overpayment receivables, and UTF expenses, among others. We noted certain management controls were not sufficiently designed and documented to support the methodology, assumptions, and data used to develop these estimates. The deficiencies noted increase the risk that misstatements in DOL's consolidated financial statements 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:

*Obligation of COVID-19 funding*

Management updated its prior year's estimate of UI obligations in the amount of \$47.3 billion for certain UI claims for unemployed weeks that occurred prior to the expiration of the UI pandemic programs and recorded a downward adjustment of prior year's obligation in the amount of \$39.4 billion. However, we noted that management did not have sufficient processes and controls in place to properly validate the reasonableness of the methodology and assumptions used to re-estimate the remaining obligated amounts. This resulted in management's inability to properly support the completeness, existence, and accuracy of the \$7.9 billion remaining obligations or the \$39.4 billion in downward adjustments reflected in the Unobligated balance from prior year authority, net, reported in the combined statement of budgetary resources for the fiscal year ended September 30, 2022, and the related information in notes 18.A, 18.D, 18.E, and 25.

*UTF COVID-19 Benefit Overpayment Accounts Receivables*

In fiscal year 2022, management developed an estimate for the UTF benefit overpayments accounts receivable related to the UI pandemic programs for those State Workforce Agencies (SWAs) that had not reported any benefit overpayment receivables to DOL as of September 30, 2022. However, management did not have sufficient processes and controls in place to validate the relevance and reliability of the data and assumptions used in developing the estimate. This resulted in management's inability to properly support the completeness, existence, and accuracy of \$3.5 billion in accounts receivable, net, reported in the consolidated balance sheet as of September 30, 2022, and the related information disclosed in notes 4, 19, 21, and 25.

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*UTF Expense*

DOL management estimates the monthly expense for SWAs using the daily cash drawdown data reported by SWAs until the reports reflecting the actual expenses for the month are submitted by the SWAs, usually 30 days after the end of the month. We noted that management's controls over the monthly expense estimate were not sufficiently designed to determine the completeness, existence, and accuracy of the cash drawdown data used to calculate the estimate. Specifically, the controls did not assess whether the SWA drawdown data contained any unusual fluctuations that would require adjustments before the data is used in the estimate. This resulted in an initial understatement of \$5.2 billion of UTF expenses for fiscal year 2022. Management subsequently made corrections for the error because of our finding.

The deficiencies noted above occurred because management's risk assessment process did not sufficiently identify and assess the risk associated with the assumptions used in the estimates, nor assess the reliability of the underlying data used in developing the estimates, including the data provided by SWAs.

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 10.02 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.

Section 13.04 of the Standards states:

Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements. Relevant data have a logical connection with, or bearing upon, the identified information requirements. Reliable internal and external sources provide data that are reasonably free from error and bias and faithfully represent what they purport to represent. Management evaluates both internal and external sources of data for reliability. Sources of data can be operational, financial, or compliance related. Management obtains data on a timely basis so that they can be used for effective monitoring.

To address the deficiencies noted above, we recommend that the Deputy Chief financial officer and the Assistant Secretary for Employment and Training:

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 methodology, underlying data, and assumptions used to develop the estimates;

2. Maintain documentation of the reviews performed to assess the reasonableness of the methodology, underlying data, and assumptions used to develop the estimates that is sufficiently detailed to evidence the specific items reviewed, analysis performed, and conclusions reached; and
3. 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 2023 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



**DECEMBER 13, 2022**

**MEMORANDUM FOR:** CAROLYN R. HANTZ  
Assistant Inspector General for Audit

**FROM:** KEVIN L. BROWN   
Deputy Chief Financial Officer

**SUBJECT:** FY 2022 Independent Auditors' on DOL's Consolidated Financial  
Statements Draft Report #22-23-002-13-001

Please find the attached management's response to FY 2022 Independent Auditors' on DOL's Consolidated Financial Statements Draft Report #22-23-002-13-001.

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.

cc: Brent Parton, Principal Deputy Assistant Secretary, Employment and Training  
Administration

Jim Garner, Director, Unemployment Insurance



Management's Response  
Fiscal Year 2022 Independent Auditors' Report

**1. Improvements Needed in Controls Over Estimates Related to Unemployment Trust Fund (UTF) Balances and Activity**

The temporary, emergency unemployment insurance programs created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act expired on September 6, 2021. As has been thoroughly documented in numerous OIG and Government Accountability Office (GAO) reports, these programs, and the COVID-19 pandemic overall, put an enormous and unprecedented strain on the unemployment insurance (UI) system. Due to the challenges associated with these new programs and especially concerning the unique Pandemic Unemployment Assistance (PUA) program in particular, state UI agencies experienced an abnormally high amount of ongoing activity well beyond the expiration date of these programs. At this time, many states continue to process adjudication backlogs, address the Employment and Training Administration's (ETA) monitoring review findings, many of which may have impacted claimant eligibility, and detect and recover overpayments, among other ongoing activities.

We agree with the finding and that improvements are needed to the Department of Labor's (the Department) controls over estimates related to the UTF balances and activities. The Department offers the following in response to the three key areas identified in this finding:

1. Obligation of COVID-19 funding:

The Department and the Office of Management and Budget (OMB) agree that under the special, temporary UI programs authorized under Title II of Division A of the CARES Act (PL 116-136), the obligation to pay benefits to claimants arose no later than the applicable weeks of unemployment for which the benefits were payable prior to the expiration of the programs on September 6, 2021. Under the Department's and OMB's interpretation, all budget authority and obligations for the expired programs' benefits occurred in FY 2021 at the latest, and any reimbursements to States for benefit payments in FY 2022 or beyond are considered outlays against those obligations. This treatment of funds is warranted by the fact that the claimants' entitlement (and the Department's corresponding liability) arose from the weeks of unemployment in FY 2021 for which the claimants were eligible for benefits. The expiration of these UI programs on September 6, 2021, makes recording obligations in FY 2021 appropriate, since agencies generally cannot incur new obligations, whose authorizations have lapsed.

In response to a similar Independent Audit finding for the Department's FY 2021 Agency Financial Report (AFR), the Department noted that additional insight and information was required from states to properly support the volume of ongoing activity in these programs, particularly activity related to the ongoing outlays. As promised in its response to the FY 2021 independent audit finding, the Department worked with Regional Offices in an effort to gather information on states' outstanding backlogs and quickly determined that ongoing activity would be incurred beyond known claims awaiting adjudication. States simply were not in a position at that time to know or provide sufficient information to the Department. Throughout the year, ETA's Regional Offices completed the CARES Act program reviews and identified numerous

areas with significant potential to expand eligibility and broaden the pool of backdated benefit claims, and payments, for these programs.

Based on this additional information and the yet to be determined magnitude of these claimant impacts, the Department was forced to abandon the initial approach identified in its response to the finding in its FY 2021 AFR. Instead, the Department developed an alternative approach and a new estimate based on the best data and information available even as it recognized that additional data would still be necessary once states were able to determine the scope and impact of entitlement changes due to issues identified by the Regional Office Reviews. Given that this additional data was unavailable to meet the need in FY 2022, the Department developed a thorough and consistent estimation methodology relying on ongoing draw down activity in the 12 months following the expiration of the programs. Unfortunately, this approach was not deemed sufficient during the independent audit based on the potential for further volatility in future draws beyond the scope of the revised methodology.

To ensure more effective controls over the unexpended obligation estimate in support of the FY 2023 AFR, the Department has engaged a contract firm to facilitate coordination and communication between the National Office, Regional Offices, and all 53 states and territories. This effort is underway to determine how best to gather from the states and territories the full scope of information required to more effectively estimate the unexpended obligation. Once the full requirements have been determined, the group will initiate tailored correspondence with each of the 53 states and territories to gather the necessary data and information. The resulting data will be used to develop a new estimate of the Department's unexpended obligation relative to these CARES Act UI programs. ETA anticipates completion of the data collection efforts in time for the results to be analyzed and consolidated for inclusion in the FY 2023 financial reports.

2. UTF COVID-19 Benefit Overpayment Accounts Receivables:

The Department recognizes the unique challenges that the State Workforce Agencies (SWA) faced in implementing and reporting the COVID-19 pandemic unemployment insurance programs. In FY 2022, the Department reported the data the states and territories submitted for the pandemic programs. However, due to the lack of reporting by multiple states and territories, including several states with possibly significant overpayments, the Department developed an estimation methodology for the UTF benefit overpayments accounts receivable based on the data that was available at the time. Unfortunately, this estimation methodology was not deemed sufficient during the independent audit based on the lack of support documentation over the assumptions used in the model.

To ensure more effective controls over the benefit overpayment accounts receivable in support of the FY 2023 AFR, the Department has engaged a contract firm to facilitate coordination and communication between the National Office, Regional Offices, and all 53 states and territories. This effort is underway to determine how best to gather from the states and territories the full scope of information required to calculate the benefit overpayment accounts receivable more effectively. Once the full requirements have been determined, the group will initiate tailored correspondence with each of the 53 states and territories to gather the necessary data and information. The resulting data will be used to develop the calculation of the Department's benefit overpayments accounts receivable relative to these CARES Act UI programs. ETA

anticipates completion of the data collection efforts in time for the results to be analyzed and consolidated for inclusion in the FY 2023 financial reports.

3. UTF Expense:

The Department utilizes an estimation approach which relies on the funding drawn by states from the relevant Treasury-managed unemployment trust fund accounts as a measure of the amount of benefits disbursed in a state. Due to the unprecedented nature of the COVID-19 pandemic, the large number of new programs, funding mechanisms, new reporting requirements, and extensive level of fraud impacting the UI system and the PUA program in particular, the relationship of monthly draws and benefit disbursements has been less consistent than experienced prior to the pandemic. As a primary example of the change experienced, large returns of recovered benefits since the expiration of the CARES Act programs have caused unusually large fluctuations in the relationships between draws and disbursements. In response to this finding, the Department will monitor unusual fluctuations in the monthly draws. Monthly draws which indicate unusual fluctuations will be investigated through the review of daily activity which will be adjusted where necessary. The Department will continue to work with states to identify and understand these fluctuations and ensure states are accurately reporting both disbursements and recoveries in the underlying monthly financial transaction summary report. The Department will document these procedures in an updated UTF disbursement estimation methodology standard operating procedure.

## **Annual Financial Statements**

## **Principal Financial Statements and Notes**

**PRINCIPAL FINANCIAL STATEMENTS**

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**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 Office of Management and Budget's (OMB) Circular A-136, *Financial Reporting Requirements*. The responsibility for the integrity of the financial information included in these statements rests with management of the U.S. Department of Labor (the Department or DOL). The audit of DOL's principal financial statements was performed by KPMG LLP. The Independent Auditors' Report accompanies the principal financial statements.

The Department's principal financial statements for the year ended September 30, 2022 consist of the following:

- The **Consolidated Balance Sheet**, which presents as of September 30, 2022, 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 Statement of Net Cost**, which presents the net cost of DOL operations for the year ended September 30, 2022. 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 Statement of Changes in Net Position**, which presents the change in DOL's net position resulting from the net cost of DOL operations and financing sources for the year ended September 30, 2022.
- The **Combined Statement of Budgetary Resources**, which presents the budgetary resources available to DOL and net outlays of budgetary resources for the year ended September 30, 2022; and the status of these resources as of September 30, 2022.
- 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, 2022, 2021, 2020, 2019, and 2018.
- 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, 2022 and 2021, and provide information about the change.

**CONSOLIDATED BALANCE SHEET**

As of September 30, 2022

(Dollars in Thousands)

	<u>2022</u>
<b>ASSETS (Note 7)</b>	
<b>Intra-governmental</b>	
Fund Balance with Treasury (Note 1-C and 2)	\$ 25,306,160
Investments, net (Note 1-D and 3)	73,878,416
Accounts receivable, net (Note 1-E and 4)	4,649,637
Advances and prepayments (Note 1-G and 6)	<u>11,138</u>
<b>Total Intra-governmental</b>	<u>103,845,351</u>
<b>With the public</b>	
Accounts receivable, net (Note 1-E and 4)	5,992,814
General property, plant, and equipment, net (Note 1-F and 5)	1,047,735
Advances and prepayments (Note 1-G and 6)	<u>10,717,496</u>
<b>Total with the public</b>	<u>17,758,045</u>
<b>Total assets</b>	<u>\$ 121,603,396</u>
<b>LIABILITIES AND NET POSITION</b>	
<b>Liabilities (Note 1-I and 12)</b>	
<b>Intra-governmental</b>	
Accounts payable	\$ 101,822
Debt (Note 1-J and 8)	46,108,643
Advances from others and deferred revenue (Note 1-K)	60,301
Other liabilities (Note 1-N and 9)	<u>179,894</u>
<b>Total Intra-governmental</b>	<u>46,450,660</u>
<b>With the public</b>	
Accounts payable	390,047
Federal employee benefits payable (Note 1-L and 11)	4,797,651
Environmental and disposal liabilities	26,995
Benefits due and payable (Note 1-M and 10)	11,268,180
Advances from others and deferred revenue (Note 1-K)	96
Other liabilities (Note 1-N)	
Energy Employees Occupational Illness Compensation Benefits (Note 1-N)	48,289,761
Accrued grant liabilities	1,140,495
Other (Note 9)	<u>146,004</u>
<b>Total with the public</b>	<u>66,059,229</u>
<b>Total liabilities</b>	<u>112,509,889</u>
Contingencies (Note 13)	
<b>Net position (Note 1-R)</b>	
Unexpended appropriations - Funds from Other than Dedicated Collections	<u>17,390,986</u>
Total Unexpended Appropriations (Consolidated)	17,390,986
Cumulative results of operations - Funds from Dedicated Collections (Note 21)	33,298,269
Cumulative results of operations - Funds from Other than Dedicated Collections	<u>(41,595,748)</u>
Total Cumulative Results of Operations (Consolidated)	(8,297,479)
<b>Total net position</b>	<u>9,093,507</u>
<b>Total liabilities and net position</b>	<u>\$ 121,603,396</u>

The accompanying notes are an integral part of these statements.

**CONSOLIDATED STATEMENT OF NET COST**

For the Year Ended September 30, 2022

(Dollars in Thousands)

	<u>2022</u>
<b>NET COST OF OPERATIONS (Note 1-S and 15)</b>	
<b>CROSSCUTTING PROGRAMS</b>	
<b>Income maintenance</b>	
Gross costs	\$ 51,115,727
Less: earned revenue	(2,869,631)
Net program costs	<u>48,246,096</u>
<b>Employment and training</b>	
Gross costs	6,189,127
Less: earned revenue	(16,600)
Net program costs	<u>6,172,527</u>
<b>Labor, employment and pension standards</b>	
Gross costs	905,105
Less: earned revenue	(7,071)
Net program costs	<u>898,034</u>
<b>Worker safety and health</b>	
Gross costs	1,077,132
Less: earned revenue	(2,808)
Net program costs	<u>1,074,324</u>
<b>OTHER PROGRAMS</b>	
<b>Statistics</b>	
Gross costs	729,718
Less: earned revenue	(36,573)
Net program costs	<u>693,145</u>
<b>COSTS NOT ASSIGNED TO PROGRAMS</b>	
Gross costs	87,161
Less: earned revenue not attributed to programs	(37,420)
Net costs not assigned to programs	<u>49,741</u>
<b>Net cost of operations</b>	<u><u>\$ 57,133,867</u></u>

The accompanying notes are an integral part of these statements.



**CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION**

For the Year Ended September 30, 2022

(Dollars in Thousands)

	<b>2022</b>		
	<b>Funds from Dedicated Collections (Note 21)</b>	<b>Funds from Other than Dedicated Collections</b>	<b>Total</b>
<b>Unexpended Appropriations (Note 1-T):</b>			
Beginning Balance	\$ -	\$ 42,121,799	\$ 42,121,799
Adjustments:			
Corrections of errors	-	371,806	371,806
Beginning Balance, as adjusted	-	42,493,605	42,493,605
Appropriations received (Note 18-F)	-	13,181,281	13,181,281
Other adjustments	-	(38,290,000)	(38,290,000)
Appropriations used	-	6,100	6,100
Net Change in Unexpended Appropriations	-	(25,102,619)	(25,102,619)
<b>Total Unexpended Appropriations: Ending</b>	-	17,390,986	17,390,986
<b>Cumulative Results of Operations (Note 1-S and 1-U):</b>			
Beginning Balance	8,526,384	(33,520,922)	(24,994,538)
Adjustments:			
Corrections of errors	7,347,030	(1,185,187)	6,161,843
Beginning Balance, as adjusted	15,873,414	(34,706,109)	(18,832,695)
Other adjustments	(746)	(693)	(1,439)
Appropriations used	-	(6,100)	(6,100)
Non-exchange revenue (Note 16)	67,331,705	1	67,331,706
Transfers in/out without reimbursement (Note 17)	(20,256,727)	20,562,166	305,439
Imputed financing	1,468	114,247	115,715
Other	-	(76,238)	(76,238)
Net cost of operations	(29,650,845)	(27,483,022)	(57,133,867)
Net Change in Cumulative Results of Operations	17,424,855	(6,889,639)	10,535,216
<b>Cumulative Results of Operations: Ending</b>	33,298,269	(41,595,748)	(8,297,479)
<b>Net position</b>	<b>\$ 33,298,269</b>	<b>\$ (24,204,762)</b>	<b>\$ 9,093,507</b>

The accompanying notes are an integral part of these statements.

**COMBINED STATEMENT OF BUDGETARY RESOURCES**

For the Year Ended September 30, 2022

(Dollars in Thousands)

	<u>2022</u>
<b>BUDGETARY RESOURCES (Note 18)</b>	
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 26,178,800
Appropriations (discretionary and mandatory)	43,194,517
Borrowing authority (discretionary and mandatory)	131,974
Spending authority from offsetting collections (discretionary and mandatory)	8,369,018
<b>Total budgetary resources</b>	<u>\$ 77,874,309</u>
<b>STATUS OF BUDGETARY RESOURCES</b>	
New obligations and upward adjustments (total)	<u>\$ 70,440,398</u>
Unobligated balance, end of year	
Apportioned, unexpired accounts	5,581,313
Exempt from apportionment, unexpired accounts	15,247
Unapportioned, unexpired accounts	<u>246,927</u>
Unexpired unobligated balance, end of year	5,843,487
Expired unobligated balance, end of year	<u>1,590,424</u>
Unobligated balance, end of year (total)	<u>7,433,911</u>
<b>Total budgetary resources</b>	<u>\$ 77,874,309</u>
<b>OUTLAYS, NET</b>	
Outlays, net (total) (discretionary and mandatory)	49,964,107
Distributed offsetting receipts	<u>(800,627)</u>
Agency outlays, net (discretionary and mandatory)	<u>\$ 49,163,480</u>

The accompanying notes are an integral part of these statements.

**STATEMENTS OF SOCIAL INSURANCE**

As of September 30, 2022, 2021, 2020, 2019, and 2018

(Dollars in Thousands)

	<b>As of September 30,</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>BLACK LUNG DISABILITY BENEFIT PROGRAM (Note 1-W and 1-Y)</b>					
<b>Current participants (closed group)</b>					
Present value of estimated future excise tax income during the projection period	\$ 2,381,705	\$ 1,139,399	\$ 1,295,220	\$ 1,375,529	\$ 1,385,560
Less the present value of estimated future administrative costs during the projection period	852,463	831,229	851,780	770,833	675,099
Less the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period	<u>1,056,547</u>	<u>1,287,818</u>	<u>1,415,071</u>	<u>1,389,113</u>	<u>1,270,504</u>
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)	472,695	(979,648)	(971,631)	(784,417)	(560,043)
<b>New participants</b>					
Present value of estimated future excise tax income during the projection period	1,587,803	1,139,399	1,295,220	1,269,720	1,133,640
Less the present value of estimated future administrative costs during the projection period	568,308	831,229	851,780	711,538	552,354
Less the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period	<u>700,166</u>	<u>1,280,486</u>	<u>1,440,636</u>	<u>1,285,242</u>	<u>1,049,906</u>
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	319,329	(972,316)	(997,196)	(727,060)	(468,620)
<b>Current and new participants (open group)</b>					
Present value of estimated future excise tax income during the projection period	3,969,508	2,278,798	2,590,440	2,645,249	2,519,200
Less the present value of estimated future administrative costs during the projection period	1,420,771	1,662,458	1,703,560	1,482,371	1,227,453
Less the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period	<u>1,756,713</u>	<u>2,568,304</u>	<u>2,855,707</u>	<u>2,674,355</u>	<u>2,320,410</u>
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)	<u>\$ 792,024</u>	<u>\$ (1,951,964)</u>	<u>\$ (1,968,827)</u>	<u>\$ (1,511,477)</u>	<u>\$ (1,028,663)</u>
Trust fund net position deficit at start of projection period (Note 1-W and 21)	<u>\$ (6,261,393)</u>	<u>\$ (6,078,761)</u>	<u>\$ (5,976,255)</u>	<u>\$ (5,846,618)</u>	<u>\$ (5,641,907)</u>
<b>Summary Section</b>					
Closed group measure	\$ 472,695	\$ (979,648)	\$ (971,631)	\$ (784,417)	\$ (560,043)
Add: Fund Balance with Treasury and receivables from benefit overpayments (Note 21)	<u>304,571</u>	<u>286,868</u>	<u>433,074</u>	<u>124,826</u>	<u>359,710</u>
Total of closed group measure plus fund assets (Note 1-W)	<u>\$ 777,266</u>	<u>\$ (692,780)</u>	<u>\$ (538,557)</u>	<u>\$ (659,591)</u>	<u>\$ (200,333)</u>
Open group measure	\$ 792,024	\$ (1,951,964)	\$ (1,968,827)	\$ (1,511,477)	\$ (1,028,663)
Add: Fund Balance with Treasury and receivables from benefit overpayments (Note 21)	<u>304,571</u>	<u>286,868</u>	<u>433,074</u>	<u>124,826</u>	<u>359,710</u>
Total of open group measure plus fund assets (Note 1-W)	<u>\$ 1,096,595</u>	<u>\$ (1,665,096)</u>	<u>\$ (1,535,753)</u>	<u>\$ (1,386,651)</u>	<u>\$ (668,953)</u>

The accompanying notes are an integral part of these statements.

**STATEMENTS OF CHANGES IN SOCIAL INSURANCE AMOUNTS**

For the Years Ended September 30, 2022 and 2021

(Dollars in Thousands)

**BLACK LUNG DISABILITY BENEFIT PROGRAM** (Note 1-W and 1-Y)**Open Group Measure**

	<u>2022</u>	<u>2021</u>
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	\$ (1,951,964)	\$ (1,968,827)
Changes in the assumptions about beneficiaries, including costs, number, type, age and life expectancy	424,859	104,916
Changes in assumptions about coal excise tax revenues	2,643,337	(143,559)
Changes in assumptions about Federal civilian pay raises for income benefits	119	(4,399)
Changes in assumptions about medical cost inflation for medical benefits	14,742	(760)
Changes in assumptions about administrative costs	(102,689)	(84,315)
Changes in assumptions about interest rates	<u>(236,380)</u>	<u>144,980</u>
Net change in open group measure	<u>2,743,988</u>	<u>16,863</u>
Open group measure, end of year	<u>\$ 792,024</u>	<u>\$ (1,951,964)</u>

The accompanying notes are an integral part of these statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**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 funds from other than dedicated collections, 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.

P.L. 117-2, section 9901, Coronavirus State and Local Fiscal Recovery Funds (Fiscal Recovery Funds), provided for general funds, in addition to amounts otherwise available, to respond to the public health emergency with respect to the COVID-19 pandemic or its negative economic impacts, including assistance to households, small businesses, and nonprofits, among others.

The Executive Branch established its policies on the use of these funds through, among other things, a final interim rule, Treasury guidance, and correspondence of the Secretaries of the Treasury and Labor to the Congress. Under the final interim rule, effective through April 1, 2022 authorized uses by states included transfers from its Fiscal Recovery Fund for:

- Assistance to unemployed workers, including by continuing to provide additional weeks of unemployment benefits to workers whose benefits expired on September 6, 2021, and to workers outside of regular state UI programs and
- Deposits into the state account of the UTF up to the level needed to restore the prepandemic balances of such account as of January 27, 2020, or to pay back advances received for the payment of benefits between January 27, 2020 and May 17, 2021.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****A. Reporting Entity - Continued****3. Fund accounting structure - continued****Funds from dedicated collections - continued**

The Executive Branch updated its policies for using the Fiscal Recovery Funds through, among other things, a final rule dated January 27, 2022 and effective April 1, 2022 and updated Treasury guidance. The final rule adopted the final interim rule, with certain amendments. The interim final rule remained in effect until April 1, 2022.

With regard to using the Fiscal Recovery Fund to make contributions to the state account of the UTF to restore prepandemic balances and repay principal on advances, the final rule, among other things,

-- requires that the maximum amount that a state may use for these purposes is the

- (i) difference between the balance in the recipient's unemployment insurance trust fund as of January 27, 2020 and the balance of such account as of May 17, 2021, plus
- (ii) principal amount outstanding as of May 17, 2021 on any advances received between January 27, 2020 and May 17, 2021;

-- allows the state to use the funds to pay interest on the advances in (ii) above;

-- for the state which fully restores its prepandemic balance in (i) above, the state cannot continue to draw down below the balance and deposit more funds back up to the prepandemic balance; and

-- through December 31, 2024, may not take action to reduce benefits available to unemployed workers by changing the computation method governing regular unemployment compensation in a way that results in a reduction of average weekly benefit amounts or the number of weeks of benefits payable (i.e., maximum benefit entitlement) unless certain exceptions apply.

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 – Funds from other than dedicated collections)

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).

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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****A. Reporting Entity - Continued****3. Fund accounting structure - continued****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 Consolidated 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 Workmen'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.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****A. Reporting Entity - Continued****3. Fund accounting structure - continued****Funds from other than dedicated collections**

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 EUIA Act); P.L. 116-136, the Coronavirus Aid, Relief, and Economic Security and Access Act of 2020 (the CARES Act), Title II, Subtitle A; P.L. 116-260, Division N, Title II, Subtitle A, Chapter 1, Continued Assistance to Unemployed Workers Act of 2020 (CAUW Act); and P.L. 117-2, American Rescue Plan Act of 2021 (ARP Act). The CARES Act provided 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 EUIA and CARES Acts also include appropriations to fund grants for unemployment insurance administration and administrative costs for the PUA, first week, and PEUC programs. In general, the CAUW Act and ARP Act extended the pandemic-related Federally-funded unemployment benefits provisions of the EUIA Act and CARES Act.

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. In general, the CAUW Act and APR Act extended the pandemic-related Federally-funded provisions of the CARES Act.

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 was not payable for any week of unemployment ending after July 31, 2020. The CAUW Act reauthorized the FPUC benefits at \$300 per week (as an amount in addition to regular unemployment benefits) for the period after December 26, 2020 but ending on or before March 14, 2021. The ARP Act extended the ending date of the \$300 weekly payments to on or before September 6, 2021.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****A. Reporting Entity - Continued****3. Fund accounting structure - continued****Funds from other than dedicated collections - continued**

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.

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.

Effective March 12, 2021, the ARP Act, section 4016, "Eligibility for Workers' Compensation Benefits for Federal Employees Diagnosed with COVID-19," mandated that accepted COVID-19 claims (or other accepted claims resulting from a coronavirus pandemic) be paid by the Fund and are not billable to other Federal agencies; related administrative costs, including the fair share costs of non-appropriated agencies, are to be paid by the fund and are not billable.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**A. Reporting Entity - Continued**

**3. Fund accounting structure - continued**

**Funds from other than dedicated collections - continued**

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. P.L. 117-139, RECA [Radiation Exposure Compensation Act] Extension Act of 2022, 136 STAT. 1258, enacted June 7, 2022, extends the program that compensates individuals who were exposed to radiation from atomic weapons testing or uranium mining or processing and who subsequently developed specified cancers or other medical conditions. P.L. 117-139 terminates the program two years after the law's enactment.

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.

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. The WCF may receive funding transferred from DOL funds in accordance with 29 U.S.C. 563 for the acquisition of equipment and the improvement of financial management, information technology, and infrastructure technology related to support systems and modernization.

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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****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 A-136, "Financial Reporting Requirements," unless otherwise disclosed. (See Note 1.L.1.)

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 presentation requirements of OMB Circular A-136; the accompanying notes are an integral part of these financial statements and are prepared in accordance with the same requirements.

In FY 2022, DOL implemented the requirements for required supplementary information (RSI) reporting per FASAB SFFAS 59, "Accounting and Reporting of Government Land." Among other things, the RSI disclosures present, by sub-category, definitions, policies, and acreage of DOL-owned land and permanent land rights.

In FY 2022, DOL presents its financial statements for a single fiscal year, as of and for the year ended September 30, 2022, except for the Statements of Social Insurance and the Statements of Changes in Social Insurance Amounts and related note 1-W.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Basis of Accounting and Presentation - Continued**

To ensure that the Department's financial statements are meaningful, other liabilities as defined by OMB Circular A-136 have been disaggregated on the Consolidated Balance Sheet, e.g., the Energy employees occupational illness compensation benefits, accrued grant liabilities, 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 Statement of Budgetary Resources, which are presented on a combined basis, as required by OMB Circular 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 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, activity for these allocation accounts is included in the DOL financial statements. DOL (child entity) receives allocated appropriations from the following parent entities for these activities: U.S. Department of State to support international HIV/AIDS relief efforts; the Treasury to support grant activity under the Social Impact Partnerships to Pay for Results Act; and the U.S. Department of Health and Human Services to support implementation of the No Surprises Act. Accordingly, activity for these allocation accounts 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. In accordance with the requirements of OMB Circular A-136, 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.

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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****C. Fund Balance with Treasury**

DOL's cash receipts and disbursements are processed by the U.S. Treasury. Fund Balance with Treasury, an intra-governmental asset, represents 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, Net**

DOL's investments, net, are intra-governmental assets.

*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 Sheet. 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 Sheet. 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)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**E. Accounts Receivable, Net**

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

**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 intra-governmental 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 intra-governmental accounts receivable amounts due from other Federal agencies to the Special Benefit Fund for unreimbursed FECA benefits.

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

**2. Accounts receivable with the public**

DOL recognizes as accounts receivable (with the public) 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 (with 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. Net of an allowance**

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 the end of the quarter. In general, intra-governmental accounts receivable are considered fully collectible.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****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.

	<u>Capitalization Threshold</u>	<u>Years</u>
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.

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 and are reported net of accumulated depreciation and accumulated amortization.

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 and Prepayments**

Advances and prepayments consist primarily of advances with the public 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 with the public 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)



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**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**

DOL's liabilities are reported as intra-governmental and with the public. 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)

**J. Debt**

DOL's debt, which are intra-governmental liabilities, consisted of the following:

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

UTF advances from U.S. Treasury outstanding as of September 30, 2022 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 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)). The authority for these advances was available in FY 2022 through four continuing resolutions (P.L.s 117-43, -70, -86, and -95) and an appropriations act P.L. 117-103. The FUA's repayable advances bear interest rates between 1.625 and 1.875 percent as of September 30, 2022. The EUCA's repayable advances bear interest rates of 1.625 and 1.75 percent as of September 30, 2022. The interest rates are 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. In general, 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)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****J. Debt - Continued****2. Black Lung Disability Trust Fund borrowings from U.S. Treasury**

The Energy Improvement and Extension Act of 2008 (P.L. 110-343, Division B, section 113), enacted October 3, 2008, authorized restructuring of the BLDTF Advances from U.S. Treasury by the repayment at market value the fund's outstanding repayable advances, 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; 18 discounted instruments remain outstanding as of September 30, 2022, 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. The payments of principal and interest 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 paid principal and interest that were due on September 30, 2022. The BLDTF borrowed on September 30, 2022 (due September 30, 2023) bearing an interest rate of 4.022 percent. (See Note 8)

**K. Advances from Others and Deferred Revenue**

Advances from others and deferred revenue are amounts received for goods or services to be delivered or performed in the future and reflect amounts that have yet to be earned. Advances from others and deferred revenue are primarily from intra-governmental activity.

**L. Federal Employee Benefits Payable**

Federal employee benefits payable are liabilities with the public and include unfunded accrued annual leave and Future Workers' Compensation benefits.

**1. Unfunded accrued annual leave**

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

**2. Future workers' compensation benefits**

In the Liabilities with the Public, Federal employee benefits payable, 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****L. Federal Employee Benefits Payable - Continued****2. Future workers' compensation benefits - continued**

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 and CPI-M factors by averaging over five years the COLA rates and CPI-M rates, respectively. Using averaging renders estimates that reflect trends over five years instead of conditions that exist in one year. The FY 2022 methodology for averaging the COLA rates used OMB-provided rates.

The FY 2022 methodology for averaging the CPI-M rates used OMB-provided rates and information obtained from the Bureau of Labor Statistics public releases for CPI.

The COLAs and CPI-Ms used in the projections for FY 2022 were as follows:

FY	2022 COLA	2022 CPI-M
2023	3.37 %	3.13 %
2024	3.97 %	3.62 %
2025	4.10 %	3.55 %
2026	4.16 %	3.84 %
2027+	3.91 %	4.20 %

DOL selects the discount rates by averaging 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.

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 13.8 and 10.6 years in FY 2022. 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 2.119 and 1.973 percent in FY 2022.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****L. Federal Employee Benefits Payable - Continued****2. Future workers' compensation benefits - continued**

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.). DOL's actuarial liability includes the non-billable and unreimbursed costs from claims covered by Section 4016, "Eligibility for Workers' Compensation Benefits for Federal Employees Diagnosed with COVID-19," of the ARP Act. (See Note 11)

In FY 2022, the methodology for the billable projected liability included, among other things: (1) an algorithmic model that relies on individual case characteristics and benefit payments (the FECA Case Reserve Model [CRM]) and (2) incurred but not reported claims were estimated using the patterns of incurred benefit liabilities in addition to those of payments.

In FY 2022, for the non-billable WHCA projected liability, DOL continued to

- apply a loss development triangle approach that accommodates the recurring and lump-sum nature of the WHCA claims;
- separate claims with a Nature of Injury Code of "T4" (that is, claims attributed to mental, emotional, or nervous conditions, including post-traumatic stress disorder);
- use the U.S. Department of Defense Overseas Contingency Operations (OCO) budget, at the summary level, as a relative measure of hazard exposure to project future benefits under the WHCA for non-T4 claims;
- assume a static exposure for T4 claims; and
- for WHCA income payments and medical payments, use the same interest rate assumptions that were used in the billable liability.

In FY 2022, for the other non-billable projected liability, DOL continued to use the FECA CRM. In FY 2022, management noted that the majority of section 4016 COVID-19 claims were closed and the majority of the closed claims did not incur benefit payments; DOL omitted the pandemic-related adjustments to normalize the levels of payments in chargeback year 2022.

**M. Benefits Due and Payable**

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

**1. Unemployment benefits**

*State regular and extended unemployment benefits.* 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**M. Benefits Due and Payable - Continued**

**1. Unemployment benefits - continued**

**P.L. 116-127, Division D, the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (the EUIA 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, and subsequent amendments**

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

Subsequent amendments to the EUIA Act and CARES Act were:

- (1) P.L. 116-260, Division N, Title II, Subtitle A, Chapter 1, Continued Assistance for Unemployed Workers Act of 2020 (the CAUW Act), enacted December 27, 2020, and
- (2) P.L. 117-2, the American Rescue Plan Act of 2021 (the ARP Act), Title IX, Subtitle A, Part 1, Extension of CARES Act Unemployment Provisions, and Part 2, Extension of FFCRA (Families First Coronavirus Response Act/EUIA Act), enacted March 11, 2021.

The CAUW Act, in general, for those programs with ending dates on or before December 31, 2020, extended the ending dates to on or before March 14, 2021. The ARP Act, in general, for those programs with ending dates on or before March 14, 2021, further extended the ending dates to on or before September 6, 2021.

*Federal regular and extended unemployment benefits.* (1) the EUIA Act, section 4105, provided for 100 percent federal financing of extended benefits for states that met certain requirements and provided for federal matching of the first week of extended benefits for states that met waiting week requirements, providing either 50 percent or 100 percent based on whether states met 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 participated in certain Federal-state agreements (effective from date of agreement through December 31, 2020). In addition to extending the ending dates, the CAUW Act decreased from 100 percent to 50 percent the Federal funding of regular unemployment for first week with no waiting week. In addition to further extending the ending dates, the ARP Act resumed the 100 percent Federal funding of regular unemployment for first week with no waiting week and authorized in certain circumstances retroactive reimbursements for first weeks (with no waiting week) of unemployment that ended after December 31, 2020).

*Federal pandemic emergency unemployment benefits.* Section 2107 of the CARES Act provided for 100 percent Federal funding of emergency unemployment benefits to individuals who exhausted their regular benefits in those states which participated in certain Federal-state agreements. The benefits were applicable to weeks of benefits that began after the date on which the agreement was entered into, and ended on or before December 31, 2020 for up to 13 weeks of eligibility. In addition to extending the ending dates, the CAUW Act and ARP Act increased the weeks of eligibility from 13 to 24 weeks and from 24 to 53 weeks, respectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****M. Benefits Due and Payable - Continued****1. Unemployment benefits - continued****P.L. 116-127, Division D, the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (the EUIA 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, and subsequent amendments - continued**

*Federal pandemic unemployment assistance benefits.* 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 covered individuals who may not have otherwise qualified 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 were effective for weeks of unemployment that began on or after January 27, 2020 and ended on or before December 31, 2020 for up to 39 weeks of eligibility. In addition to extending the ending dates, the CAUW Act and ARP Act increased the weeks of eligibility from 39 to 50 weeks and from 50 to 79 weeks, respectively.

On February 25, 2021, DOL issued guidance to the States which provided for expanded eligibility provisions for individuals, among others, who were denied benefits under other programs because they refused to return to work that is unsafe or to accept an offer of new work. The guidance reflects a new policy/new interpretation of existing law under the CARES Act.

In some cases, if the individual had been receiving unemployment benefits under another program (e.g., regular, extended, pandemic emergency unemployment compensation) but was determined to be ineligible or disqualified under state law because they refused an offer of work at a worksite that was not in compliance with local, state, or national health and safety standards directly related to COVID-19, then the individual would be eligible for retroactive PUA benefits. However, individuals who did not file an initial PUA claim on or before December 27, 2020 were limited to weeks of unemployment beginning on or after December 6, 2020.

*Federal Pandemic Unemployment Benefits.* Section 2104 of the CARES Act established the Federal pandemic unemployment compensation (FPUC) program for 100 percent Federal funding of \$600 per week as an amount in addition to regular unemployment benefits in those states which participated in certain Federal-state agreements. The benefits were applicable to weeks of benefits that began after the date on which the agreement was entered into and ended on or before July 31, 2020. The benefit was not payable for any week of unemployment ending after July 31, 2020. The CAUW Act reauthorized the FPUC program for the period after December 26, 2020 but ending on or before March 14, 2021 and reduced the weekly payment from \$600 to \$300. The ARP Act extended the ending date of the \$300 weekly payments from on or before March 14, 2021 to on or before September 6, 2021.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**M. Benefits Due and Payable - Continued**

**1. Unemployment benefits - continued**

**P.L. 116-127, Division D, the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (the EUIA 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, and subsequent amendments - continued**

*Mixed Earner Unemployment Benefits.* The CAUW Act established the mixed earner unemployment compensation (MEUC) program which was 100 percent Federally-funded. State participation was optional and participating states must have entered into certain Federal-state agreements. The MEUC program was intended to provide certain individuals (who had at least \$5,000 of self-employment income in the prior tax year) with a \$100 weekly supplemental payment in addition to the \$300 weekly FPUC supplemental payment and their underlying UI benefit payment for weeks of unemployment that began after December 26, 2020 (or date of Federal-state agreement, if later) and ended on or before March 14, 2021. The ARP Act extended the ending date of the \$100 weekly payments from on or before March 14, 2021 to on or before September 6, 2021. For presentation purposes, the benefits due and payable for the Federal pandemic unemployment benefits include MEUC benefits.

**Other activity**

Included in the *Federal regular and extended unemployment benefits* 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* are Emergency Unemployment Compensation (EUC) benefits, also paid from EUCA, that 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* 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****M. Benefits Due and Payable - Continued****1. Unemployment benefits - continued****Federal employees unemployment benefits**

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**

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 ARP Act, Section 4016, "Eligibility for Workers' Compensation Benefits for Federal Employees Diagnosed with COVID-19," mandated that the Fund assume an unreimbursed liability for approved claims of certain covered employees for injuries proximately caused by exposure to the novel coronavirus that causes COVID-19 (or another coronavirus declared to be a pandemic by public health authorities) while performing official duties during the covered exposure period. Section 4016 claims must be approved on or after March 12, 2021 and cover benefits for disability compensation and medical services and survivor benefits. No benefits or administrative costs related to those benefits may be paid after September 30, 2030.

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**

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.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**M. Benefits Due and Payable - Continued**

**4. Energy employees occupational illness compensation benefits**

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.

**N. Other Liabilities**

DOL's Other liabilities are reported as intra-governmental and with the public.

**1. Intra-governmental other liabilities**

Intra-governmental other liabilities are primarily for accounts receivable, net due to U.S. Treasury that are non-entity assets. (See Note 1-H, 7 and 9)

**2. Other liabilities with the public**

Other liabilities with the public include liabilities for the Energy employees occupational illness compensation benefits, accrued grant liabilities, and other liabilities.

**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, Part B 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 up to \$250,000 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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****N. Other Liabilities - Continued****2. Other liabilities with the public - continued****Energy employees occupational illness compensation benefits - continued**

The table below presents assumptions and liabilities as of September 30, 2022.

Assumptions and Liabilities	
Compensation Liabilities as of September 30, 2022	
Average duration	12.7 years
Interest rate used in discounting	2.068 %
Undiscounted liability	\$13.6 billion
Discounted liability	\$10.8 billion
Medical Liabilities as of September 30, 2022	
Average duration	18.6 years
Interest rate used in discounting	2.325 %
Medical inflation in future year 1	3.8 %
Medical inflation in future year 2	6.7 %
Medical inflation in future year 3	6.0 %
Medical inflation in future year 4	6.6 %
Medical inflation in future year 5	6.1 %
Medical inflation in future years 6+	3.9 %
Society of Actuaries Private Retirement Plans (PRI) Mortality Table	PRI-2012 Male Disabled Retiree
Undiscounted liability	\$55.0 billion
Discounted liability	\$37.5 billion
Compensation and Medical Liabilities <sup>‡</sup> as of September 30, 2022	
Undiscounted	\$68.6 billion
Discounted	\$48.3 billion
Period used in discounting	60 years

<sup>‡</sup>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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**N. Other Liabilities - Continued**

**2. Other liabilities with the public - continued**

**Energy employees occupational illness compensation benefits - continued**

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 Private Retirement Plans (PRI) 2012 male disabled retiree mortality tables in FY 2022.

In FY 2022, 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. In FY 2022, the medical inflation rates for future year 6 and later years used CPI-M inflation rates provided by OMB.

The increase in undiscounted and discounted total liabilities as of September 30, 2022 was primarily due to the increase in the number of Part E approved cases and the increase in Part E compensation benefits per case, offset by the decrease due to the change in mortality tables.

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. For FY 2022, management determined that the following trends continued during the 12-month period ending June 30, 2022, but were considered to be temporary conditions:

- the number of newly approved cases was lower than estimated for Part B and Part E and
- the number of claims filed had decreased since the beginning of the pandemic.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****N. Other Liabilities - Continued****2. Other liabilities with the public - continued****Accrued grant liabilities**

Accrued grant liabilities represent amounts owed to grantees. These grant-related expenses are program costs of DOL's agencies; ETA programs have the largest share of accrued grant liabilities.

**Other**

Other liabilities with the public include capital lease liability and accrued funded payroll and other liabilities. (See Note 9)

**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, 2022, DOL's matching contributions to the FEHBP and FEGlIP were \$136.5 million and \$3.0 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 \$101.7 million for the year ended September 30, 2022. (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 designated 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 2022 are presented in the table below.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****Q. Employee Pension Benefits - Continued**

FY 2022	Percentage of Gross Earnings		
	FERS	FERS RAE	FERS FRAE
Employee contribution/withholding	0.8%	3.1%	4.4%
DOL contribution	18.4%	16.6%	16.6%

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 \$146.0 million for the year ended September 30, 2022.

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 \$20,500 and \$19,500 per year of their gross pay to the TSP during calendar years 2022 and 2021, respectively, but there is no departmental matching contribution. FERS participants may contribute up to \$20,500 and \$19,500 per year of their gross pay to the TSP during calendar years 2022 and 2021, respectively. CSRS and FERS participants aged 50 years or older may also contribute an additional \$6,500 per year in "catch-up" contributions during calendar years 2022 and 2021, 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 (FRTIB), the administrator of the TSP. (See Note 14)

On September 16, 2020, the FRTIB issued a final rule that increased from 3 percent to 5 percent (of basic salary) the automatic employee contributions for employees that began or rejoined Federal service on or after October 1, 2020; the employees may change their contributions at any time. Employees already enrolled in the TSP as of September 30, 2020 were not affected.

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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****Q. Employee Pension Benefits - Continued**

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)

**R. Net Position**

DOL's net position for funds from dedicated collections and funds from other than dedicated collections consist of the following:

**1. Unexpended appropriations - Funds from other than dedicated collections**

Unexpended appropriations from funds from other than dedicated collections 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**

Both funds from dedicated collections and funds from other than dedicated collections have 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 Consolidated Statement of Net Cost and are offset by imputed financing sources in the Consolidated Statement of Changes in Net Position. Such imputed costs relate to OPM-provided employee pensions and other retirement benefits. (See Notes 1-P, 1-Q, 1-U.4 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 Statement of Net Cost, and are also reported by program agency and major program. (See Note 15)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**S. Net Cost of Operations - Continued**

**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)

**T. Net Change in Unexpended Appropriations**

Funds from other than dedicated collections report the Net change in unexpended appropriations in the Consolidated Statement of Changes in Net Position. The Net change in unexpended appropriations is primarily from Appropriations received and Appropriations used, but other components include Appropriations transferred and Other adjustments. DOL receives financing sources through congressional appropriations to support its operations and recognizes these as Appropriations received. Appropriations are considered used as a financing source when goods and services are received or benefits are provided. The other adjustments include rescission, cancellation, sequestration, or return of permanent indefinite authority.

**U. Net Change in Cumulative Results of Operations**

Both Funds from dedicated collections and Funds from other than dedicated collections report Net change in cumulative results of operations on the Consolidated Statement of Changes in Net Position. The Net change in cumulative results of operations is primarily due to Appropriations used, Non-exchange revenue, and Transfers in/out without reimbursement, but another component is Imputed financing; these financing sources are offset by the Net cost of operations. (See Note 1-S)

**1. Appropriations used**

The Funds from other than dedicated collections report Appropriations used. Appropriations are considered used as a financing source when goods and services are received or benefits are provided.

**2. Non-exchange revenue**

Non-exchange revenues are primarily reported by Funds from dedicated collections and arise primarily from the Federal Government's power to demand payments from the public. Non-exchange revenues are recognized by DOL on the Consolidated Statement of Changes in Net Position and include employer taxes, Black Lung Disability Trust Fund excise tax, Interest, and Reimbursement of unemployment benefits and other. (See Note 16)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****U. Net Change in Cumulative Results of Operations - Continued****2. Non-exchange revenue - continued****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 and administrative costs and repay BLDTF borrowings from U.S. Treasury for principal and interest as mentioned in Note 1-J.2. The BLDTF excise taxes are restricted to these uses. (See Note 1-W)



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**U. Net Change in Cumulative Results of Operations - Continued**

**2. Non-exchange revenue - continued**

**Interest**

The UTF, Panama Canal Commission Compensation Fund, and Energy Employees Occupational Illness Compensation Fund receive interest on fund investments. In general, 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 (SSA Title XII loans), interest accrued during FY 2022 and was due on September 30, 2022; the states made timely interest payments.

**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 provided for Federal financing so that 50 percent of the reimbursements were returned to the governmental entities and non-profit organizations. The program was effective for weeks of unemployment that began on or after March 13, 2020 and ended on or before 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.

The CAUW Act and ARP Act extended to March 14, 2021 and September 6, 2021, respectively, the ending dates for the program; in addition, the ARP Act increased the Federal financing for the program from 50 percent to 75 percent for weeks of unemployment that began on or after March 31, 2021 and ended on or before September 6, 2021.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****U. Net Change in Cumulative Results of Operations - Continued****3. Transfers in/out without reimbursement**

Transfers in/out without reimbursement include transfers from the DHS H-1B Nonimmigrant Petitioner Account to H-1B Funds in ETA and WHD and transfers from OPM's Emergency Federal Employee Leave Fund pursuant to P.L. 117-2, section 4001. There are also transfers between DOL entities (from Funds from other than dedicated collections to Funds from dedicated collections) primarily for the administration of the UI Program and additional appropriations for unemployment benefits. (See Note 17)

**4. Imputed financing**

Imputed financing is primarily reported by Funds from other than dedicated collections. DOL recognizes an imputed financing source for pension and other retirement benefit expenses financed by OPM. (See Notes 1-P, 1-Q, 1-S.1 and 14)

**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)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**W. Significant Assumptions Used in the Statements of Social Insurance and Statements of Changes in Social Insurance Amounts**

**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, 2018 and 2019.

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 would 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****W. Significant Assumptions Used in the Statements of Social Insurance and Statements of Changes in Social Insurance Amounts - Continued****2. Significant Assumptions - Continued****Estimated future excise tax income - continued**

On December 27, 2020, after the SOSI as of September 30, 2020 was published, P.L. 116-260, Division EE, Taxpayer Certainty and Disaster Tax Relief Act of 2020, temporarily extended the increased excise tax rates of \$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, 2021 through December 31, 2021. In accordance with the laws in effect as of September 30, 2021, the tax rates would 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 sales price on January 1, 2022 and these assumptions were used for the SOSI as of September 30, 2021.

*FYs 2018 through 2020*

In FY 2018, DOL used a model for estimating future excise tax income for all years in the projection period. Among other things, the DOL model was based on historical Treasury excise tax collections and Energy Information Administration (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.

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 Clean Power Plan (CPP), DOL's estimates of future excise tax income were based on, among other things, EIA projections that did not reflect CPP regulation. On August 8, 2017, the U.S. Court of Appeals (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 Supreme Court of the United States (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 did 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 were based on, among other things, EIA projections that reflect the ACE regulation, which was the regulation that was consistent with Executive Branch policy.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**W. Significant Assumptions Used in the Statements of Social Insurance and Statements of Changes in Social Insurance Amounts - Continued**

**2. Significant Assumptions - continued**

**Estimated future excise tax income – continued**

*FYs 2018 through 2020 - continued*

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 2020 for the 2020 and 2021 coal production and exports.

*FY 2021*

The USCA vacated and remanded the ACE regulation to the Environmental Protection Agency (EPA) on January 19, 2021 and the EPA undertook new rulemaking. Because the USCA did not expressly reinstate the CPP, it was Executive Branch policy that neither the ACE nor the CPP regulations apply. Subsequent to the USCA January 2021 decision, parties petitioned the SCOTUS to overturn the January 2021 USCA decision; in August 2021 the EPA filed an opposing brief. The case was distributed for the September 27, 2021 SCOTUS conference. As of September 30, 2021, the status at SCOTUS was to redistribute the case for conference in October.

To estimate the future excise tax income reported on the SOSI as of September 30, 2021, DOL used EIA projections that were published in February 2021. To reflect the effects of events after February 2021, management used short-term EIA projections published in September 2021 for the 2021 and 2022 coal production and exports.

*FY 2022*

On October 29, 2021, SCOTUS granted the petitions for writs of certiorari with regard to the EPA regulation. On February 28, 2022 SCOTUS heard arguments for the case. On June 30, 2022, SCOTUS ruled that the EPA lacked the statutory authority to regulate power plants' carbon emissions according to the system that was required by the CPP. The BLDTF estimates relied, in part, on EIA projections which assume that there is no requirement to reduce CO<sub>2</sub> from power plants; this is consistent with the SCOTUS June 30, 2022 ruling and Executive Branch policy that neither the ACE nor the CPP regulations are being enforced.

On August 16, 2022, P.L. 117-169, Inflation Reduction Act of 2022, section 13901, effective for domestic sales of coal on or after October 1, 2022, permanently raised the coal 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 and these assumptions were used for the SOSI as of September 30, 2022.

To estimate the future excise tax income reported on the SOSI as of September 30, 2022, DOL used EIA projections that were published in March 2022. To reflect the effects of events after March 2022, management used short-term EIA projections published in August 2022 for the 2022 and 2023 coal production exports.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****W. Significant Assumptions Used in the Statements of Social Insurance and Statements of Changes in Social Insurance Amounts - Continued****2. Significant Assumptions****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. For FYs 2018 through 2020, projections for the number of new participants increased.

In FYs 2018 through 2022, 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 projected baseline medical inflation rate was adjusted to 3.4 percent to reflect revised payment formulas for medical reimbursements.

In FY 2020, 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.

In FY 2021, projections for the number of new participants decreased. Management determined that the number of black lung claims filed (and the number awarded) and the average annual medical cost per miner have decreased since the beginning of the pandemic. In FY 2021, the model assumed these decreases during the

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**W. Significant Assumptions Used in the Statements of Social Insurance and Statements of Changes in Social Insurance Amounts - Continued**

**2. Significant Assumptions - continued**

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

pandemic were short-term and that levels would normalize in FY 2022. In FY 2021, refinements to the model included, among other things, a decrease in the average age differential between miner and spouse.

In FY 2022, projections for the number of new participants decreased. Refinements to the model include, among other things, higher average ages of new entrant miners and new entrant widows and a higher average medical payment per miner and growth rate to reflect pre-pandemic levels.

For the SOSI with a valuation date as of September 30, 2022, the future benefit rate (annualized for the fiscal year) increases 3.6 percent in FY 2023, 2.9 percent in FY 2024, 2.5 percent in FYs 2025 through 2032, 1.8 percent in FY 2033, and 1.6 percent in each year thereafter; medical cost increases 6.0 percent in FY 2023 and 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.

DOL uses a rolling 25-year projection period that begins on the September 30 valuation date each year; using a 25-year projection period enhances comparability of social insurance information and illustrates the fund's long-term condition and sustainability.

DOL's approach for selecting the interest rate assumptions used to discount projected annual cash flows enhances matching between the timing of cash flows and interest rates and increases 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 2018 through 2022.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****W. Significant Assumptions Used in the Statements of Social Insurance and Statements of Changes in Social Insurance Amounts - Continued****2. Significant Assumptions - continued****Other significant assumptions - continued**

Projected Annual Cash Flows	Used for the Closed Group, New Participant, and Open Group Populations	
	Average Duration	Discount Rate
FY 2022		
Coal excise tax income	11.7 years	3.38%
Administrative costs	11.7 years	3.38%
Income benefit payments	10.7 years	3.25%
Medical benefit payments	11.9 years	3.38%
FY 2021		
Coal excise tax income	11.6 years	1.38%
Administrative costs	11.8 years	1.38%
Income benefit payments	10.8 years	1.38%
Medical benefit payments	12.5 years	1.50%
FY 2020		
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		
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		
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%

**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 \$(6.26) billion, the amount of the trust fund net position deficit at the start of the projection period, September 30, 2022.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**W. Significant Assumptions Used in the Statements of Social Insurance 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, the FY 2022 open group measure increased by \$2,744.0 million primarily because of changes in assumptions about coal excise tax revenues of \$2,643.3 million as a result of the permanent increase in the coal excise tax rates enacted by P.L. 117-169. In FY 2021 the open group measure increased by \$16.9 million mainly because the changes in the assumptions about coal excise taxes and administrative costs (which decreased the open group measure) were offset by changes in the assumptions about beneficiary costs/characteristics and discount rates (which increased the open group measure).

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 (Fund Balance with Treasury and receivables from benefit overpayments) available to service the fund's debt and interest. As of September 30, 2022, the open group measure plus fund assets is \$1.10 billion whereas the BLDTF debt and interest maturing on September 30, 2023 are \$2.91 billion and the carrying value of all BDLTF debt as of September 30, 2022 is \$6.56 billion.

Subsequent Events. As of December 13, 2022, management has determined that there are no subsequent events requiring disclosure for the social insurance financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**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.

Included in the significant accounting estimates are management's assumptions about future outlays from the unemployment programs authorized by the CARES Act (as amended) which expired, in general, on or before September 6, 2021. States will continue to submit claims for weeks of unemployment that occurred before the programs expired. These future outlays continued to be obligations of the year ended September 30, 2022, although outlays, downward adjustments, and other adjustments will continue to occur after September 30, 2022. The activity associated with these obligations is reported in the Combined Statement of Budgetary Resources and notes.

Also included in the significant accounting estimates are management's assumptions about overpayment accounts receivable and related allowances for the unemployment programs. Federal law sets out the authority to waive recovery of overpayments of CARES Act unemployment benefits under certain circumstances. The Department issued guidance to state workforce agencies with criteria for waiving overpayments, including criteria for blanket waivers that allow states to waive recovery of overpayments for individuals based on the same set of facts. States have discretion on whether to exercise the waiver authority.

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 (Note 24)**

Treasury prepares the FY 2022 Financial Report of the U.S. Government (FRUSG) in accordance with OMB Circular 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 2022 FRUSG, OMB Circular A-136 requires that DOL disclose in a separate note the financial statement line descriptions and amounts from DOL's

-- Consolidated Statement of Net Cost for the year ended September 30, 2022 and

-- Consolidated Statement of Changes in Net Position for the year ended September 30, 2022

as reclassified financial statement line descriptions and amounts that Treasury will use in the FRUSG compilation process for the governmentwide

-- Statement of Net Cost for the year ended September 30, 2022 and

-- Statement of Operations and Changes in Net Position for the year ended September 30, 2022.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****Z. Other Required Note (Note 24) - Continued**

In making reclassifications for the governmentwide Statement of Net Cost and Statement of Operations and Changes in Net Position for the year ended September 30, 2022, Note 24 presents disaggregated information for:

- combined funds from dedicated collections;
- eliminations within funds from dedicated collections;
- eliminations within funds from other than dedicated collections;
- eliminations between funds from dedicated collections and other than dedicated collections; and
- as the end result, the reclassified lines.

Note 24 omits reclassification of DOL's Consolidated Balance Sheet as of September 30, 2022 because it conforms to the FY 2022 FRUSG presentation requirements.

**AA. Immaterial Corrections of Errors and Other Significant Accounting Policies****1. Immaterial corrections of errors**

In connection with the preparation of the current year financial statements, DOL identified immaterial errors related to the overstatement of unemployment insurance Accounts receivable, net and Benefits due and payable; and an understatement of Advances and prepayments in the FY 2021 financial statements. The following table describes the corrections of the errors (dollars in thousands).

Financial Statement Caption	Net Effect on FY 2021 Balance Sheet Captions	Immaterial Corrections to FY 2022 Beginning Balance:		
		Funds from Dedicated Collections - Cumulative Results of Operations	Funds from Other than Dedicated Collections - Cumulative Results of Operations	Funds from Other than Dedicated Collections - Unexpended Appropriations
With the public				
Accounts receivable, net	\$(397,410)	\$787,777	\$(1,185,187)	
Advances and prepayments	1,704,071	1,796,753		\$(92,682)
Benefits due and payable	5,226,988	4,762,500		464,488
Net effect of the corrections of the errors		\$7,347,030	\$(1,185,187)	\$371,806

The net effect of the corrections of the errors are reflected in the corrections of errors captions in the Statement of Changes in Net Position for the year ended September 30, 2022.

Corresponding corrections have also been made to related balances presented in notes 18.C, 18.D, 19, 21, and 24.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued****AA. Immaterial Corrections of Errors and Other Significant Accounting Policies - Continued****2. Other significant accounting policies**

DOL's other significant accounting policies for the required supplementary information and accompanying notes are described below.

The required supplementary information for Management's Discussion and Analysis includes discussions about climate-related financial risks.

Note 25, COVID-19 Activity, provides narrative and tabular disclosures for unemployment programs authorized by the EUIA Act and CARES Act, as amended. Among other things, the presentation provides information in tabular form using the COVID-19 related Disaster and Emergency Funding (DEF) Codes as defined by OMB.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 2 - FUND BALANCE WITH TREASURY**

Fund Balance with Treasury as of September 30, 2022 consisted of the following:

<b>(Dollars in thousands)</b>	<b>Revolving Funds</b>	<b>Trust Funds</b>	<b>Special Funds</b>	<b>General Funds</b>	<b>Other</b>	<b>Total</b>
Unobligated Balance Available	\$ 133,521	\$ 145	\$ 40,334	\$ 5,407,579	\$ -	\$ 5,581,579
Unobligated Balance Unavailable	15,200	-	208,964	1,613,187	-	1,837,351
Obligated Balance Not Yet Disbursed	266,789	2,919,990	342,909	13,650,438	-	17,180,126
Non-Budgetary Fund Balance with Treasury	-	702,327	-	-	4,229	706,556
Total Entity Assets	415,510	3,622,462	592,207	20,671,204	4,229	25,305,612
Non-entity Assets	-	(150)	-	-	698	548
Fund Balance with Treasury	<u>\$ 415,510</u>	<u>\$ 3,622,312</u>	<u>\$ 592,207</u>	<u>\$ 20,671,204</u>	<u>\$ 4,927</u>	<u>\$ 25,306,160</u>

Obligated and unobligated balances differ from the amounts reported on the Combined Statement 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, 2022, 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, 2022 include \$1,817.7 million of funds apportioned for use in the subsequent period.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

**NOTE 3 - INVESTMENTS, NET**

Investments, net as of September 30, 2022 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Face Value</u>	<u>Premium (Discount)</u>	<u>Interest Receivable</u>	<u>Net Value</u>	<u>Market Value</u>
<b>Unemployment Trust Fund</b>					
<u>Non-marketable</u>					
Special Issue Certificate of Indebtedness					
1.625% maturing June 30, 2023	\$ 59,583,192	\$ -	\$ 242,057	\$ 59,825,249	\$ 59,583,192
1.750% maturing June 30, 2023	2,737,073	-	9,405	2,746,478	2,737,073
1.875% maturing June 30, 2023	<u>11,267,163</u>	<u>-</u>	<u>24,429</u>	<u>11,291,592</u>	<u>11,267,163</u>
	<u>\$ 73,587,428</u>	<u>\$ -</u>	<u>\$ 275,891</u>	<u>\$ 73,863,319</u>	<u>\$ 73,587,428</u>
<b>Panama Canal Commission</b>					
<b>Compensation Fund</b>					
<u>Marketable</u>					
U.S. Treasury Notes					
1.625% maturing November 15, 2022	<u>14,980</u>	<u>26</u>	<u>91</u>	<u>15,097</u>	<u>14,980</u>
	<u>\$ 73,602,408</u>	<u>\$ 26</u>	<u>\$ 275,982</u>	<u>\$ 73,878,416</u>	<u>\$ 73,602,408</u>
<b>Entity Investments</b>	\$ 73,516,732	\$ 26	\$ 275,661	\$ 73,792,419	\$ 73,516,732
<b>Non-entity investments</b>	<u>85,676</u>	<u>-</u>	<u>321</u>	<u>85,997</u>	<u>85,676</u>
	<u>\$ 73,602,408</u>	<u>\$ 26</u>	<u>\$ 275,982</u>	<u>\$ 73,878,416</u>	<u>\$ 73,602,408</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 4 - ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net as of September 30, 2022 consisted of the following:

<u>(Dollars In thousands)</u>	<u>Gross Receivables</u>	<u>Allowance</u>	<u>Net Receivables</u>
<b>Entity Intra-governmental assets</b>			
Due for UCFE and UCX benefits	\$ 115,722	\$ -	\$ 115,722
Due for workers' compensation benefits	4,515,372	-	4,515,372
Other	18,543	-	18,543
	<u>4,649,637</u>	<u>-</u>	<u>4,649,637</u>
<b>Entity with the public assets</b>			
State unemployment taxes	2,700,662	(766,349)	1,934,313
Due from reimbursable employers	498,110	(98,316)	399,794
Benefit overpayments	58,799,394	(55,275,749)	3,523,645
Other	4,899	(1,681)	3,218
	<u>62,003,065</u>	<u>(56,142,095)</u>	<u>5,860,970</u>
<b>Non-entity with the public assets</b>			
Fines and penalties	188,878	(57,034)	131,844
Total accounts receivable with the public	<u>62,191,943</u>	<u>(56,199,129)</u>	<u>5,992,814</u>
	<u>\$ 66,841,580</u>	<u>\$ (56,199,129)</u>	<u>\$ 10,642,451</u>

As of September 30, 2022 intra-government balances due for workers' compensation benefits include \$1.31 billion in receivables due from the U.S. Postal Service (USPS). Subsequently, USPS paid all outstanding 2022 balances that were billed. In general, OWCP considers all intra-governmental receivables to be fully collectible. Specific statutory provisions require agencies to reimburse the FECA Special Benefit Fund.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

**NOTE 5 - GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET**

General property, plant, and equipment, net as of September 30, 2022 consisted of the following:

<b>(Dollars in thousands)</b>	<b>2022</b>		
	<b>Cost</b>	<b>Accumulated Depreciation/ Amortization</b>	<b>Net Book Value</b>
<b>Structures, facilities and improvements</b>			
Structures and facilities	\$ 1,642,250	\$ (948,840)	\$ 693,410
Improvements to leased facilities	390,000	(339,473)	50,527
	<u>2,032,250</u>	<u>(1,288,313)</u>	<u>743,937</u>
<b>Furniture and equipment</b>			
Equipment held by contractors	6,530	(6,530)	-
Furniture and equipment	47,067	(35,614)	11,453
	<u>53,597</u>	<u>(42,144)</u>	<u>11,453</u>
<b>Internal-Use Software and Internal-Use Software In Development</b>	350,143	(244,355)	105,788
<b>Construction-in-progress</b>	89,085	-	89,085
<b>Land</b>	97,472	-	97,472
	<u>\$ 2,622,547</u>	<u>\$ (1,574,812)</u>	<u>\$ 1,047,735</u>

**(Dollars in thousands)**

	<b>2022</b>
Beginning balance, as of October 1, 2021	\$ 1,069,868
Capitalized acquisitions	38,127
Dispositions	(1,161)
Revaluations	(3,563)
Depreciation Expense	(55,536)
Ending balance, as of September 30, 2022	<u>\$ 1,047,735</u>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 6 - ADVANCES AND PREPAYMENTS**

Advances and prepayments as of September 30, 2022 consisted of the following:

<u>(Dollars in thousands)</u>	<u>2022</u>
Intra-governmental	
Advances	\$ 11,138
With the public	
Advances to states for UI benefit payments	10,715,585
Other	1,911
	<u>10,717,496</u>
	<u>\$ 10,728,634</u>

**NOTE 7 - NON-ENTITY ASSETS**

Non-entity assets as of September 30, 2022 consisted of the following:

<u>(Dollars in thousands)</u>	<u>2022</u>
Intra-governmental	
Fund Balance with Treasury	\$ 548
Investments, net	85,997
	<u>86,545</u>
With the public	
Accounts receivable, net	131,844
Total non-entity assets	218,389
Total entity assets	121,385,007
Total assets	<u>\$ 121,603,396</u>

**NOTE 8 - DEBT**

Debt during the year ended September 30, 2022 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Balance at October 1, 2021</u>	<u>Additional Borrowing</u>	<u>Repayment of Debt</u>	<u>Interest Change</u>	<u>Balance at September 30, 2022</u>
Intra-governmental debt to Treasury					
Unemployment Trust Fund					
Advances from U.S. Treasury	\$ 55,065,648	\$ -	\$ (15,500,000)	\$ (14,258)	\$ 39,551,390
Black Lung Disability Trust Fund					
Borrowing from U.S. Treasury	6,352,514	2,562,893	(2,432,886)	74,732	6,557,253
	<u>\$ 61,418,162</u>	<u>\$ 2,562,893</u>	<u>\$ (17,932,886)</u>	<u>\$ 60,474</u>	<u>\$ 46,108,643</u>

For the year ended September 30, 2022, interest expense for the UTF was \$901.6 million, of which \$850.2 million was paid along with \$51.4 million in accrued interest through September 30, 2022.

For the year ended September 30, 2022, interest expense for the BLDTF was \$180.0 million, of which \$105.3 million was paid, through September 2022 and \$74.7 million in capitalized interest.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 9 - OTHER LIABILITIES**

Other liabilities as of September 30, 2022 consisted of the following:

<b><u>(Dollars in thousands)</u></b>	<b><u>2022</u></b>
Intra-governmental	
Non-entity receivables due to U.S. Treasury	\$ 131,844
Accrued payroll and other liabilities	48,050
Total intra-governmental	<u>179,894</u>
With the public	
Capital lease liability	26,409
Accrued funded payroll and leave and other liabilities	119,595
Total with the public	<u>146,004</u>
	<u>\$ 325,898</u>

The amounts above are current liabilities, except for the capital lease liability.

**NOTE 10 - BENEFITS DUE AND PAYABLE**

Benefits due and payable as of September 30, 2022 consisted of the following:

<b><u>(Dollars in thousands)</u></b>	<b><u>2022</u></b>
State regular and extended unemployment benefits	\$ 6,761,286
Federal regular and extended unemployment benefits	231,290
Federal emergency unemployment benefits	313,515
Federal pandemic emergency unemployment benefits	98,216
Federal pandemic unemployment assistance benefits	1,537,342
Federal employees unemployment benefits	176,145
Federal pandemic unemployment benefits	1,902,864
Federal additional unemployment benefits	25,823
Total unemployment benefits	<u>11,046,481</u>
Black lung disability benefits	12,199
Federal employees disability and 10(h) benefits	170,421
Energy employees occupational illness compensation benefits	39,079
	<u>\$ 11,268,180</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 11 - FEDERAL EMPLOYEE BENEFITS PAYABLE**

As of September 30, 2022, DOL's liability for the future workers' compensation benefits portion of Federal employee benefits payable consisted of the following:

<b>(Dollars in thousands)</b>	<b>2022</b>
<i>Projected gross liability of the Federal government for future FECA benefits</i>	<u>\$ 35,183,734</u>
<i>Less: Liabilities attributed to other agencies</i>	
United States Postal Service	(15,017,623)
Department of Homeland Security	(2,395,787)
Department of Veterans' Affairs	(2,243,021)
Department of the Navy	(1,730,624)
Department of Justice	(1,585,720)
Department of the Army	(1,443,706)
Department of the Air Force	(1,086,522)
Department of Transportation	(735,605)
Department of Agriculture	(624,725)
Department of Defense, Other	(604,620)
Department of the Interior	(539,193)
Department of the Treasury	(520,309)
Tennessee Valley Authority	(297,260)
Social Security Administration	(268,096)
Department of Health and Human Services	(242,215)
Department of Commerce	(144,380)
General Services Administration	(103,702)
Department of State	(99,617)
Department of Energy	(92,262)
Dept. of Housing and Urban Development	(61,646)
Environmental Protection Agency	(45,758)
Small Business Administration	(27,477)
Agency for International Development	(26,333)
Natl. Aeronautics & Space Administration	(25,693)
Department of Education	(15,009)
Office of Personnel Management	(6,884)
Nuclear Regulatory Commission	(3,552)
National Science Foundation	(1,264)
Other	(560,724)
	<u>(30,549,327)</u>
	<u>\$ 4,634,407</u>
<i>Projected liability of the Department of Labor for future FECA benefits</i>	
FECA benefits not chargeable to other Federal agencies payable by DOL's Federal Employees' Compensation Act Special Benefit Fund	\$ 4,435,293
FECA benefits due to eligible workers of DOL and Job Corps enrollees	158,273
FECA benefits due to eligible workers of the Panama Canal Commission	40,841
	<u>4,634,407</u>
Unfunded accrued annual leave and other*	<u>163,244</u>
Total Federal employee benefits payable	<u>\$ 4,797,651</u>

\*Unfunded accrued annual leave of \$159 million is included in the unfunded accrued annual leave and other.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 12 - LIABILITIES NOT COVERED BY BUDGETARY RESOURCES**

Liabilities not covered by budgetary resources as of September 30, 2022 consisted of the following:

<u>(Dollars in thousands)</u>	<u>2022</u>
Intra-governmental	
Debt	\$ 46,108,643
With the public	
Federal employee and benefits payable	3,138,476
Environmental and disposal liabilities	26,995
Accrued annual leave	144,024
Other	18,165
	<u>3,327,660</u>
Total liabilities not covered by budgetary resources	49,436,303
Total liabilities covered by budgetary resources	62,936,398
Total liabilities not requiring budgetary resources	137,188
	<u>\$ 112,509,889</u>

**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, 2022 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Employer Contributions</u>	<u>Costs Imputed by OPM</u>	<u>Total Pension Expense</u>
Civil Service Retirement System	\$ 2,713	\$ 10,208	\$ 12,921
Federal Employees' Retirement System	286,183	3,959	290,142
Thrift Savings Plan	69,651	-	69,651
	<u>\$ 358,547</u>	<u>\$ 14,167</u>	<u>\$ 372,714</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 15 - NET COST OF OPERATIONS**

Note 15 A presents detailed cost and revenue information by program and program agency (responsibility segment) in support of the summary information presented in the Consolidated Statement of Net Cost for the year ended September 30, 2022. Note 15 B 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)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

## NOTE 15 - NET COST OF OPERATIONS - Continued

## A. Consolidating Statement of Net Cost by Program Agency

Net cost of operations by program agency for the year ended September 30, 2022 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Employment and Training Administration</u>	<u>Office of Workers' Compensation Programs</u>	<u>Office of Job Corps</u>	<u>Occupational Safety and Health Administration</u>
<b>CROSCUTTING PROGRAMS</b>				
<b>Income maintenance</b>				
Gross costs	\$ 39,563,994	\$ 11,550,834	\$ -	\$ -
Less: earned revenue	(322,490)	(2,547,141)	-	-
Net program costs	<u>39,241,504</u>	<u>9,003,693</u>	<u>-</u>	<u>-</u>
<b>Employment and training</b>				
Gross costs	4,339,614	-	1,536,902	-
Less: earned revenue	(16,420)	-	(48)	-
Net program costs	<u>4,323,194</u>	<u>-</u>	<u>1,536,854</u>	<u>-</u>
<b>Labor, employment and pension standards</b>				
Gross costs	-	-	-	-
Less: earned revenue	-	-	-	-
Net program costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Worker safety and health</b>				
Gross costs	-	-	-	668,400
Less: earned revenue	-	-	-	(2,283)
Net program costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>666,117</u>
<b>OTHER PROGRAMS</b>				
<b>Statistics</b>				
Gross costs	-	-	-	-
Less: earned revenue	-	-	-	-
Net program costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>COSTS NOT ASSIGNED TO PROGRAMS</b>				
Gross costs	-	-	-	-
Less: earned revenue not attributed to programs	-	-	-	-
Net costs not assigned to programs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net cost of operations</b>	<u>\$ 43,564,698</u>	<u>\$ 9,003,693</u>	<u>\$ 1,536,854</u>	<u>\$ 666,117</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

<u>Bureau of Labor Statistics</u>	<u>Mine Safety and Health Administration</u>	<u>Employee Benefits Security Administration</u>	<u>Veterans' Employment and Training Service</u>	<u>Wage and Hour Division</u>	<u>Other Program Agencies</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 899	\$ 51,115,727
-	-	-	-	-	-	(2,869,631)
-	-	-	-	-	899	48,246,096
-	-	-	310,253	-	2,358	6,189,127
-	-	-	(132)	-	-	(16,600)
-	-	-	310,121	-	2,358	6,172,527
-	339	204,340	12,910	336,417	351,099	905,105
-	-	(1,459)	-	(2,758)	(2,854)	(7,071)
-	339	202,881	12,910	333,659	348,245	898,034
-	408,481	-	-	-	251	1,077,132
-	(525)	-	-	-	-	(2,808)
-	407,956	-	-	-	251	1,074,324
729,374	-	-	-	-	344	729,718
(36,573)	-	-	-	-	-	(36,573)
692,801	-	-	-	-	344	693,145
-	-	-	-	-	87,161	87,161
-	-	-	-	-	(37,420)	(37,420)
-	-	-	-	-	49,741	49,741
<u>\$ 692,801</u>	<u>\$ 408,295</u>	<u>\$ 202,881</u>	<u>\$ 323,031</u>	<u>\$ 333,659</u>	<u>\$ 401,838</u>	<u>\$ 57,133,867</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

**NOTE 15 - NET COST OF OPERATIONS - Continued****B. Statement of Net Cost - Employment and Training Administration and Office of Workers' Compensation Programs**

Net cost of operations for the year ended September 30, 2022 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Employment and Training Administration</u>	<u>Office of Workers' Compensation Programs</u>
<b>CROSSCUTTING PROGRAMS</b>		
<b>Income maintenance</b>		
Benefits	\$ 8,478,162	\$ 10,934,628
Grants	5,583,478	-
Interest	904,367	180,010
Administrative and other	<u>24,597,987</u>	<u>436,196</u>
Gross costs	39,563,994	11,550,834
Less: earned revenue	<u>(322,490)</u>	<u>(2,547,141)</u>
Net program costs	<u>39,241,504</u>	<u>9,003,693</u>
<b>Employment and training</b>		
Grants	3,922,134	-
Administrative and other	<u>417,480</u>	-
Gross costs	4,339,614	-
Less: earned revenue	<u>(16,420)</u>	-
Net program costs	<u>4,323,194</u>	-
<b>Net cost of operations</b>	<u>\$ 43,564,698</u>	<u>\$ 9,003,693</u>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 16 - NON-EXCHANGE REVENUE**

Non-exchange revenues reported on the Consolidated Statement of Changes in Net Position for the year ended September 30, 2022 consisted of the following:

<u>(Dollars in thousands)</u>	<u>2022</u>
<b>Employer taxes</b>	
Unemployment Trust Fund	
State unemployment taxes	\$ 56,704,858
Federal unemployment taxes	6,917,965
	<u>63,622,823</u>
Black Lung Disability Trust Fund excise taxes	<u>180,320</u>
	<u>63,803,143</u>
<b>Interest</b>	
Unemployment Trust Fund	1,724,542
Other	2,057
	<u>1,726,599</u>
<b>Reimbursement of unemployment benefits and other</b>	<u>1,801,964</u>
	<u>\$ 67,331,706</u>

The FY 2022 balance of \$56.7 billion in State unemployment taxes is disaggregated by \$45.0 billion and \$11.7 billion earned for the current fiscal year.

**NOTE 17 - TRANSFERS IN/OUT WITHOUT REIMBURSEMENT**

Transfers from other Federal agencies for the year ended September 30, 2022 consisted of the following:

<u>(Dollars in thousands)</u>	<u>2022</u>
From H-1B Nonimmigrant Petitioner Account, Department of Homeland Security and Other	\$ 322,132
From DOL general fund unexpended appropriation accounts to the DOL Working Capital Fund	7
From Assets transferred out	<u>(16,700)</u>
	<u>\$ 305,439</u>

The balance of \$305.4 million in budgetary financing sources for FY 2022 reflects the elimination of intra-DOL transfers of \$20.6 billion.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

**NOTE 18 - STATUS OF BUDGETARY RESOURCES****A. Net Adjustment to Unobligated Balance, Brought Forward, October 1**

For the year ended September 30, 2022, certain adjustments were made to the balance of unobligated budgetary resources available as of October 1, 2021. 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 year ended September 30, 2022, are presented below.

<b>(Dollars in thousands)</b>	<b>2022</b>
<b>Unobligated balance, brought forward from prior year</b>	<b>\$ 7,339,111</b>
<b>Adjustments to budgetary resources made during current year</b>	
Downward adjustments of prior year undelivered orders	40,117,496
Downward adjustments of prior year delivered orders	16,511,207
Other Adjustments	(37,789,014)
	<u>18,839,689</u>
<b>Unobligated balance from prior year budget authority, net (discretionary and mandatory)</b>	<b>\$ 26,178,800</b>

**B. Permanent Indefinite Appropriations**

DOL's permanent indefinite appropriations include trust funds, the Federal Pandemic Unemployment Compensation (also known as the Federal Additional Unemployment Compensation), 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 Unemployment Trust Funds, 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, 2022 the Department returned unobligated, indefinite authority to Treasury in the amount of \$44.8 billion.

**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 as of September 30. Therefore, these excess receipts are reported as a reduction to Appropriations and Unobligated Balances – Exempt from Apportionment in the Combined Statement 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 Statement of Budgetary Resources to cover these obligations. All excess receipts are reported as assets of the UTF and are included in the Consolidated Balance Sheet.

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, 2022 reclassified from unobligated balances to UTF unavailable collections is presented on the following page.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 18 - STATUS OF BUDGETARY RESOURCES - Continued****C. Legal Arrangements Affecting Use of Unobligated Balances - Continued**

<u>(Dollars in millions)</u>	<u>2022</u>
<b>Unemployment Trust Fund unavallable collections, beginning</b>	<b>\$ 38,147</b>
Budget authority from current year appropriations	53,796
Less: obligations	<u>(30,093)</u>
Excess (deficit) of budget authority over obligations	<u>23,703</u>
<b>Unemployment Trust Fund unavallable collections, ending</b>	<b>\$ <u>61,850</u></b>

**D. Explanation of Differences between the Combined Statement of Budgetary Resources and the Budget of the United States Government for FY 2021**

The Budget of the United States Government with actual amounts for the year ended September 30, 2022, has not been published as of the issue date of these financial statements. This document will be available in February 2023 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 2021, to amounts included in the Budget of the United States Government for the year ended September 30, 2021, is shown below. DOL's FY 2021 AFR, which reports the Combined Statement of Budgetary Resources for FY 2021, is available on DOL's website.

<u>(Dollars in millions)</u>	<u>Budgetary Resources</u>	<u>New Obligations and Upward Adjustments</u>	<u>Distributed Offsetting Receipts</u>	<u>Net Outlays</u>
<b>Combined Statement of Budgetary Resources</b>	<b>\$ 651,089</b>	<b>\$ 643,749</b>	<b>\$ 177,840</b>	<b>\$ 586,156</b>
Pension Benefit Guaranty Corporation reported separately	55,818	6,991	-	(3,645)
Prior Year Immaterial Corrections of Errors	4,763	4,763	-	-
Fiduciary activity	155	101	-	101
Expired accounts	(1,340)	(41)	-	-
Other	<u>(7)</u>	<u>-</u>	<u>(1)</u>	<u>3</u>
<b>Budget of the United States Government</b>	<b>\$ <u>710,478</u></b>	<b>\$ <u>655,563</u></b>	<b>\$ <u>177,839</u></b>	<b>\$ <u>582,615</u></b>

**E. Undelivered Orders**

Undelivered orders as of September 30, 2022 consisted of the following:

<u>(Dollars in thousands)</u>	<u>2022</u>
<b>Intra-governmental</b>	
Undelivered orders (paid)	\$ 11,138
Undelivered orders (unpaid)	836,418
Total Intra-governmental	<u>847,556</u>
<b>With the Public</b>	
Undelivered orders (paid)	11,093,923
Undelivered orders (unpaid)	16,559,157
Total with the public	<u>27,653,080</u>
<b>Total undelivered orders</b>	<b>\$ <u>28,500,636</u></b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

**NOTE 18 - STATUS OF BUDGETARY RESOURCES - Continued****F. Appropriations Received**

Appropriations from the Consolidated Statement of Changes in Net Position and the Combined Statement of Budgetary Resources are reconciled below for the year ended September 30, 2022.

<u>(Dollars in millions)</u>	<u>2022</u>
<b>Appropriations Received, Consolidated Statement of Changes in Net Position</b>	<b>\$ 13,181</b>
<b>Receipts recognized as revenue in current and prior years</b>	
Unemployment Trust Fund	45,594
Black Lung Disability Trust Fund	159
Other funds from dedicated collections	250
<b>Repayment of debt from appropriated receipts</b>	
Unemployment Trust Fund	(15,500)
<b>Return of permanent indefinite authority</b>	<b>(438)</b>
<b>Reduction for sequestration, across the board reductions, and other</b>	<b>(51)</b>
	<u>30,014</u>
<b>Appropriations, Combined Statement of Budgetary Resources</b>	<b>\$ <u>43,195</u></b>

**G. Borrowing Authority**

As of September 30, 2022, P.L. 117-103 (preceded by four continuing resolutions) 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.

There was no borrowing authority exercised for the UTF for the year ended September 30, 2022. Borrowing authority exercised for the BLDTF in FY 2022 was \$2,725 million; most of the borrowing authority was used to repay debt of \$2,432 million.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 19 - RECONCILIATION OF NET COST TO NET OUTLAYS**

Budgetary and financial accounting information differ. The budgetary basis of 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. The financial accounting information is intended to provide a picture of the government's financial operations and financial position, so it presents information on the accrual basis of accounting. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of Total Net Outlays, presented on a budgetary basis, and the Net Cost of Operations, 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 of Operations and Total Net Outlays (Calculated Total).

The Accounts receivable, net line (with the public) decreased primarily due two reasons. First, the write-offs associated with unemployment benefits result in increases to bad debts expense, a non-cash expense, which increases the net cost of operations under the accrual basis but does not affect the Total Net Outlays under the budgetary basis. Second, in the accrual basis, the Accounts receivable, net line (with the public) decreased when the States collect the overpayments and deposit into their UTF accounts; in the budgetary basis, this offsets the outlays and reverses the timing difference that occurred in a prior period when the Accounts receivable, net line (with the public) first reported the receivables.

The Advances and prepayments line (with the public) and Benefits due and payable line (with the public) are primarily related to unemployment insurance activity that increased in a prior period due to the effects of the COVID-19 pandemic. For the Advances and prepayments line (with the public), in the budgetary basis, the outlays were recognized in a prior period when the UTF made advances to States that they will use for unemployment benefits. However, in the accrual basis, the unemployment benefit costs will not be included in the Net Cost of Operations until the States report the unemployment benefit costs that they incurred, which will then decrease their advances. This reflects a timing difference between when the States receive advances versus when States report the unemployment benefit costs.

In the accrual basis, the timing difference reverses when the Advances and prepayments (with the public) line decreases after the States report the unemployment benefit costs that they incurred; the costs are then included in the Net Cost of Operations, which reverses the timing difference.

For the Accounts Payable (with the public) line, in the accrual basis, the costs goods and services are reported when they are incurred. However, in the budgetary basis, the costs are reported in outlays when they are paid. This reflects a timing difference between when DOL reports costs for goods and services versus when DOL pays them.

For the Benefits due and payable (with the public) line, in the accrual basis, the benefits costs for unemployment insurance were included in the Net Cost of Operations as expenses in a prior period; part of the expenses were reported by the States and are awaiting payment, whereas the other part of the expenses were "incurred but not reported" (IBNR). The IBNR expenses were adjustments DOL makes to estimate what States will report as expenses that occurred during FY 2021, but had not yet reported. In the accrual basis, the benefits costs increased the Benefits due and payable in a prior period, but in the budgetary basis, the outlays will not be recognized until the payments are made. This reflects a timing difference between when DOL recognizes costs for unemployment benefits versus when DOL pays them.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 19 - RECONCILIATION OF NET COST TO NET OUTLAYS - Continued**

In the accrual basis, the timing difference reverses when the Benefits due and payable line (with the public) decreases after the payments are made and the Total Net Outlays recognizes these payments in the current period.

For the Federal employee benefits payable line (with the public), in the accrual basis, an expense for the increase in the actuarial liability of future workers' compensation is reported in the Net Cost of Operations, but is not reported in Total Net Outlays until the benefits for workers' compensation are paid, resulting in a timing difference.

The Other Liabilities line (with the public) was 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. The increase in actuarial liability was primarily due to the increase in the number of Part E approved cases and the increase in Part E compensation benefits per case, offset by the decrease due to the change in mortality tables. In the accrual basis, the entire workers' compensation expense (for the increase in actuarial liability) was included in the Net Cost of Operations, even though the benefits may be paid over several decades. In the budgetary basis, the outlays will not be 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 (primarily with the public) and Intra-DOL outlays (intra-governmental) were, for the most part, related to unemployment insurance activity. As authorized by the CARES Act, as amended, DOL made transfers (as non-repayable advances) to the UTF to fund unemployment benefits. In the accrual basis, DOL reported one side of the transfer as "Transfers out without reimbursement," the UTF reported 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) as "Transfers in/out without reimbursement." In a similar manner, in the budgetary basis, DOL's transfer-out to the UTF was reported on the line for Outlays, net and the UTF's transfer-in was reported on the line for Distributed offsetting receipts on the Statement of Budgetary Resources (SBR); the SCNP and the SBR use different terminology for the transfers of non-repayable advances. Because this activity was reported on the SCNP and not as part of net costs, it is a reconciling item between the Total Net Outlays which uses the budgetary basis on the SBR and the Net Costs of Operations which uses the accrual basis on the Statement of Net Costs. However, the transfer-in and transfer-out offset each other.

The Other temporary timing differences line (with the public) primarily represents the net effect of immaterial corrections of errors affecting the ending balances (with the public) of Accounts receivable, net, Advances and prepayments, and Benefits due and payable. The immaterial corrections of errors are reported as an adjustment to the beginning balances of Unexpended appropriations and Cumulative results of operations at October 1, 2021 and are included in the ending balances for Total net position as of September 30, 2022.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 19 - RECONCILIATION OF NET COST TO NET OUTLAYS - Continued**

The reconciliation for the year ended September 30, 2022 is shown below.

<b>(Dollars In thousands)</b>	<u>Intra-governmental</u>	<u>With the public</u>	<u>Total</u>
<b>NET COST OF OPERATIONS</b>	\$ (666,665)	\$ 57,800,532	\$ 57,133,867
<b>Components of net cost not part of the budgetary outlays</b>			
Property, plant, and equipment depreciation expense	-	(55,628)	(55,628)
Applied overhead/cost capitalization offset	-	26,381	26,381
Gains/Losses on all other investments	-	15,816	15,816
<b>Increase/(Decrease) In Assets:</b>			
Accounts receivable, net	(104,418)	(1,714,721)	(1,819,139)
Advances and prepayments	4,107	(2,253,797)	(2,249,690)
<b>(Increase)/Decrease In Liabilities:</b>			
Accounts payable	(5,915)	356,342	350,427
Debt	(74,733)	-	(74,733)
Environmental and disposal liabilities	-	1,562	1,562
Benefits due and payable	-	8,174,498	8,174,498
Federal employee benefits payable	-	(770,345)	(770,345)
Other liabilities	(2,623)	(5,140,796)	(5,143,419)
<b>Financing Sources:</b>			
Imputed Cost	(115,715)	-	(115,715)
<b>Total Components of net operating cost not part of the budgetary outlays</b>	<u>(299,297)</u>	<u>(1,360,688)</u>	<u>(1,659,985)</u>
<b>Components of the budget outlays that are not part of net operating cost</b>			
Acquisition of capital assets	-	4,206	4,206
<b>Financing Sources:</b>			
Transfers in/out without reimbursement	(123)	-	(123)
<b>Total Components of the budget outlays that are not part of net operating cost</b>	<u>(123)</u>	<u>4,206</u>	<u>4,083</u>
<b>Misc Items</b>			
Distributed offsetting receipts	(128,294)	(672,333)	(800,627)
Custodial/Non-exchange revenue	9,641	(2,205)	7,436
Other Temporary Timing Differences	22,177	(6,533,570)	(6,511,393)
Intra-DOL outlays	990,099	-	990,099
<b>Total Other Reconciling Items</b>	<u>893,623</u>	<u>(7,208,108)</u>	<u>(6,314,485)</u>
<b>Total Net Outlays (Calculated Total)</b>			<u>\$ 49,163,480</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

**NOTE 20 - CUSTODIAL NON-EXCHANGE REVENUE**

Custodial non-exchange revenue for the year ended September 30, 2022 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Current Fiscal Year</u>	<u>Prior Fiscal Year 2021</u>	<u>Prior Fiscal Year 2020</u>	<u>All Other Prior Fiscal Years</u>	<u>Current Year Collections</u>
Fines, penalties, interest and other revenue					
Occupational Safety and Health Administration	\$ 19,132	\$ -	\$ -	\$ -	\$ 19,132
Mine Safety and Health Administration	33,629	3	-	-	33,632
Employee Benefits Security Administration	39,084	-	-	-	39,084
Wage and Hour Division	30,922	-	-	906	31,828
Other	4,619	-	-	-	4,619
	<u>127,386</u>	<u>3</u>	<u>-</u>	<u>906</u>	<u>128,295</u>
Less: amounts collected for non-federal entities	-	-	-	(758)	(758)
<b>Total amount of federal revenues collected</b>	<u>\$ 127,386</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 148</u>	<u>\$ 127,537</u>

Refunds for the for the year ended September 30, 2022 consisted of the following:

<u>(Dollars in thousands)</u>	<u>Current Fiscal Year</u>	<u>Prior Fiscal Year 2021</u>	<u>Prior Fiscal Year 2020</u>	<u>All Other Prior Fiscal Years</u>	<u>Current Year Refunds</u>
Refunds					
Occupational Safety and Health Administration	\$ 636	\$ -	\$ -	\$ -	\$ 636
Mine Safety and Health Administration	194	273	40	-	507
Employee Benefits Security Administration	315	381	203	3	902
<b>Total amount of refunds</b>	<u>\$ 1,145</u>	<u>\$ 654</u>	<u>\$ 243</u>	<u>\$ 3</u>	<u>\$ 2,045</u>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**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 combined values and consolidated values are the same values.

The financial position of the funds from dedicated collections as of September 30, 2022 is shown below.

<u>(Dollars in thousands)</u>	<u>Unemployment</u>	<u>Black Lung Disability</u>	<u>Other</u>	<u>Total</u>
<b>ASSETS</b>				
Intra-governmental				
Fund Balance with Treasury	\$ 3,340,088	\$ 282,080	\$ 592,353	\$ 4,214,521
Investments, net	73,863,319	-	15,097	73,878,416
Accounts receivable, net				
Due from other Federal agencies for UCFE and UCX benefits	115,722	-	-	115,722
Other	-	-	31,866	31,866
Total intra-governmental	<u>77,319,129</u>	<u>282,080</u>	<u>639,316</u>	<u>78,240,525</u>
With the public				
Accounts receivable, net				
State unemployment tax	1,934,313	-	-	1,934,313
Due from reimbursable employers	399,794	-	-	399,794
Benefit overpayments	2,122,244	22,491	-	2,144,735
Other	1,415	-	5	1,420
General property, plant, and equipment, net	-	-	163	163
Advances and prepayments	9,488,299	-	-	9,488,299
Total with the public	<u>13,946,065</u>	<u>22,491</u>	<u>168</u>	<u>13,968,724</u>
<b>Total assets</b>	<b><u>\$ 91,265,194</u></b>	<b><u>\$ 304,571</u></b>	<b><u>\$ 639,484</u></b>	<b><u>\$ 92,209,249</u></b>
<b>LIABILITIES AND NET POSITION</b>				
<b>Liabilities</b>				
Intra departmental and intra-governmental				
Accounts payable to DOL agencies	\$ 3,514,692	\$ -	\$ -	\$ 3,514,692
Debt	39,551,390	6,557,253	-	46,108,643
Amounts held for the Railroad Retirement Board	85,848	-	-	85,848
Other liabilities	-	-	4,346	4,346
Total intra-governmental	<u>43,151,930</u>	<u>6,557,253</u>	<u>4,346</u>	<u>49,713,529</u>
With the public				
Accounts payable	-	-	6,077	6,077
Federal employee benefits payable	-	-	40,841	40,841
Accrued benefits	9,117,795	8,711	-	9,126,506
Other liabilities	-	-	24,027	24,027
Total with the public	<u>9,117,795</u>	<u>8,711</u>	<u>70,945</u>	<u>9,197,451</u>
<b>Total liabilities</b>	<b><u>52,269,725</u></b>	<b><u>6,565,964</u></b>	<b><u>75,291</u></b>	<b><u>58,910,980</u></b>
<b>Net position</b>				
Cumulative results of operations	<u>38,995,469</u>	<u>(6,261,393)</u>	<u>564,193</u>	<u>33,298,269</u>
<b>Total liabilities and net position</b>	<b><u>\$ 91,265,194</u></b>	<b><u>\$ 304,571</u></b>	<b><u>\$ 639,484</u></b>	<b><u>\$ 92,209,249</u></b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

**NOTE 21 - FUNDS FROM DEDICATED COLLECTIONS - Continued**

The net results of operations of the funds from dedicated collections for the year ended September 30, 2022 are shown below.

<u>(Dollars in thousands)</u>	<u>Unemployment</u>	<u>Black Lung Disability</u>	<u>Other</u>	<u>Total</u>
<b>Cost, net of earned revenues</b>				
Benefits	\$ (11,848,688)	\$ (110,389)	\$ -	\$ (11,959,077)
Grants	(66,082)	-	(97,397)	(163,479)
Interest	(904,367)	(180,010)	-	(1,084,377)
Administrative and other	(16,685,775)	297	(66,389)	(16,751,867)
	<u>(29,504,912)</u>	<u>(290,102)</u>	<u>(163,786)</u>	<u>(29,958,800)</u>
Less: earned revenue	307,811	-	144	307,955
Net cost of operations	<u>(29,197,101)</u>	<u>(290,102)</u>	<u>(163,642)</u>	<u>(29,650,845)</u>
<b>Cumulative results of operations</b>				
<b>Beginning balance</b>	14,127,371	(6,078,761)	477,774	8,526,384
Corrections of errors	7,347,030	-	-	7,347,030
<b>Beginning balance, as adjusted</b>	<u>21,474,401</u>	<u>(6,078,761)</u>	<u>477,774</u>	<u>15,873,414</u>
<b>Non-exchange revenue</b>				
Non-exchange revenue with the public				
Employment Taxes	56,704,858	-	-	56,704,858
Interest	653,183	2,028	-	655,211
Reimbursement of unemployment benefits and other	1,802,670	-	-	1,802,670
Total Non-exchange revenue with the public	<u>59,160,711</u>	<u>2,028</u>	<u>-</u>	<u>59,162,739</u>
Intragovernmental Non-exchange revenue				
Employment Taxes	6,917,965	-	-	6,917,965
Excise tax and customs	-	180,320	-	180,320
Interest	1,071,359	-	28	1,071,387
Reimbursement of unemployment benefits and other	-	-	(706)	(706)
Total Intragovernmental Non-exchange revenue	<u>7,989,324</u>	<u>180,320</u>	<u>(678)</u>	<u>8,168,966</u>
Total Non-exchange revenue	<u>67,150,035</u>	<u>182,348</u>	<u>(678)</u>	<u>67,331,705</u>
Imputed financing	-	-	1,468	1,468
Transfers-in				
Department of Homeland Security	-	-	340,332	340,332
DOL entities	-	-	144	144
Transfers-out				
Department of Homeland Security	-	-	(90,315)	(90,315)
DOL entities	(20,431,866)	(74,878)	(144)	(20,506,888)
Other	-	-	(746)	(746)
	<u>46,718,169</u>	<u>107,470</u>	<u>250,061</u>	<u>47,075,700</u>
Change in net position	<u>17,521,068</u>	<u>(182,632)</u>	<u>86,419</u>	<u>17,424,855</u>
<b>Net position, end of year</b>	<u>\$ 38,995,469</u>	<u>\$ (6,261,393)</u>	<u>\$ 564,193</u>	<u>\$ 33,298,269</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**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, 2022 is shown below.

<b>(Dollars in thousands)</b>	<b>Wage and Hour and Public Contracts Restitution Fund</b>	<b>Longshore and Harbor Workers' Compensation Act Trust Fund</b>	<b>District of Columbia Workmen's Compensation Act Trust Fund</b>	<b>Davis-Bacon Act Trust Fund</b>	<b>Total Fiduciary Funds</b>
<b>Fiduciary net assets, beginning of year</b>	\$ 171,378	\$ 36,629	\$ 2,458	\$ -	\$ 210,465
Assessments	101,880	86,573	4,891	-	193,344
Investment earnings	-	287	21	-	308
Administrative and other expenses	-	(2,364)	4	-	(2,360)
Transfer of funds	(21,105)	-	-	-	(21,105)
Disbursements to and on behalf of beneficiaries	(61,245)	(88,539)	(5,242)	-	(155,026)
Increase (decrease) in fiduciary net assets	19,530	(4,043)	(326)	-	15,161
<b>Fiduciary net assets, end of year</b>	<b>\$ 190,908</b>	<b>\$ 32,586</b>	<b>\$ 2,132</b>	<b>\$ -</b>	<b>\$ 225,626</b>
<b>Fiduciary assets</b>					
Fund Balance with Treasury	\$ 187,661	6,363	1,299	5,208	\$ 200,531
Investments in Treasury Securities	-	58,000	2,000	-	60,000
Other assets	3,247	11,386	27	-	14,660
Less: liabilities	-	(43,163)	(1,194)	(5,208)	(49,565)
<b>Total fiduciary net assets</b>	<b>\$ 190,908</b>	<b>\$ 32,586</b>	<b>\$ 2,132</b>	<b>\$ -</b>	<b>\$ 225,626</b>

The FY 2020 audits were performed on the Longshore and Harbor Workers' Compensation Act Trust Fund and the District of Columbia Workmen's Compensation Act Trust Fund and are available on DOL's website.

**NOTE 23 - SUBSEQUENT EVENTS**

Management has determined that there are no subsequent events requiring accrual or disclosure through December 13, 2022.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 24 - RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS**

The Treasury's FRUSG compilation process requires DOL to submit an adjusted trial balance as of September 30, 2022; the adjusted trial balance is a listing of amounts by U.S. Standard General Ledger account that appear in DOL's FY 2022 consolidated financial statements. Treasury uses the adjusted trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop its Reclassified Statement of Net Cost and Changes in Net Position for the year ended September 30, 2022 for each component reporting entity, which is accessed using GTAS. Treasury eliminates intra-governmental balances among the component reporting entities' reclassified financial statements and aggregates financial statement lines with the same title to develop the FY 2022 governmentwide financial statements in the FRUSG.

As required by OMB Circular A-136, this note discloses DOL's FY 2022 Consolidated Statements of Net Cost and Changes in Net Position as reclassified financial statements for use in Treasury's FRUSG compilation process; the reclassified Consolidated Statements of Net Cost and Changes in Net Position are presented prior to elimination of intra-governmental balances and prior to aggregation of repeated governmentwide financial statement line items. The FY 2022 FRUSG will be posted to the Treasury's website as soon as it is released.

The term "Intragovernmental" 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 24 - RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS - Continued****A. Reclassification of Consolidated Statement of Net Costs to Line Items Used for the Government-wide Statement of Net Cost for the Year Ended September 30, 2022**

FY 2022 DOL SNC		Line Items Used to Prepare FY 2022 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		
<b>Non-Federal Costs</b>									
Gross cost	\$ 60,103,970	\$ 21,361,198	\$ -	\$ 29,934,663	\$ -	\$ 51,295,861	Non-Federal Gross Cost		
		21,361,198	-	29,934,663	-	51,295,861	<b>Total Non-Federal Costs</b>		
		<b>Intragovernmental Costs</b>							
		8,010	-	424,177	3,008	429,179	Benefit Program Costs		
		1,468	-	114,248	-	115,716	Imputed Costs		
		155,335	-	402,656	29,402	528,589	Buy/Sell Costs		
		925	-	-	-	925	Federal Securities Interest Expense		
		1,083,453	-	-	-	1,083,453	Borrowing and Other Interest Expense		
		1,381	-	115,218	-	116,599	Other Expenses (w/o Reciprocals)		
		1,250,572	-	1,056,299	32,410	2,274,461	<b>Total Intragovernmental Costs</b>		
Total gross cost	60,103,970	22,611,770	-	30,990,962	32,410	53,570,322	Total Reclassified Gross Costs		
<b>Non-Federal Earned Revenue</b>									
Less: Earned revenue	2,970,103	4,423	-	23,152	-	27,575	Non-Federal Earned Revenue		
		<b>Intragovernmental Revenue</b>							
		302,574	-	2,570,894	3,008	2,870,460	Benefit Program Revenue		
		-	-	98,478	29,402	69,076	Buy/Sell Revenue		
		-	-	2,249	-	2,249	Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)		
		958	-	-	-	958	Borrowing and Other Interest Revenue (Exchange)		
		303,532	-	2,671,621	32,410	2,942,743	<b>Total Intragovernmental Earned Revenue</b>		
Total earned revenue	2,970,103	307,955	-	2,694,773	32,410	2,970,318	Total Reclassified Earned Revenue		
<b>Net cost of operations</b>	<b>\$ 57,133,867</b>	<b>\$ 22,303,815</b>	<b>\$ -</b>	<b>\$ 28,296,189</b>	<b>\$ -</b>	<b>\$ 50,600,004</b>	<b>Net Cost</b>		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

**NOTE 24 - RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS - Continued**

**B. Reclassification of Consolidated Statement of Changes in Net Position to Line Items Used for the Government-wide Statement of Changes in Net Position for the Year Ended September 30, 2022**

FY 2022 DOL SCNP		Line Items Used to Prepare FY 2022 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
<b>UNEXPENDED APPROPRIATIONS</b>							
Unexpended appropriations, beginning balance	\$ 42,121,799	\$ -	\$ -	\$ 42,121,799	\$ -	\$ 42,121,799	Net Position, Beginning of Year (1 of 2)
Corrections of Errors	371,806	-	-	-	-	-	Total Reclassified Corrections of Errors (1 of 2)
<b>Beginning Balance, as adjusted</b>	<b>42,493,605</b>	-	-	<b>42,121,799</b>	-	<b>42,121,799</b>	
Appropriations received	13,181,281	-	-	13,181,281	-	13,181,281	Appropriations received as adjusted (rescissions and other adjustments) (1 of 2)
Other adjustments	(38,290,000)	-	-	(38,290,000)	-	(38,290,000)	Appropriations received as adjusted (rescissions and other adjustments) (2 of 2)
Appropriation used	6,100	-	-	377,906	-	377,906	Appropriations Used (Federal)
<b>Net Change in unexpended Appropriations</b>	<b>(25,102,619)</b>	-	-	<b>(24,730,813)</b>	-	<b>(24,730,813)</b>	
<b>Total unexpended appropriations</b>	<b>17,390,986</b>	-	-	<b>17,390,986</b>	-	<b>17,390,986</b>	<b>Total unexpended appropriations</b>
<b>CUMULATIVE RESULTS OF OPERATIONS</b>							
Cumulative results of operations, beginning balance	\$ (24,994,538)	\$ 8,526,384	\$ -	\$ (33,520,922)	\$ -	\$ (24,994,538)	Net Position, Beginning of Year (2 of 2)
Correction of errors	6,161,843	-	-	-	-	-	Total Reclassified Corrections of Errors (2 of 2)
<b>Beginning Balance, as adjusted</b>	<b>(18,832,695)</b>	<b>8,526,384</b>	-	<b>(33,520,922)</b>	-	<b>(24,994,538)</b>	
Other Adjustment	(1,439)	(746)	-	(693)	-	(1,439)	Revenue and Other Financing Sources - Cancellations
Appropriation used	(6,100)	-	-	(377,905)	-	(377,905)	Appropriations expended
							<b>Non-Federal Non-Exchange Revenues</b>
		56,704,858	-	-	-	56,704,858	Unemployment Taxes
		2,457,881	-	122,991	-	2,580,872	Other Taxes and Receipts (1 of 2)
		59,162,739	-	122,991	-	59,285,730	<b>Total Non-Federal Non-Exchange Revenue</b>
							<b>Federal Non-Exchange Revenue</b>
		1,071,387	-	-	-	1,071,387	Federal Securities Interest Revenue, including Associated Gains and Losses (Non-Exchange)
		7,098,285	-	-	-	7,098,285	Other Taxes and Receipts
		(706)	-	-	-	(706)	Accruals for Entity amounts to be collected in a TAS Other Than the General Fund of the U.S. Government - Nonexchange
		8,168,966	-	-	-	8,168,966	<b>Total Federal Non-Exchange Revenue</b>
<b>Total non-exchange revenues</b>	<b>67,331,706</b>	<b>67,331,705</b>	-	<b>122,991</b>	-	<b>67,454,696</b>	<b>Total Reclassified Non-Exchange Revenues</b>
			340,475	144	-	340,331	Appropriation of Unavailable Special/Trust Fund Receipts Transfers-In
			(18,459)	(144)	-	(18,315)	Appropriation of Unavailable Special/Trust Fund Receipts Transfers-Out
			-	72,000	72,000	-	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
			(72,000)	-	(72,000)	-	Non-expenditure transfers-out of unexpended appropriations and financing sources
			(15,730,907)	-	4,776,169	(10,954,861)	123 Expenditure Transfers-In of Financing Sources
			(4,775,836)	-	15,730,697	10,954,861	- Expenditure Transfers-Out of Financing Sources
			-	-	-	(16,700)	Transfers-out w/o reimbursement
<b>Total Transfers In/Out w/o Reimbursement</b>	<b>305,439</b>	<b>(20,256,727)</b>	-	<b>20,562,166</b>	-	<b>305,439</b>	<b>Total Reclassified Transfers-In/Out w/o Reimbursement - Budgetary</b>
Imputed financing	115,715	1,468	-	114,247	-	115,715	Imputed Financing Sources (Federal)
				23,482	-	23,482	Other Taxes and Receipts (2 of 2)
Other	(76,238)	-	-	(331,683)	-	(331,683)	Non-Entity Custodial Collections transferred to the General Fund
				108,758	-	108,758	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund
<b>Total other</b>	<b>(76,238)</b>	-	-	<b>(199,443)</b>	-	<b>(199,443)</b>	<b>Total Reclassified Other</b>
<b>Net cost of operations</b>	<b>(57,133,867)</b>	<b>(22,303,815)</b>	-	<b>(28,296,189)</b>	-	<b>(50,600,004)</b>	<b>Net cost of operations (+/-)</b>
<b>Net Change in Cumulative Results of Operations</b>	<b>10,535,216</b>	<b>24,771,885</b>	-	<b>(8,074,826)</b>	-	<b>16,697,059</b>	
<b>Ending balance - cumulative results of operations</b>	<b>(8,297,479)</b>	<b>33,298,269</b>	-	<b>(41,595,748)</b>	-	<b>(8,297,479)</b>	<b>Cumulative Results of Operations</b>
<b>Total net position</b>	<b>\$ 9,093,507</b>	<b>\$ 33,298,269</b>	<b>\$ -</b>	<b>\$ (24,204,762)</b>	<b>\$ -</b>	<b>\$ 9,093,507</b>	<b>Net Position</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 25 - COVID-19 ACTIVITY**

DOL has had significant activity related to COVID-19 across many programs which is presented in this note in accordance with specified Disaster and Emergency Funding (DEF) Codes used in GTAS reporting. The detail of these DEF Codes is outlined below.

- DEF Code "N": Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Pub. L. No. 116-136), Emergency
- DEF Code "O": Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (Pub. L. No. 116-136), Nonemergency; Consolidated Appropriations Act, 2021 (Pub. L. No. 116-260), Nonemergency; American Rescue Plan Act of 2021 (ARPA) (Pub. L. No. 117-2), Nonemergency
- DEF Code "V": American Rescue Plan Act of 2021 (Pub. L. No. 117-2), Nonemergency

The Emergency Unemployment Insurance Stabilization and Access (EUIA) Act and Coronavirus Aid, Relief, and Economic Security (CARES) Act were amended by the Continued Assistance for Unemployed Workers (CAUW) Act of 2020 and the American Rescue Plan (ARP) Act and included the following programs:

- EUIA Act Grants (See Note 1.A.3, Payments to the UTF)
- UI State Administration (See Note 1.A.3, SUIESO)
- FPUC (See Note 1.A.3, FPUC and Note 1.M.1, *Federal pandemic unemployment benefits*)
- MEUC (See Note 1.M.1, *Mixed Earner Unemployment Benefits*)
- PUA (See Note 1.A.3, Payments to the UTF, SUIESO and Note 1.M.1, *Federal pandemic unemployment assistance benefits*)
- PEUC (See Note 1.A.3, Payments to the UTF, SUIESO and Note 1.M.1, *Federal pandemic emergency unemployment benefits*)
- Temporary full funding of first week (See Note 1.A.3, Payments to the UTF and SUIESO)
- Short-time Compensation (See Note 1.A.3, Short-time Compensation)

DOL took on significant debt related to unemployment benefits resulting from COVID-19. The Federal Unemployment Account (FUA) provides advances to states whose unemployment insurance accounts are depleted. In FY 2022, the Department was authorized to receive funding of \$7 billion to cover advances to states for benefit expenses, however none of this borrowing authority was exercised. As of September 30, 2022, the FUA owed \$30 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.

The Emergency Unemployment Compensation Account (EUCA) provides funding for the payment of benefits under the Extended Benefit (EB) Program, which was made 100% Federally financed by the EUIA Act, as amended by the CAUW and ARP Acts. In FY 2022, the Department did not receive any funding to cover advances for the payment of EB. As of September 30, 2022, the EUCA owed \$9.5 billion of repayable advances to Treasury; the EUCA incurred the debt in order to pay the Federal share of EB. The EUCA is funded by indefinite authority.

DOL is responsible for the operation of certain funds that have COVID-19 activity, including FPUC and UTF. (See Note 1.A.3) Other funds with COVID-19 activity include OIG oversight activities which carried forward an unobligated balance of \$13.9 million from FY 2021, SUIESO which is funded by indefinite authority, and short-time compensation which carried forward an unobligated balance of \$0.3 million from FY 2021. (See Note 1.A.3)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

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**NOTE 25 - COVID-19 ACTIVITY - Continued**

COVID-19 had a significant impact to DOL's activities. Except as noted for FUA and EUCA above, see below for the significantly impacted areas.

**Assets**

As of September 30, 2022, DOL's Fund Balance with Treasury includes \$7.6 billion primarily in the UTF and FPUC programs due to obligated balances not yet disbursed related to accrued unemployment benefits. As of September 30, 2022, accounts receivable, net with the public include \$2.2 billion in receivables related to benefit overpayments from the COVID-19 related programs as states were still implementing programs and overpayment tracking systems. As of September 30, 2022, advances and prepayments with the public include \$4.5 billion in advances to states directly related to COVID-19 unemployment benefit programs.

**Liabilities**

As of September 30, 2022, benefits due and payable include \$3.8 billion related to COVID-19 unemployment benefit programs. These liabilities represent unemployment benefits in excess of state draws. (See program details in Note 10).

**Net Cost**

The Department's net cost of operations for COVID-19 programs for the year ended September 30, 2022 was \$9.7 billion, comprised mostly of unemployment benefit expenses for programs implemented in FY 2020 and ending in FY 2021.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended September 30, 2022

**NOTE 25 - COVID-19 ACTIVITY - Continued**

Budgetary balances and activity as of and for the year ended September 30, 2022 are shown below.

<u>(Dollars in thousands)</u>	<u>Funding (New Plus Carryforward)</u>	<u>Obligations Incurred</u>	<u>Outlays</u>
<b>Program</b>			
<b>EUISA Act Grants</b>	\$ -	\$ -	\$ 66,082
<b>UI State Administration</b>	87,007	87,007	579,050
<b>Federal Pandemic Unemployment Compensation (FPUC)*</b>			
FPUC Benefits	-	(19,747,258)	3,565,622
FPUC Administration	117,875	84,390	23,078
<b>Mixed Earner Unemployment Compensation (MEUC)*</b>			
MEUC Benefits	-	(1,192,066)	14,632
MEUC Administration	23,575	23,239	10,144
<b>Pandemic Unemployment Assistance (PUA)*</b>			
PUA Benefits	-	(8,751,189)	1,276,826
PUA Administration	565,800	435,693	1,007,063
PUA Territories	-	-	41,963
<b>Pandemic Emergency Unemployment Compensation (PEUC)*</b>			
PEUC Benefits	-	(4,710,724)	1,637,537
PEUC Administration	353,625	230,135	403,301
Reimbursements to governmental entities and non-profit organizations	-	-	875,792
<b>Temporary Full Funding of the First Week of Compensable UC*</b>			
First Week Benefits	-	-	713,660
First Week Administration	-	-	5
<b>Short-time Compensation (STC)*</b>			
STC CARES Act Full Benefits	-	(11,352)	217,654
STC CARES Act Grants	250	-	-
<b>UI Integrity</b>			
UI Integrity Grants	-	(1)	34,123
UI Integrity Contract and Staff	773,011	248,780	51,347
<b>Other Programs</b>	239,088	147,337	166,954
<b>Total</b>	<u>\$ 2,160,231</u>	<u>\$ (33,156,009)</u>	<u>\$ 10,684,833</u>

(\*) Funded by indefinite authority for which any unobligated balances are returned to Treasury at year-end.

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**Required Supplementary Information**  
**(Unaudited)**

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## 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 98.5 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 1.5 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 <sup>(1)</sup> 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 2021, the portfolio's aggregate FCI score for 4,618 constructed assets was 90 percent, and DM&R costs to return the portfolio to an acceptable condition were estimated at \$428.2 million, as adjusted for SFFAS 42, *Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32*. In FY 2022, the portfolio's aggregate FCI score for 4,650 constructed assets was 90 percent, and DM&R costs to return the portfolio to an acceptable condition are estimated at \$481.0 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.

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

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)

**Deferred Maintenance and Repairs Costs**  
(Dollars in Thousands)

Asset Category	FY 2022 Ending Balance	FY 2022 Beginning Balance
<b>Funded:</b>		
Structures, facilities and improvements		
Active	\$67,113	\$48,082
Inactive	31	288
Subtotal, funded	67,144	48,370
<b>Unfunded:</b>		
Structures, facilities and improvements		
Active	411,618	378,515
Inactive	2,238	1,356
Subtotal, unfunded	413,856	379,871
<b>Total</b>	<b>\$481,000</b>	<b>\$428,241</b>

**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. The significant increase of \$52.8 million in funded and unfunded deficiencies for active structures, facilities and improvements is the net result of new deficiencies identified during the facility survey process; deficiencies which may have had cost estimates revised or updated, deficiencies that have been funded, and deficiencies that have been completed.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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**LAND**

Effective for FY 2022 reporting, DOL implemented FASAB SFFAS 59, "Accounting and Reporting of Government Land." SFFAS 59, amended SFFAS 6 and other SFFAS to provide for disclosures of required supplementary information (RSI). In accordance with SFFAS 59, component reporting entities are required to make certain disclosures in RSI for FYs 2022 through 2025; beginning in FY 2026, the disclosures will be reported as basic information in the notes to the consolidated financial statements.

The majority of DOL's land is used as general-purpose PP&E to operate the Job Corps program. Land is also used as general-purpose PP&E by the Mine Safety and Health Administration (MSHA) to operate its certification and training centers. Land purchases are stated at cost and reported on the Consolidated Balance Sheet as of September 30, 2022. Consistent with the first year of implementation, disclosures are provided as of the beginning and end of FY 2022, October 1, 2021, and September 30, 2022, respectively.

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)

SFFAS 59 Accounting and Reporting of Government Land, Estimated Acreage by Predominant Use as of October 1, 2021	Categorized by Purpose or Intent at Acquisition	Sub-Categorized by Predominant Use				Explanatory Comments
		General PP&E Land Acres	Conservation and Preservation	Operational	Commercial Use	
<b>Employment and Training Administration (ETA)/Office of Job Corps (OJC)</b>						
ETA (OJC Land)	4,081.33	-	4,081.33	-	4,081.33	
OJC	157.63	-	157.63	-	157.63	
<b>Total ETA/OJC</b>	<b>4,238.96</b>	<b>-</b>	<b>4,238.96</b>	<b>-</b>	<b>4,238.96</b>	<b>1</b>
<b>Mine Safety and Health Administration (MSHA)</b>						
Approval and Certification Center Triadelphia, WV	909.00	-	909.00	-	909.00	2
National MSHA Academy Beaver, WV	12.00	-	12.00	-	12.00	3
<b>Total MSHA</b>	<b>921.00</b>	<b>-</b>	<b>921.00</b>	<b>-</b>	<b>921.00</b>	
<b>Total DOL</b>	<b>5,159.96</b>	<b>-</b>	<b>5,159.96</b>	<b>-</b>	<b>5,159.96</b>	

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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Explanatory Comments

1 - The OJC has 68 land holdings totaling 4,238.956 acres located in six regions across the United States. These land holdings are reported as ETA and OJC Fixed Asset Listings and managed by the Division of Facilities and Assets Management. The land holding in Atlanta, GA is inactive while Construction in Progress (CIP) is on hold due to contractor termination. All other properties are active and operational.

2 – The MSHA Approval and Certification Center (ACC) land is held for operational purposes. The land holds MSHA's facility for testing equipment and approves and certifies certain mining products for use in underground coal and gassy underground metal and nonmetal mines. The Center performs other technical functions in support of MSHA's programs where engineering, scientific, and technical expertise is provided to other Agency project areas.

3 - The National MSHA Academy land is held for operational purposes. The land holds MSHA's central training facility for federal mine inspectors, mine safety professionals from other government agencies, and the mining industry.

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)

SFFAS 59 Accounting and Reporting of Government Land, Estimated Acreage by Predominant Use as of September 30, 2022	Categorized by Purpose or Intent at Acquisition	Sub-Categorized by Predominant Use				Explanatory Comments
		General PP&E Land Acres	Conservation and Preservation	Operational	Commercial Use	
<b>Employment and Training Administration (ETA)/Office of Job Corps (OJC)</b>						
ETA (OJC Land)	3,879.96	-	3,879.96	-	3,879.96	
OJC	157.63	-	157.63	-	157.63	
<b>Total ETA/OJC</b>	<b>4,037.59</b>	<b>-</b>	<b>4,037.59</b>	<b>-</b>	<b>4,037.59</b>	<b>1</b>
<b>Mine Safety and Health Administration (MSHA)</b>						
Approval and Certification Center Triadelphia, WV	909.00	-	909.00	-	909.00	2
National MSHA Academy Beaver, WV	12.00	-	12.00	-	12.00	3
<b>Total MSHA</b>	<b>921.00</b>	<b>-</b>	<b>921.00</b>	<b>-</b>	<b>921.00</b>	
<b>Total DOL</b>	<b>4,958.59</b>	<b>-</b>	<b>4,958.59</b>	<b>-</b>	<b>4,958.59</b>	



**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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Explanatory Comments

1 - The Office of Job Corps has 69 land holdings totaling 4,037.59 acres located in 6 Regions across the United States. These land holdings are recorded in the ETA and OJC Set of books in the DOL Fixed Asset Listings. The land holdings are managed by the Division of Facilities and Assets Management. Of the 69 land holdings, five Job Corps Centers have parcels of approximately 869 acres of land placed in whole or in parts as GSA Excess Property. It would be anticipated to dispose of these Excess land holdings within the next two years. The land holding in Atlanta, GA is in-active as Construction in Progress (CIP) is on hold due to contractor termination. All other properties are active and operational.

2 - MSHA Approval and Certification Center (ACC) land is held for operational purposes. The land holds MSHA's facility for Testing equipment and approves and certifies certain mining products for use in underground coal and gassy underground metal and nonmetal mines. The Center performs other technical functions in support of MSHA's programs where engineering, scientific, and technical expertise is provided to other Agency project areas.

3 - The National MSHA Academy land is held for operational purposes. The land holds MSHA's central training facility for federal mine inspectors, mine safety professionals from other government agencies, and the mining industry.

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)

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**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.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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Federal Unemployment Taxes

Under the provisions of the Federal Unemployment Tax Act (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.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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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; P.L. 116-260, Division N, Title II, Subtitle A, Chapter 1, Continued Assistance to Unemployed Workers Act of 2020 (CAUW Act) and P.L. 117-2, American Rescue Plan Act of 2021 (ARP Act) extended this authority through September 6, 2021. For states' loans that were outstanding during the period September 7 through 30, 2021, interest accrued for that period and was due on September 30, 2021; interest continued to accrue during FY 2022, and was due on September 30, 2022.

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.

Notably, P.L. 117-2, section 9901, Coronavirus State and Local Fiscal Recovery Funds, provided for general funds, in addition to amounts otherwise available, to respond to the public health emergency with respect to the COVID-19 pandemic or its negative economic impacts, including assistance to households, small businesses, and nonprofits, among others.

## **REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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The Executive Branch established its policies on the use of these funds through, among other things, a final rule and updated Treasury guidance. Authorized uses by states include transfers from its Fiscal Recovery Fund for:

- Assistance to unemployed workers, including by continuing to provide additional weeks of unemployment benefits to workers whose benefits expired on September 6, 2021, and to workers outside of regular state UI programs and
- Deposits into the state account of the UTF up to the level needed to restore the prepandemic balances of such account as of January 27, 2020, or to repay advances received for the payment of benefits between January 27, 2020 and May 17, 2021. The final rule and updated Treasury guidance provide for, among other things, additional requirements about how the funds may be used and the maximum amount that may be used to repay advances.

### 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 EUIA 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 provided for, among other things, Federal funding of certain portions of unemployment assistance and benefits to individuals affected by the COVID-19 pandemic. Statutory weeks of eligibility varied according to the requirements of the relevant sections of the laws.

The CAUW Act, in general, for those programs with ending dates on or before December 31, 2020, amended the EUIA Act and CARES Act and extended the ending dates to on or before March 14, 2021. The ARP Act, in general, for those programs with ending dates on or before March 14, 2021, again amended the EUIA Act and CARES Act and further extended the ending dates to on or before September 6, 2021. Although the EUIA Act and CARES Act programs have expired, the Department continues to process transactions for statutory weeks of eligibility.

### 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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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 was from the date of the Federal-state agreement to December 31, 2020. In addition to extending the program, the CAUW Act decreased from 100 percent to 50 percent the Federal funding of regular unemployment for first week with no waiting week. In addition to further extending the program, the ARP Act resumed the 100 percent Federal funding of regular unemployment for first week with no waiting week and authorized in certain circumstances retroactive reimbursements for first weeks (with no waiting week) of unemployment.

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.

Section 4105 of the EUIA Act provided for 100 percent federal funding of extended benefits for states meeting certain requirements. Additionally, the EUIA Act provided federal matching of the first week of extended benefits for states that met waiting week requirements, providing either 50 percent or 100 percent based on whether states met qualifications associated with emergency administrative grants (also implemented through the EUIA Act). These programs were effective from the date of the Federal-state agreement to December 31, 2020 and were subsequently extended by the CAUW Act and ARP Act.

Emergency UI Benefits

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

Section 2107 of the CARES Act provided for 100 percent federal funding for Federal Pandemic Emergency Unemployment Compensation (PEUC). During the statutory eligible weeks of unemployment, PEUC provided emergency unemployment benefits to individuals who had exhausted their regular benefits in those states which participated in certain Federal-state agreements. The program applied to weeks of benefits which began after the date on which the Federal-state agreement was entered into and ended on or before December 31, 2020. In addition to extending the program, the CAUW Act and ARP Act increased the weeks of eligibility from 13 weeks to 24 weeks and 53 weeks, respectively.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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Federal Pandemic Unemployment Assistance

Federal Pandemic Unemployment Assistance (PUA) was a new program under section 2102 of the CARES Act. PUA covered individuals who may have 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 participated in certain Federal-state agreements. The program was effective for weeks of unemployment that began on or after January 27, 2020 and ended December 31, 2020 and was subsequently extended by the CAUW Act and ARP Act.

In February 2021, DOL issued guidance to the states which provided for expanded eligibility provisions for individuals who were denied benefits under other programs because they refused to return to work that was unsafe or accept an offer of new work. The guidance reflected a new policy/new interpretation of existing law under the CARES Act. In some cases, if the individuals had been receiving unemployment benefits under another program (e.g., regular, extended, PEUC) but were determined to be ineligible or disqualified under state law because they refused an offer of work at a worksite that was not in compliance with local, state, or national health and safety standards directly related to COVID-19, then the individuals would have been eligible for retroactive PUA benefits.

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 provided for Federal financing so that 50 percent of the reimbursements are returned to the governmental entities and non-profit organizations. The program was effective for weeks of unemployment which began on or after March 13, 2020 and ended December 31, 2020 and was subsequently extended by the CAUW Act and ARP Act. 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. The CARES Act, when further amended by the ARP Act, increased the Federal financing for the program from 50 percent to 75 percent.

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.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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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 participated in certain Federal-state agreements. FPUC was applicable to weeks of benefits which began after the date on which the Federal-state agreement was entered into, and ended on or before July 31, 2020. The benefit was not payable for any week of unemployment that ended after July 31, 2020. The CAUW Act reauthorized the FPUC program for the period after December 26, 2020 but ended on or before March 14, 2021 and reduced the weekly payment from \$600 to \$300. The ARP Act extended the \$300 weekly payments through weeks that ended on or before September 6, 2021. Because the funding for FPUC did not flow through the UTF, the discussions of expected economic conditions and sensitivity analyses do not include the FPUC program.

Mixed Earner Unemployment Compensation (MEUC)

The MEUC program, established by the CAUW Act, was intended to provide certain individuals (who had at least \$5,000 of self-employment income in the prior tax year) with a \$100 weekly supplemental payment in addition to the \$300 weekly FPUC supplemental payment and underlying UI benefit payment. The MEUC program was 100 percent Federally-funded; state participation was optional and participating states had to enter into certain Federal-state agreements. The program was authorized for weeks of unemployment that began after December 26, 2020 (or date of Federal-state agreement, if later) and extended by the ARP Act. Because the funding for MEUC did not flow through the UTF, the discussions of expected economic conditions and sensitivity analyses do not include the MEUC program.

Overpayment Waivers for CARES Act Programs

In May 2021, the Department issued policy instructions to the states for processing overpayment waivers, which, among other things, provided instructions for circumstances under which a state may waive recovery of overpayments. Federal law sets out the authority to waive recovery of overpayments under certain circumstances for the first week with no waiting week for regular state benefits and the programs for PEUC, PUA, FPUC, and MEUC. States have discretion on whether to exercise this waiver authority. The policy instructions provided criteria for waiving recovery of overpayments where an individual is without fault and scenarios for which states may process “blanket waivers” that allow states to waive recovery of overpayments for individuals based on the same set of facts. The Department issued additional policy instructions in February 2022. This policy, among other things, elaborated on the criteria for waiving recovery of overpayments where an individual is without fault, on a case-by-case basis, and expanding the existing limited scenarios for permissible use of blanket waivers.

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.



**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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Program Finances and Sustainability

As of September 30, 2022, total assets within the UTF exceeded total liabilities by \$39.0 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, 2022 was \$73.9 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 2022 was \$653.2 million. Federal and state UI tax and reimbursable revenues of \$58.5 billion and regular, extended, emergency, and disaster unemployment benefit payment expense of \$11.85 billion were recognized for the year ended September 30, 2022.

As discussed in Note 1-M.1 and disclosed in Note 10 to the consolidated financial statements, DOL recognized a liability for the following unemployment benefits due and payable: State regular and extended unemployment benefits, Federal regular and extended unemployment benefits, Federal pandemic emergency unemployment benefits, Federal pandemic unemployment assistance benefits, Federal pandemic unemployment benefits, Federal employees' unemployment benefits, Federal emergency unemployment benefits and Federal additional unemployment benefits 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 benefits as of September 30, 2022 were \$9.1 billion.

In FY 2021, 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; there was no new borrowing during FY 2022. As of September 30, 2022, the FUA's outstanding advances totaled \$30.0 billion at rates between 1.625 and 1.875 percent and the EUCA's outstanding advances totaled \$9.5 billion at rates of 1.625 and 1.75 percent.

**Subsequent Events**

Management has determined that there are no subsequent events requiring accrual or disclosure through December 13, 2022.

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.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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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 2022 as the base year. The valuation date for the projections is September 30, 2022. 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.

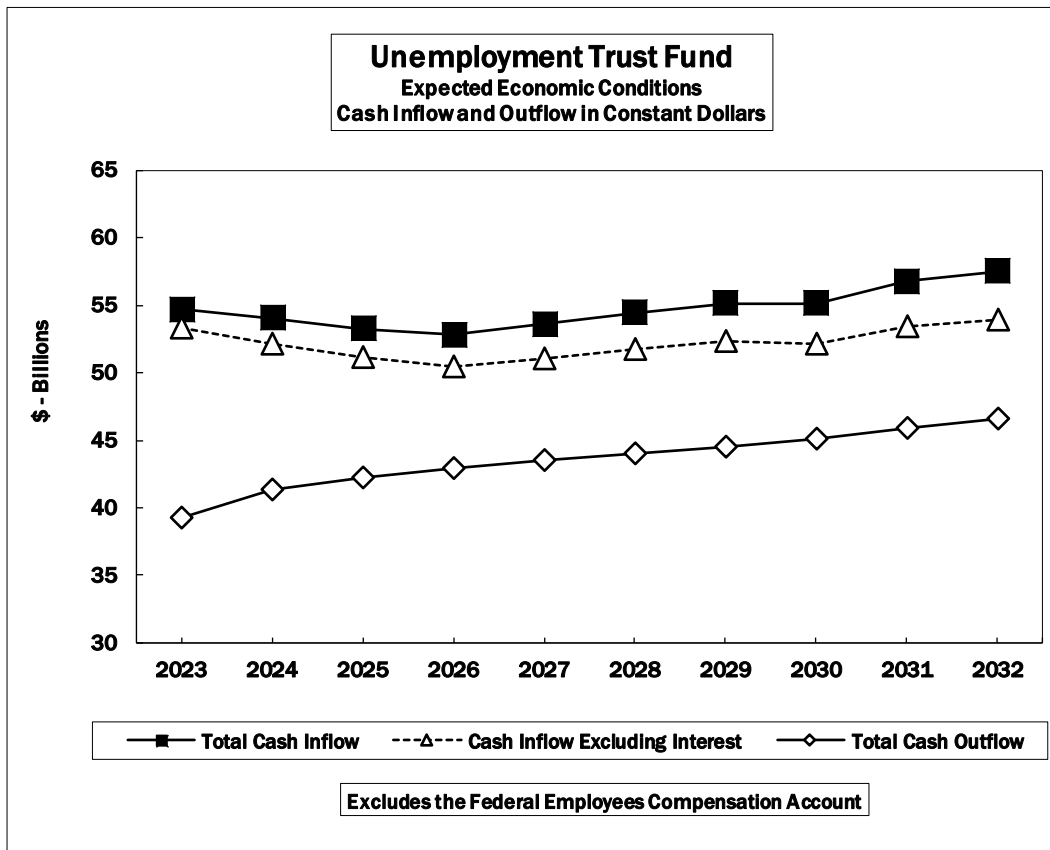
Projected Cash Inflows and Outflows, in Constant Dollars, Under Expected Economic Conditions

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 of 3.68 percent in FY 2023 and 3.80 percent for FYs 2024 through 2032. Total cash inflow exceeds total cash outflow through the entire projection period. As presented in table (1) Expected Economic Conditions, the net cash inflow (excluding interest) decreases from \$14.0 billion in FY 2023 to \$10.8 billion in FY 2024 and then to \$8.9 billion in FY 2025; levels remain steady between \$7.0 billion and nearly \$7.9 billion in FYs 2026 through 2032. The decrease in net cash inflow (excluding interest) between FY 2023 and FY 2025 from \$14.0 billion to \$8.9 billion occurs as economic activity that increased during the post-pandemic period returns to pre-pandemic levels. During the projection period, state unemployment tax collections remain steady between \$41.2 billion and \$44.2 billion and state unemployment benefits increase gradually from \$33.9 billion to \$41.8 billion. The level unemployment rate of 3.80 percent during FYs 2024 through 2032 leads to stable cash flows for net cash inflow (excluding interest), total cash inflow, and total cash outflow during FYs 2026 through 2032.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

Chart I



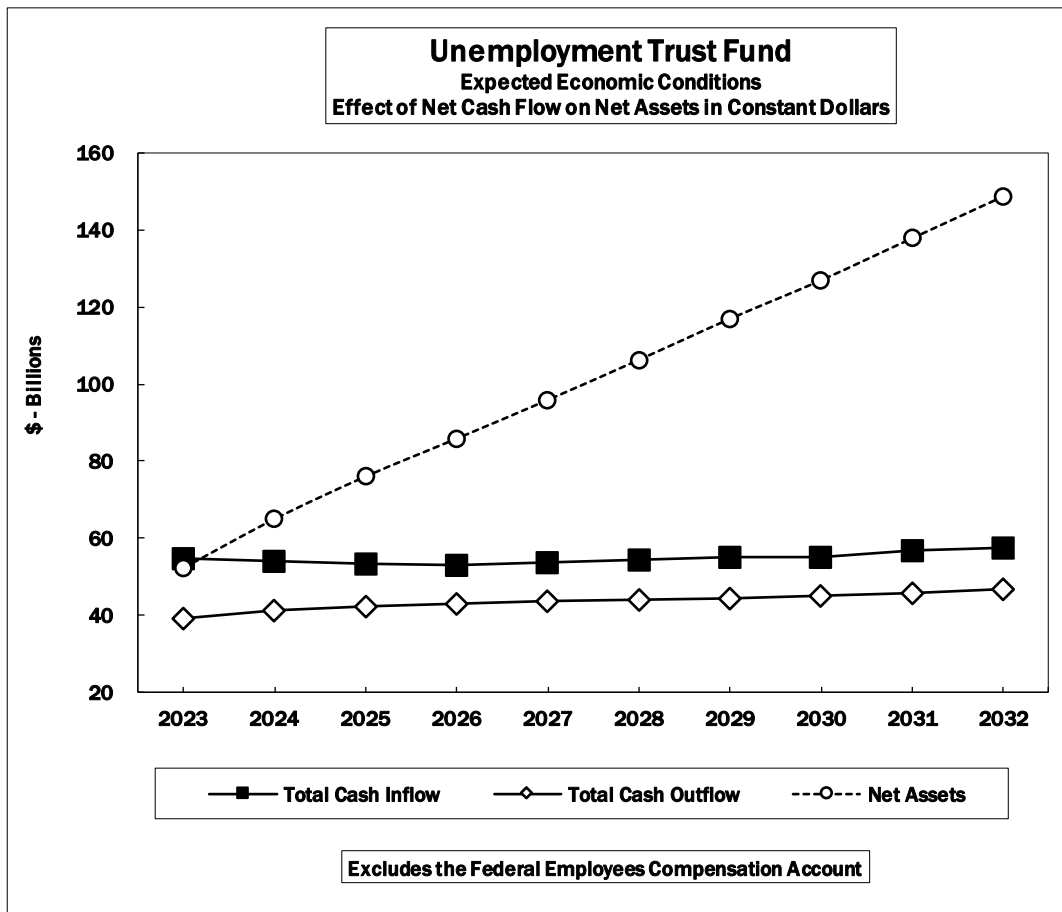
Effect of Expected Cash Flows on UTF Assets in Constant Dollars

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, 2032. 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 inflow exceeds total cash outflow in all years in the projection period. The excess of total cash inflow over total cash outflow remains steady between \$9.9 billion and \$10.9 billion for FYs 2026 through 2032. As presented in table (1) Expected Economic Conditions, starting at a \$36.9 billion fund balance at the beginning of FY 2023, net UTF assets increase \$112.0 billion to more than \$148.9 billion fund net assets balance by the end of FY 2032. Chart II depicts the increase in the net assets of the fund.

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)

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, 2032, 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 higher rates of unemployment and Sensitivity Analysis II assumes even 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.

Table I

Total Unemployment Rate for the Ten-Year Period Ending September 30, 2032										
Conditions	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Expected	3.68%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Sensitivity Analysis I	4.75%	5.78%	5.99%	5.52%	5.04%	4.39%	3.84%	3.80%	3.80%	3.80%
Sensitivity Analysis II	5.62%	9.27%	9.62%	8.94%	8.07%	7.38%	6.16%	5.28%	4.62%	3.94%

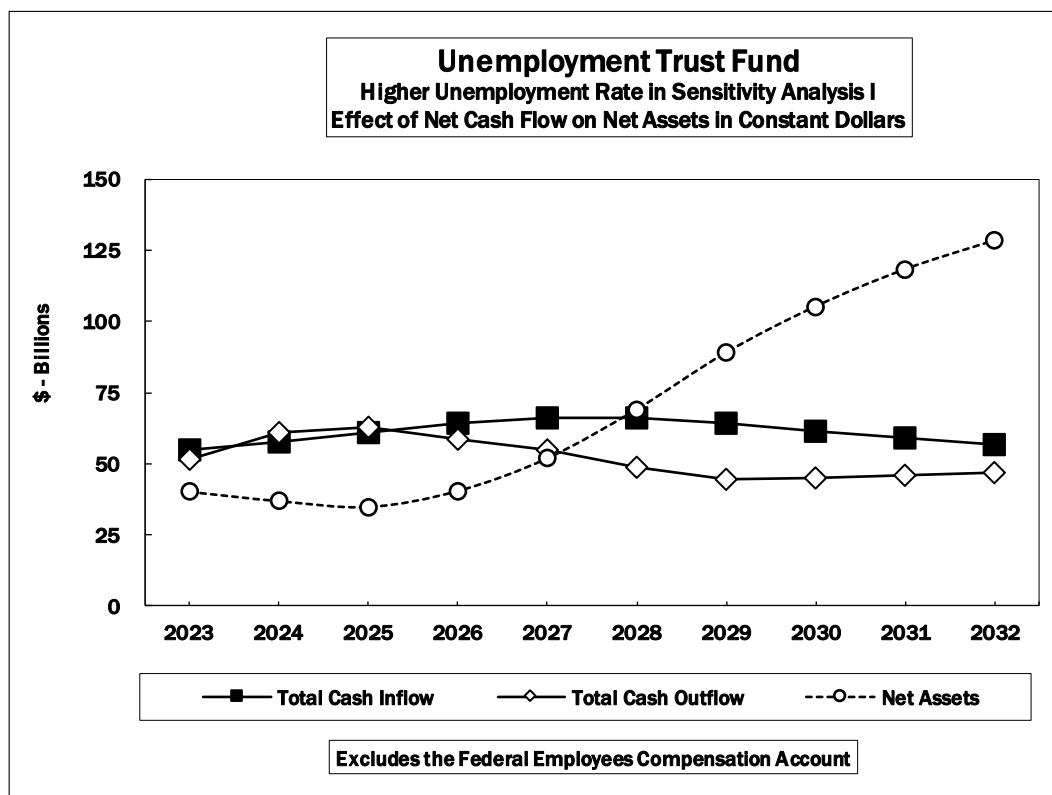
**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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

In this sensitivity analysis, which utilizes gradually increasing unemployment rates of 4.75 percent beginning in FY 2023, reaching a high of 5.99 percent in FY 2025, then gradually decreasing to 3.84 percent in FY 2029 and stabilizing at 3.80 percent in FYs 2030 through 2032. As presented in table (2) Sensitivity Analysis I Higher Unemployment Rate, there is a net cash inflow in FY 2023, net cash outflows in FYs 2024 and 2025, and then net cash inflows again in FYs 2026 through 2032. Chart III depicts the cross-over point where cash outflow exceeds cash inflow for the second and third years and cash inflow exceeds cash outflow afterward. Starting at a \$36.9 billion fund balance at the beginning of FY 2023, net UTF assets first increase by \$3.3 billion in FY 2023, then decrease by \$3.2 billion and \$2.0 billion in FYs 2024 and 2025, respectively. Net UTF assets increase steadily in FYs 2026 through 2029 with the largest increase in FY 2029 of \$19.9 billion and remain as increases to net UTF assets through FY 2032. Chart III depicts the change in net assets of more than \$91.5 billion from \$36.9 billion at the beginning of FY 2023 to \$128.5 billion at the end of FY 2032.

Chart III



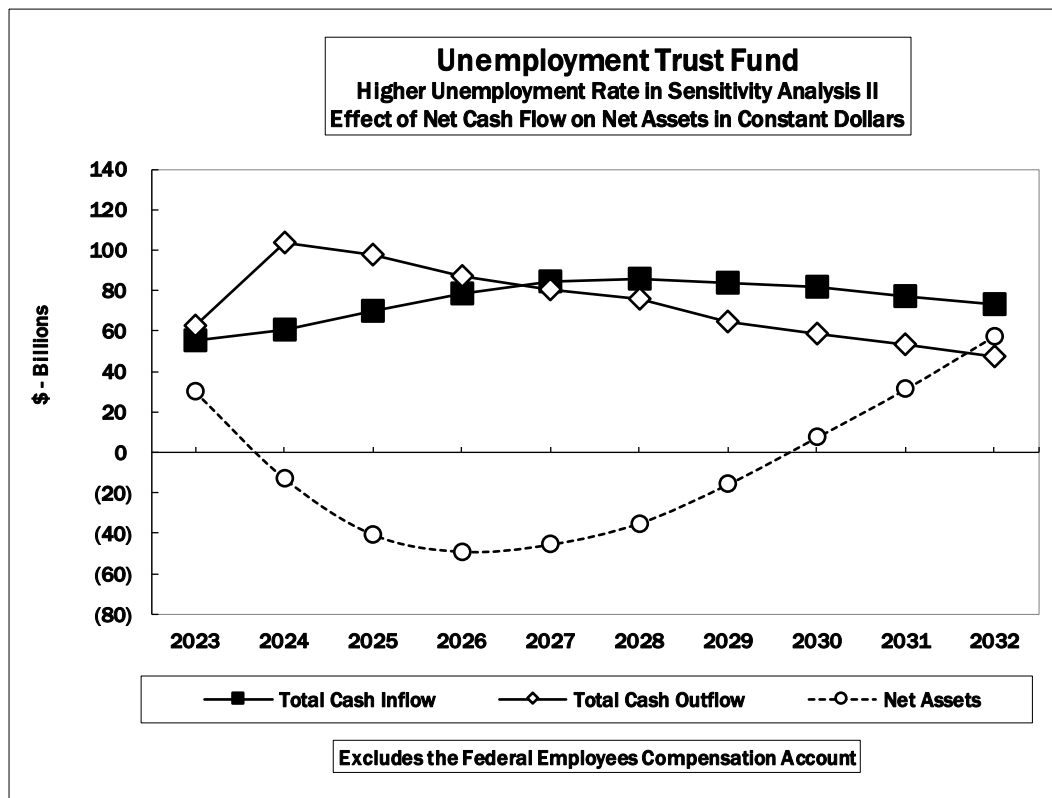
**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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 are projected in FYs 2023 through 2026 by amounts between \$(6.8) billion and \$(42.8) billion, but inflows exceed outflows in FYs 2027 through 2032 by amounts between \$3.5 billion and \$26.3 billion. Net cash inflows are reestablished in FY 2027 and peak in FY 2032 with a decrease in the unemployment rate to below 4.0 percent in FY 2032. Chart IV depicts the cross-over points where outflows exceed inflows until FY 2026 and inflows exceed outflows until FY 2032. The fund net assets decrease about \$85.9 billion from a \$36.9 billion fund balance at the beginning of FY 2023 to a more than \$(49.0) billion fund net assets deficit in FY 2026. Chart IV depicts the low point in the fund’s financial position at a fund net assets deficit of \$(49.0) billion in FY 2026 and then the steadily decreasing fund net assets deficit through 2029 before reestablishing a net assets surplus in FYs 2030 through 2032. At the end of the projection period of Sensitivity Analysis II, the fund net assets surplus is nearly \$57.5 billion. There is a difference of nearly \$91.5 billion in net assets between expected economic conditions net assets of more than \$148.9 billion in FY 2032 and sensitivity analysis II fund net assets of nearly \$57.5 billion in FY 2032.

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, 2032 (1) EXPECTED ECONOMIC CONDITIONS										
(Dollars in millions)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Balance, start of year</b>	\$ 36,908	\$ 52,293	\$ 65,006	\$ 76,071	\$ 85,949	\$ 95,991	\$ 106,428	\$ 117,097	\$ 127,139	\$ 138,060
<b>Cash inflow</b>										
State unemployment taxes	43,838	43,317	42,246	41,247	41,440	41,730	41,986	42,754	43,870	44,155
Federal unemployment taxes	7,401	7,719	8,141	8,603	9,044	9,506	9,850	8,972	9,213	9,440
General revenue appropriation	1,171	404	141	49	17	6	2	1	-	-
Interest on loans	599	574	534	495	440	384	327	289	237	157
Deposits by the Railroad Retirement Board	305	152	51	55	91	147	171	140	108	124
<b>Total cash inflow excluding interest</b>	<b>53,316</b>	<b>52,168</b>	<b>51,115</b>	<b>50,451</b>	<b>51,034</b>	<b>51,774</b>	<b>52,337</b>	<b>52,157</b>	<b>53,429</b>	<b>53,877</b>
Interest on Federal securities	1,359	1,890	2,134	2,379	2,576	2,651	2,820	3,004	3,350	3,620
<b>Total cash inflow</b>	<b>54,675</b>	<b>54,058</b>	<b>53,249</b>	<b>52,830</b>	<b>53,610</b>	<b>54,425</b>	<b>55,157</b>	<b>55,161</b>	<b>56,779</b>	<b>57,497</b>
<b>Cash outflow</b>										
State unemployment benefits	33,920	35,871	36,685	37,484	38,213	38,855	39,535	40,265	41,021	41,796
State administrative costs	4,283	4,418	4,496	4,545	4,553	4,528	4,503	4,482	4,458	4,433
Federal administrative costs	256	255	254	253	253	252	251	250	249	248
Interest on tax refunds	11	12	15	17	19	20	21	20	20	21
Interest on advances	726	699	638	552	427	230	75	-	-	-
Railroad Retirement Board withdrawals	94	90	96	101	103	103	103	102	110	110
<b>Total cash outflow</b>	<b>39,290</b>	<b>41,345</b>	<b>42,184</b>	<b>42,952</b>	<b>43,568</b>	<b>43,988</b>	<b>44,488</b>	<b>45,119</b>	<b>45,858</b>	<b>46,608</b>
Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow	14,026	10,823	8,931	7,499	7,466	7,786	7,849	7,038	7,571	7,269
Excess (deficiency) of total cash inflow over (under) total cash outflow	15,385	12,713	11,065	9,878	10,042	10,437	10,669	10,042	10,921	10,889
<b>Balance, end of year</b>	<b>\$ 52,293</b>	<b>\$ 65,006</b>	<b>\$ 76,071</b>	<b>\$ 85,949</b>	<b>\$ 95,991</b>	<b>\$ 106,428</b>	<b>\$ 117,097</b>	<b>\$ 127,139</b>	<b>\$ 138,060</b>	<b>\$ 148,949</b>
Total unemployment rate	3.68%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%

**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, 2032 (2) SENSITIVITY ANALYSIS   HIGHER UNEMPLOYMENT RATE										
(Dollars in millions)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Balance, start of year</b>	\$ 36,908	\$ 40,178	\$ 36,939	\$ 34,913	\$ 40,538	\$ 52,000	\$ 69,214	\$ 89,114	\$ 105,284	\$ 118,300
<b>Cash inflow</b>										
State unemployment taxes	44,279	46,741	49,416	51,882	53,107	52,375	50,262	47,315	44,982	43,717
Federal unemployment taxes	7,316	8,026	8,842	9,715	10,259	10,745	11,049	10,800	10,606	9,441
General revenue appropriation	1,171	415	141	49	17	6	2	1	-	-
Interest on loans	645	755	869	940	903	794	634	509	414	348
Deposits by the Railroad Retirement Board	305	152	51	55	91	147	171	140	108	124
Total cash inflow excluding interest	53,718	56,091	59,321	62,643	64,379	64,068	62,119	58,766	56,111	53,631
Interest on Federal securities	1,250	1,530	1,523	1,665	1,780	2,027	2,365	2,687	3,012	3,243
Total cash inflow	54,968	57,621	60,844	64,308	66,159	66,095	64,484	61,453	59,123	56,874
<b>Cash outflow</b>										
State unemployment benefits	46,154	54,976	56,793	52,552	48,747	43,207	39,236	40,164	40,980	41,781
State administrative costs	4,438	4,678	4,773	4,760	4,701	4,598	4,512	4,482	4,458	4,433
Federal administrative costs	256	255	254	253	253	252	251	250	249	248
Interest on tax refunds	11	13	16	19	21	22	24	24	23	21
Interest on advances	745	848	938	998	872	699	458	261	287	125
Railroad Retirement Board withdrawals	94	90	96	101	103	103	103	102	110	110
Total cash outflow	51,698	60,860	62,870	58,683	54,697	48,881	44,584	45,283	46,107	46,718
Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow	2,020	(4,769)	(3,549)	3,960	9,682	15,187	17,535	13,483	10,004	6,913
Excess (deficiency) of total cash inflow over (under) total cash outflow	3,270	(3,239)	(2,026)	5,625	11,462	17,214	19,900	16,170	13,016	10,156
<b>Balance, end of year</b>	\$ 40,178	\$ 36,939	\$ 34,913	\$ 40,538	\$ 52,000	\$ 69,214	\$ 89,114	\$ 105,284	\$ 118,300	\$ 128,456
Total unemployment rate	4.75%	5.78%	5.99%	5.52%	5.04%	4.39%	3.84%	3.80%	3.80%	3.80%



**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, 2032 (3) SENSITIVITY ANALYSIS II HIGHER UNEMPLOYMENT RATE										
(Dollars in millions)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
<b>Balance, start of year</b>	\$ 36,908	\$ 30,107	\$ (12,643)	\$ (40,580)	\$ (49,050)	\$ (45,559)	\$ (35,120)	\$ (15,819)	\$ 7,329	\$ 31,215
<b>Cash inflow</b>										
State unemployment taxes	44,919	49,711	57,761	64,550	68,846	68,939	65,878	62,769	58,414	54,218
Federal unemployment taxes	7,288	8,064	8,902	10,430	11,857	13,364	14,436	15,412	15,180	15,672
General revenue appropriation	1,176	435	166	49	17	6	2	1	-	-
Interest on loans	692	1,156	1,876	2,355	2,484	2,461	2,188	1,845	1,464	1,054
Deposits by the Railroad Retirement Board	305	152	51	55	91	147	171	140	108	124
<b>Total cash inflow excluding interest</b>	<b>54,382</b>	<b>59,520</b>	<b>68,758</b>	<b>77,441</b>	<b>83,297</b>	<b>84,918</b>	<b>82,676</b>	<b>80,168</b>	<b>75,167</b>	<b>71,069</b>
Interest on Federal securities	1,165	1,100	874	945	978	1,081	1,296	1,597	1,899	2,241
<b>Total cash inflow</b>	<b>55,547</b>	<b>60,620</b>	<b>69,632</b>	<b>78,386</b>	<b>84,275</b>	<b>85,999</b>	<b>83,972</b>	<b>81,765</b>	<b>77,066</b>	<b>73,310</b>
<b>Cash outflow</b>										
State unemployment benefits	56,635	96,551	89,900	78,766	72,749	67,743	57,253	51,690	46,764	41,183
State administrative costs	4,578	5,221	5,271	5,149	5,039	4,921	4,751	4,634	4,550	4,453
Federal administrative costs	256	255	254	253	253	252	251	250	249	248
Interest on tax refunds	11	13	16	21	24	28	31	34	33	35
Interest on advances	774	1,240	2,032	2,566	2,616	2,513	2,282	1,907	1,474	1,020
Railroad Retirement Board withdrawals	94	90	96	101	103	103	103	102	110	110
<b>Total cash outflow</b>	<b>62,348</b>	<b>103,370</b>	<b>97,569</b>	<b>86,856</b>	<b>80,784</b>	<b>75,560</b>	<b>64,671</b>	<b>58,617</b>	<b>53,180</b>	<b>47,049</b>
Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow	(7,966)	(43,850)	(28,811)	(9,415)	2,513	9,358	18,005	21,551	21,987	24,020
Excess (deficiency) of total cash inflow over (under) total cash outflow	(6,801)	(42,750)	(27,937)	(8,470)	3,491	10,439	19,301	23,148	23,886	26,261
<b>Balance, end of year</b>	<b>\$ 30,107</b>	<b>\$ (12,643)</b>	<b>\$ (40,580)</b>	<b>\$ (49,050)</b>	<b>\$ (45,559)</b>	<b>\$ (35,120)</b>	<b>\$ (15,819)</b>	<b>\$ 7,329</b>	<b>\$ 31,215</b>	<b>\$ 57,476</b>
<b>Total unemployment rate</b>	<b>5.62%</b>	<b>9.27%</b>	<b>9.62%</b>	<b>8.94%</b>	<b>8.07%</b>	<b>7.38%</b>	<b>6.16%</b>	<b>5.28%</b>	<b>4.62%</b>	<b>3.94%</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

**\*States with Minimally Solvent UTF Account Balances**

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. As of September 30, 2022, the FUA and EUCA outstanding advances were \$30.0 billion and \$9.5 billion, respectively.

Chart V presents the state by state results of this analysis at September 30, 2022 in descending order by ratio. As the chart below illustrates, 34 state UTF accounts plus 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, 2022. 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

<b>Minimally Solvent</b>		<b>Not Minimally Solvent</b>		<b>Not Minimally Solvent</b>	
State	Ratio	State	Ratio	State	Ratio
Wyoming	2.21	Alabama	0.98	Kentucky	0.45
Oregon	1.95	North Carolina	0.98	Oklahoma	0.43
Alaska	1.84	Maryland	0.92	Florida	0.40
South Dakota	1.78	Arizona	0.87	Georgia	0.40
Maine	1.77	West Virginia	0.85	District of Columbia	0.38
Nebraska	1.48	Virginia	0.84	Michigan	0.34
Idaho	1.46	Vermont	0.84	Nevada	0.34
Kansas	1.38	New Hampshire	0.77	Ohio	0.32
Montana	1.38	Massachusetts	0.74	Texas	0.25
Iowa	1.34	Tennessee	0.72	Hawaii	0.19
Delaware	1.31	Louisiana	0.70	New Jersey	0.06
Mississippi	1.24	Rhode Island	0.65	Pennsylvania	0.04
Arkansas	1.14	New Mexico	0.64	California	0.00
Utah	1.14	Puerto Rico	0.59	Colorado	0.00
South Carolina	1.07	Indiana	0.58	Connecticut	0.00
North Dakota	1.00	Washington	0.57	Illinois	0.00
		Wisconsin	0.56	New York	0.00
		Minnesota	0.55	Virgin Islands	0.00
		Missouri	0.54		

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

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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**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 Financial Performance Overview section of the Management's Discussion and Analysis and 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. (See Notes 1.J and 8)

The Further Consolidated Appropriations Act 2020, P.L. 116-94, 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. P.L. 116-260, Division EE, Taxpayer Certainty and Disaster Relief Act of 2020, temporarily extended the increased excise tax rates for the period January 1, 2021 through December 31, 2021. On January 1, 2022, 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.

Enacted on August 16, 2022, the Inflation Reduction Act of 2022, P.L. 117-169, section 13901, permanently raised the coal excise tax rates effective for domestic sales of coal on or after October 1, 2022: \$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 assumptions were used for the required supplementary information as of September 30, 2022.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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**Program Finances and Sustainability**

As of September 30, 2022, total liabilities of the BLDTF exceeded assets by nearly \$6.26 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 discounted debt instruments with a maturity date of one year and bear interest at the Treasury 1-year rate. Outstanding debt as of September 30, 2022 was \$6.56 billion, bearing interest rates ranging from 4.022 percent to 4.556 percent. (See Notes 1.J and 8)

Excise tax revenues of \$180.3 million, benefit payment expense of \$110.4 million, and interest expense of \$180.0 million were recognized for the year ended September 30, 2022. 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, 2022 the BLDTF issued debt in the amount of \$2.56 billion, bearing interest at 4.022 percent and maturing on September 30, 2023. At September 30, 2022, there were 19 debt instruments with a total carrying value of \$6.56 billion and a total face value at maturity of \$8.70 billion. Of these 19 debt instruments, 18 are from the October 2008 refinancing and have staggered maturities of September 30 for years 2023 through 2040 and one is a one-year debt instrument that was issued on September 30, 2022. (See Notes 1.J, 8, and 21)

**Subsequent Events**

As of December 13, 2022, 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**

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 2022 as the base year. In FY 2022, the source of the CPI-U factors was OMB. The valuation date for the projections is September 30, 2022.

DOL's projection period is a rolling 25-year period beginning on the valuation date. The 25-year projection period ends on September 30, 2047. In making the projections, management's assumptions include a decrease in the number of new participants, higher average ages of new entrant miners and new entrant widows, and a higher average medical payment per miner and growth rate to reflect pre-pandemic levels.

DOL's estimates of future excise tax income were based on, among other things, Energy Information Administration (EIA) projections. On June 30, 2022, the U.S. Supreme Court (SCOTUS) ruled that the Environmental Protection Agency (EPA) lacked the statutory authority to regulate power plants' carbon emissions (according to the system that was required by EPA's Clean Power Plan). The BLDTF estimates relied, in part, on EIA projections which assume that there is no requirement to reduce CO<sub>2</sub> from power plants, an assumption that is consistent with the SCOTUS June 30, 2022 ruling and Executive Branch policy that neither the Affordable Clean Energy nor the Clean Power Plan regulations are being enforced. The EIA projections, which were published in March 2022, reflect long-term economic and demographic trends. To reflect the effects of events after March 2022, management used short-term EIA projections published in September 2022 for the 2022 and 2023 coal production and exports.

**REQUIRED SUPPLEMENTARY INFORMATION**

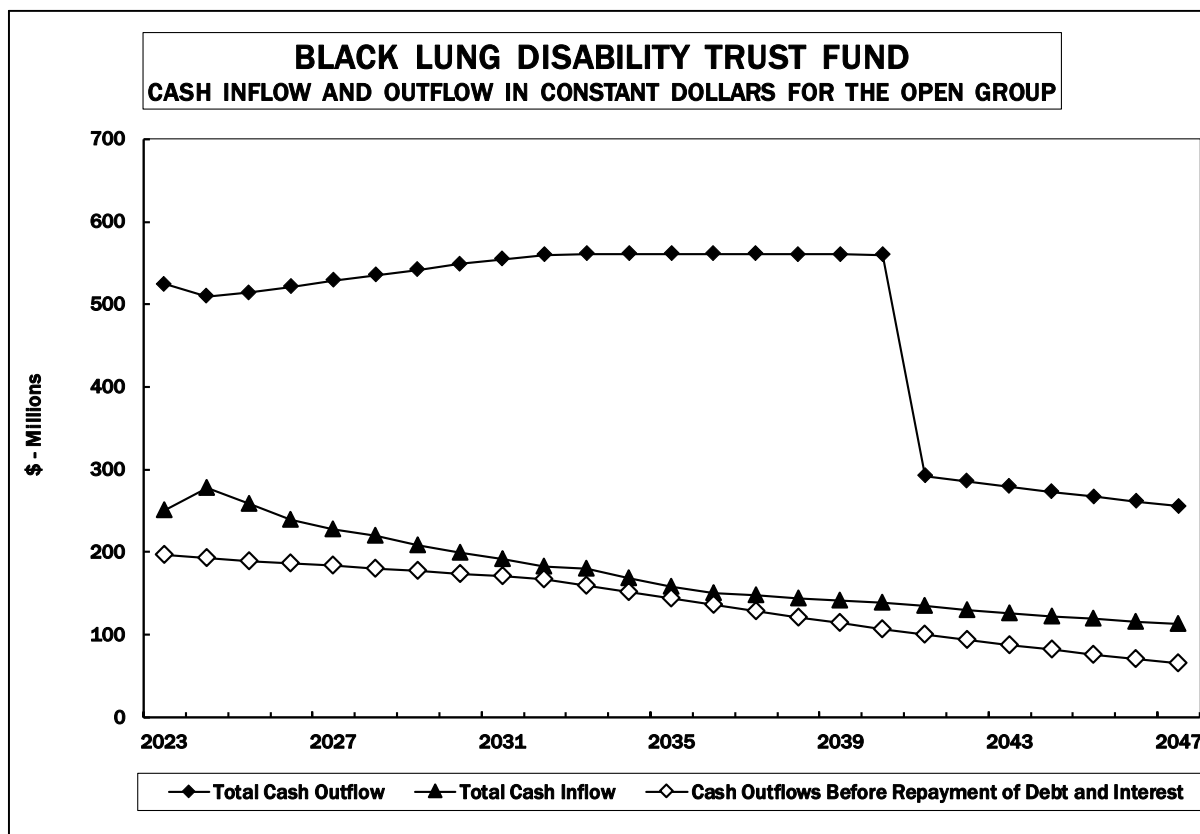
(Unaudited)

The effects of the Inflation Reduction Act’s permanent increase in coal excise tax rates are reflected in the significant increase in projected cash inflows from excise taxes, the positive open group measure reported on the Statement of Social Insurance as of September 30, 2022, and the largest change reported in the Statement of Changes in Social Insurance Amounts for the year ended September 30, 2022.

The projections, in constant dollars for the open group, made over the 25-year period ending September 30, 2047, indicate that cash inflows from excise taxes will exceed cash outflows for benefit payments and administrative expenses for all years in the projection period. Cumulative net cash inflows are projected as \$890.0 by FY 2047. However, 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 \$7.40 billion by the end of FY 2047, resulting in a projected deficit of more than \$10.11 billion at September 30, 2047. Cash projections depend on the assumptions used and actual experience may differ materially from the projections. (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, 2022, 2021, 2020, 2019, and 2018 are presented in the SOSI.

Chart I



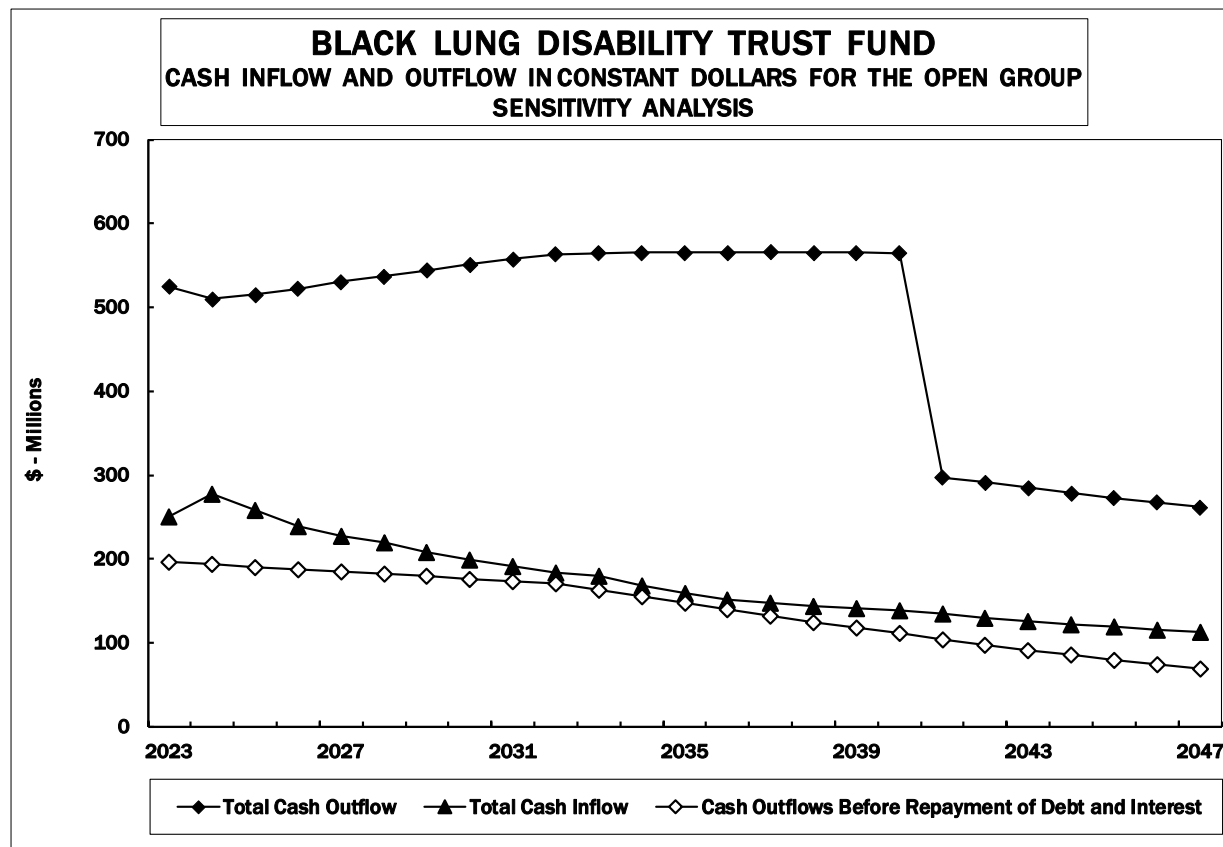
**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)

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 each year in the projection period. 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.

These projections with sensitivity analysis, in constant dollars for the open group, made over the 25-year period ending September 30, 2047, indicate that cash inflows from excise taxes will exceed cash outflows for benefit payments and administrative expenses for all years in the projection period. Cumulative net cash inflows would be projected to reach \$815.2 million by the year 2047. However, 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 \$7.50 billion by the end of the year 2047, and would result in a projected deficit of \$10.20 billion at September 30, 2047. Cash projections depend on the assumptions used and actual experience may differ materially from the projections. (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.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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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 \$39,695 from \$2,381,705 to \$2,342,010;
- (2) the present value of estimated future administrative costs during the projection period would decrease \$14,208 from \$852,463 to \$838,255;
- (3) the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period would increase \$19,596 from \$1,056,547 to \$1,076,143; and
- (4) the closed group measure would decrease \$45,083 from \$472,695 to \$427,612.

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

- (1) the present value of estimated future excise tax income during the projection period would increase \$39,695 from \$1,587,803 to \$1,627,498;
- (2) the present value of estimated future administrative costs during the projection period would increase \$14,208 from \$568,308 to \$582,516;
- (3) the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period would increase \$45,629 from \$700,166 to \$745,795; 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 \$20,142 from \$319,329 to \$299,187.

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

- (1) the present value of estimated future excise tax income during the projection period of \$3,969,508 would remain unchanged;
- (2) the present value of estimated future administrative costs during the projection period of \$1,420,771 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 \$65,225 from \$1,756,713 to \$1,821,938; and
- (4) the open group measure would decrease \$65,225 from \$792,024 to \$726,799.

(d) In the SOSI, the trust fund net position deficit at start of the projection period of \$(6,261,393) would remain unchanged.

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

- (1) the closed group measure would decrease \$45,083 from \$472,695 to \$427,612;
- (2) the Fund Balance with Treasury and receivables from benefit overpayments of \$304,571 would remain unchanged; and
- (3) the total of closed group measure plus fund assets would decrease \$45,083 from \$777,266 to \$732,183.

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

- (1) the open group measure would decrease \$65,225 from \$792,024 to \$726,799;
- (2) the Fund Balance with Treasury and receivables from benefit overpayments of \$304,571 would remain unchanged; and
- (3) the total of open group measure plus fund assets would decrease \$65,225 from \$1,096,595 to \$1,031,370.

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

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)

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, 2047**  
**OPEN GROUP**

(Dollars in thousands)	2023	2024	2025	2026	2027	2028 - 2047	Total
<b>Balance, start of year</b>	\$ (4,455,116)	\$ (4,611,281)	\$ (4,726,800)	\$ (4,868,116)	\$ (5,038,209)	\$ (5,229,588)	\$ (4,455,116)
<b>Cash inflow</b>							
Excise taxes	<u>250,210</u>	<u>277,736</u>	<u>258,724</u>	<u>238,788</u>	<u>227,592</u>	<u>3,090,174</u>	<u>4,343,224</u>
<b>Total cash inflow</b>	<u>250,210</u>	<u>277,736</u>	<u>258,724</u>	<u>238,788</u>	<u>227,592</u>	<u>3,090,174</u>	<u>4,343,224</u>
<b>Cash outflow</b>							
Disabled coal miners benefits	119,075	115,318	111,538	108,099	104,940	1,337,542	1,896,512
Administrative costs	<u>77,651</u>	<u>77,674</u>	<u>77,823</u>	<u>78,020</u>	<u>78,269</u>	<u>1,167,290</u>	<u>1,556,727</u>
Cash outflows before repayment of debt and interest	<u>196,726</u>	<u>192,992</u>	<u>189,361</u>	<u>186,119</u>	<u>183,209</u>	<u>2,504,832</u>	<u>3,453,239</u>
Cash inflow over cash outflow before repayment of debt and interest	<u>53,484</u>	<u>84,744</u>	<u>69,363</u>	<u>52,669</u>	<u>44,383</u>	<u>585,342</u>	<u>889,985</u>
Maturity of obligations refinanced October 2008	229,306	237,060	243,979	249,970	255,172	3,484,441	4,699,928
Interest on annual borrowings	<u>98,441</u>	<u>79,632</u>	<u>81,202</u>	<u>85,070</u>	<u>90,385</u>	<u>3,152,938</u>	<u>3,587,668</u>
<b>Total cash outflow</b>	<u>524,473</u>	<u>509,684</u>	<u>514,542</u>	<u>521,159</u>	<u>528,766</u>	<u>9,142,211</u>	<u>11,740,835</u>
<b>Total cash outflow over total cash inflow</b>	<u>(274,263)</u>	<u>(231,948)</u>	<u>(255,818)</u>	<u>(282,371)</u>	<u>(301,174)</u>	<u>(6,052,037)</u>	<u>(7,397,611)</u>
Reduction of debt refinanced October 2008	118,098	116,429	114,502	112,278	109,795	1,170,669	1,741,771
<b>Balance, end of year</b>	<u>\$ (4,611,281)</u>	<u>\$ (4,726,800)</u>	<u>\$ (4,868,116)</u>	<u>\$ (5,038,209)</u>	<u>\$ (5,229,588)</u>	<u>\$ (10,110,956)</u>	<u>\$ (10,110,956)</u>



**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, 2047**  
**OPEN GROUP**

(Dollars in thousands)	2023	2024	2025	2026	2027	2028 - 2047	Total
<b>Balance, start of year</b>	\$ (4,455,116)	\$ (4,611,611)	\$ (4,727,804)	\$ (4,870,147)	\$ (5,041,629)	\$ (5,234,759)	\$ (4,455,116)
<b>Cash Inflow</b>							
Excise taxes	250,210	277,736	258,724	238,788	227,592	3,090,174	4,343,224
<b>Total cash inflow</b>	250,210	277,736	258,724	238,788	227,592	3,090,174	4,343,224
<b>Cash outflow</b>							
Disabled coal miners benefits	119,405	115,982	112,538	109,432	106,600	1,407,381	1,971,338
Administrative costs	77,651	77,674	77,823	78,020	78,269	1,167,290	1,556,727
Cash outflows before repayment of debt and interest	197,056	193,656	190,361	187,452	184,869	2,574,671	3,528,065
Cash inflow over cash outflow before repayment of debt and interest	53,154	84,080	68,363	51,336	42,723	515,503	815,159
Maturity of obligations refinanced October 2008	229,306	237,060	243,979	249,970	255,172	3,484,442	4,699,929
Interest on annual borrowings	98,441	79,642	81,229	85,126	90,476	3,172,812	3,607,726
<b>Total cash outflow</b>	524,803	510,358	515,569	522,548	530,517	9,231,925	11,835,720
<b>Total cash outflow over total cash inflow</b>	(274,593)	(232,622)	(256,845)	(283,760)	(302,925)	(6,141,751)	(7,492,496)
Reduction of debt refinanced October 2008	118,098	116,429	114,502	112,278	109,795	1,170,669	1,741,771
<b>Balance, end of year</b>	\$ (4,611,611)	\$ (4,727,804)	\$ (4,870,147)	\$ (5,041,629)	\$ (5,234,759)	\$ (10,205,841)	\$ (10,205,841)

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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**COMBINING STATEMENT OF BUDGETARY RESOURCES**

The principal Combined Statement of Budgetary Resources presents the budgetary resources available to DOL and net outlays of budgetary resources for the year ended September 30, 2022; and the status of these resources as of September 30, 2022. Presented on the following pages is the disaggregation of this combined information for each of the Department's major budget agencies.

Included in the Combining Statement of Budgetary Resources for the year ended September 30, 2022 are management's significant accounting estimates about future outlays from the unemployment programs authorized by the CARES Act (as amended) which expired, in general, on or before September 6, 2021. However, states will continue to submit claims for weeks of unemployment that occurred before the programs expired. These outlays are obligations for the year ended September 30, 2022.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

**COMBINING STATEMENT OF BUDGETARY RESOURCES****For the Year Ended September 30, 2022**

(Dollars in thousands)	Employment and Training Administration	Office of Workers' Compensation Programs	Office of Job Corps	Occupational Safety and Health Administration
<b>BUDGETARY RESOURCES</b>				
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 22,293,467	\$ 1,597,099	\$ 1,555,870	\$ 102,484
Appropriations (discretionary and mandatory)	36,054,261	2,517,281	1,765,871	609,961
Borrowing authority (discretionary and mandatory)	-	131,974	-	-
Spending authority from offsetting collections (discretionary and mandatory)	4,435,220	2,760,979	873	2,845
<b>Total budgetary resources</b>	<b>\$ 62,782,948</b>	<b>\$ 7,007,333</b>	<b>\$ 3,322,614</b>	<b>\$ 715,290</b>
<b>STATUS OF BUDGETARY RESOURCES</b>				
New obligations and upward adjustments (total)	\$ 58,780,629	\$ 5,515,537	\$ 1,880,318	\$ 663,428
Unobligated balance, end of year				
Apportioned, unexpired accounts	2,554,780	1,471,280	1,167,101	45,224
Exempt from apportionment, unexpired accounts	-	15,247	-	-
Unapportioned, unexpired accounts	189,838	3,008	15,010	97
Unexpired unobligated balance, end of year	2,744,618	1,489,535	1,182,111	45,321
Expired unobligated balance, end of year	1,257,701	2,261	260,185	6,541
Unobligated balance, end of year (total)	4,002,319	1,491,796	1,442,296	51,862
<b>Total budgetary resources</b>	<b>\$ 62,782,948</b>	<b>\$ 7,007,333</b>	<b>\$ 3,322,614</b>	<b>\$ 715,290</b>
<b>OUTLAYS, NET</b>				
Outlays, net (total) (discretionary and mandatory)	42,713,958	2,866,339	1,640,401	634,556
Distributed offsetting receipts	(781,849)	(3,468)	-	-
Agency outlays, net (discretionary and mandatory)	<b>\$ 41,932,109</b>	<b>\$ 2,862,871</b>	<b>\$ 1,640,401</b>	<b>\$ 634,556</b>

## REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

<u>Bureau of Labor Statistics</u>	<u>Mine Safety and Health Administration</u>	<u>Employee Benefits Security Administration</u>	<u>Veterans' Employment and Training Service</u>	<u>Wage and Hour Division</u>	<u>Other Program Agencies</u>	<u>TOTAL</u>
\$ 60,017	\$ 25,183	\$ 3,653	\$ 60,677	\$ 26,995	\$ 453,355	\$ 26,178,800
619,952	383,816	185,500	60,500	310,006	687,369	43,194,517
-	-	-	-	-	-	131,974
103,308	490	6,708	264,841	2,841	790,913	8,369,018
<u>\$ 783,277</u>	<u>\$ 409,489</u>	<u>\$ 195,861</u>	<u>\$ 386,018</u>	<u>\$ 339,842</u>	<u>\$ 1,931,637</u>	<u>\$ 77,874,309</u>
\$ 750,678	\$ 393,259	\$ 191,287	\$ 365,002	\$ 307,959	\$ 1,592,301	\$ 70,440,398
23,972	9,442	2,265	177	8,222	298,850	5,581,313
-	-	-	-	-	-	15,247
-	4	31	-	21,860	17,079	246,927
<u>23,972</u>	<u>9,446</u>	<u>2,296</u>	<u>177</u>	<u>30,082</u>	<u>315,929</u>	<u>5,843,487</u>
<u>8,627</u>	<u>6,784</u>	<u>2,278</u>	<u>20,839</u>	<u>1,801</u>	<u>23,407</u>	<u>1,590,424</u>
<u>32,599</u>	<u>16,230</u>	<u>4,574</u>	<u>21,016</u>	<u>31,883</u>	<u>339,336</u>	<u>7,433,911</u>
<u>\$ 783,277</u>	<u>\$ 409,489</u>	<u>\$ 195,861</u>	<u>\$ 386,018</u>	<u>\$ 339,842</u>	<u>\$ 1,931,637</u>	<u>\$ 77,874,309</u>
596,181	384,127	184,152	50,690	305,369	588,334	49,964,107
-	-	-	-	-	(15,310)	(800,627)
<u>\$ 596,181</u>	<u>\$ 384,127</u>	<u>\$ 184,152</u>	<u>\$ 50,690</u>	<u>\$ 305,369</u>	<u>\$ 573,024</u>	<u>\$ 49,163,480</u>

# Other Information



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## Inspector General's Top Management and Performance Challenges

U.S. Department of Labor

Office of Inspector General  
Washington, D.C. 20210



October 14, 2022

### MEMORANDUM FOR THE SECRETARY

*Larry D. Turner*

FROM:

LARRY D. TURNER  
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
- Maintaining the Integrity of Foreign Labor Certification Programs
- Protecting Retirement, Health, and Other Benefit Plans for Workers, Retirees, and Their Families
- Providing a Safe, Secure, and Healthy Learning Environment at Job Corps Centers
- Managing Medical Benefits in the Office of Workers' Compensation Programs
- Securing and Managing Information Systems

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

#### Attachment

cc: Julie A. Su, Deputy Secretary  
Allison L. Zelman, Chief of Staff  
Kevin L. Brown, Deputy Chief Financial Officer

*Working for America's Workforce*

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

*Office of Inspector General, November 2022*

The OIG's Top Management and Performance Challenges can be viewed [here](#).

### **CHALLENGE: Identifying and Reducing Unemployment Insurance Improper Payments**

#### **BACKGROUND**

The Unemployment Insurance (UI) program is a joint federal-state program with each state<sup>1</sup> administering a separate UI program under its own laws while following uniform guidelines established by federal law. The Employment and Training Administration (ETA) under the U.S. Department of Labor (Department or DOL) is responsible for providing UI program direction and oversight. The UI program provides benefits to eligible workers who are unemployed through no fault of their own and meet other state eligibility requirements. The program's benefits are generally funded by state employer taxes with administrative costs funded by the federal government. However, during emergencies or disasters, the federal government has generally stepped in with federal funding for UI benefits. In response to the COVID-19 pandemic, the federal government allocated unprecedented levels of federal funding to the UI program, currently estimated at approximately \$872.5 billion.



For over 20 years, the Office of Inspector General (OIG) has reported on the Department's limited ability to measure, report, and reduce improper payments in the UI program. This long-standing challenge with UI improper payments is further exacerbated in times of crises including natural disasters and economic downturns. For example, we identified over \$100 million in potential improper payments related to UI program benefits in response to the devastating impact of Hurricanes Katrina and Rita in 2005. States also did not detect an estimated \$6.5 billion in improper payments from the UI funding provided by the American Recovery and Reinvestment Act of 2009. Due to the economic downturn resulting from the COVID-19 pandemic, unemployment rates skyrocketed in 2020 with millions of U.S. workers filing UI claims. As the OIG reported, states were unprepared to handle the unexpected volume of unemployment claims and struggled to implement the new programs. Some State Workforce Agencies suspended benefit payment controls and reassigned benefit payment control staff to process UI payments and faced impediments with insufficient information technology (IT) systems. States simultaneously contended with new UI program rules related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

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<sup>1</sup> When referring to unemployment insurance, the *2022 Top Management and Performance Challenges* report uses "state" or "State Workforce Agency" to refer to the administrative body that administers the program within the state, district, or territory. For the 50 states, as well as the U.S. Virgin Islands, Puerto Rico, and the District of Columbia, that administrative body is a State Workforce Agency. The CARES Act also provided certain UI benefits to American Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, Guam, the Marshall Islands, and the Republic of Palau, provided the territory signs an agreement with the Department.

**What is an improper payment?**  
A payment is improper if it should not have been made or was made to the wrong recipient. Examples include duplicate payments, overpayments, and underpayments.

An improper payment can be:

-  unintentional (accidental in nature) or
-  intentional (occur on purpose, more commonly referred to as financial fraud).

Financial fraud is a type of improper payment resulting from the recipient's willful misrepresentation for the purposes of obtaining the funds, services, or benefits.

To find out more about the UI program and OIG's oversight work in this area, visit our website at: <https://www.oig.dol.gov/doloiguooversightwork.htm>

Source: OIG graphic representation based on OMB Memorandum M-21-19, "Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement," dated March 5, 2021.

## CHALLENGE FOR THE DEPARTMENT

The Department continues to face challenges in ensuring UI improper payments are timely and accurately detected, reported, and recovered—but first and foremost, prevented. However, the Department has not made the changes necessary to prevent excessive improper payments. If ETA does not take the necessary steps to course correct, improper payments within the UI program could remain problematic.

The UI program requires states to make weekly benefit payments in a timely manner while ensuring claimants meet eligibility requirements. A state may determine a payment is improper after a claimant receives benefits based on new information that was unavailable when the state approved the benefit payment or as a result of the requirement that claimants be provided with due process prior to stopping payment of benefits. The leading causes of improper payments have historically been:

- *Claimants Do Not Meet Work Search Requirements*<sup>2</sup> – 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, or who misreport earnings during a week in which benefits are claimed;
- *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; and
- *Fraud* – Claims based on fraudulent schemes, such as those perpetrated during the pandemic.<sup>3</sup>

<sup>2</sup> The Middle Class Tax Relief and Job Creation Act of 2012 requires that individuals receiving UI benefits must be able to work, available to work, and actively seeking work, as a condition of eligibility for regular compensation for any week. Accordingly, states generally require that unemployed workers demonstrate they were actively seeking work. Work search overpayments occur when states pay UI claimants who do not demonstrate that they were actively seeking work.

<sup>3</sup> ETA has included fraud as an element of the leading causes rather than as a separate cause. From July 2016 to March 2020, the other three causes resulted in over \$9 billion in improper payments. Of this total, more than \$3 billion was attributable to fraud. Since the pandemic started, fraud has significantly increased.



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Following the start of the pandemic in the United States in early 2020, unemployment compensation claims rose exponentially. The states struggled when implementing new programs and processing claims partly due to insufficient staffing and IT system resources. Less than a month after the CARES Act passed, we published an advisory report<sup>4</sup> outlining areas of concern that ETA and the states should consider as they implemented the UI provisions included in the CARES Act. Our identification of these areas represents years of work relating to DOL's UI program, including the response to past disasters. One of these areas was state preparedness, specifically the two issues of staffing and system capabilities. Subsequent analysis and audit work confirmed our concerns as billions of dollars were spent improperly and states cited issues with antiquated IT systems, insufficient staffing, and unclear guidance from ETA.

Our recommendations have specifically included the need for the Department to estimate improper payments within federally-funded temporary emergency programs. In August 2020, we recommended<sup>5</sup> ETA estimate the improper payment rate for pandemic-related UI programs. In December 2021, consistent with our recommendation, ETA reported an improper payment rate of 18.71 percent for 2021, which ETA applied to two of the three key pandemic-related UI programs, Federal Pandemic Unemployment Compensation (FPUC) and Pandemic Emergency Unemployment Compensation (PEUC). ETA stated it will report the third program, Pandemic Unemployment Assistance (PUA), in 2022.

Applying the 18.71 percent to the estimated \$872.5 billion in pandemic-related UI funding,<sup>6</sup> at least \$163 billion in UI benefits could have been paid improperly, with a significant portion attributable to fraud. Based on our audit and investigative work, the improper payment rate for pandemic-related UI payments is likely higher.

With fraud becoming an even greater cause of UI improper payments during the COVID-19 pandemic, federal dollars intended for eligible claimants were being diverted away by criminals, based either in the United States or internationally. As the OIG reported, the unprecedented infusion of federal funds into the UI program gave individuals and organized criminal groups a high-value target to exploit. That, combined with easily attainable stolen personally identifiable information and continuing UI program weaknesses identified by the OIG over the last several years, allowed criminals to defraud the system. Because many states were not prepared to process the volume of new claims under completely new UI programs, many internal fraud controls that had been traditionally used or recommended for the processing of UI claims were not initially implemented.

This created a high-reward target where an individual could make a fraudulent claim with relatively low risk of being caught. For example, as time went on, one fraudster could have been issued several UI debit cards, with tens of thousands of dollars on each card. In a recent audit, our in-depth analysis of 4 states found that in the 6 months after CARES Act passage, an estimated \$9.9 billion of the \$71.7 billion in PUA and FPUC benefits were paid to likely fraudsters (13.8 percent). In our September 2022 alert memorandum, we identified \$45.6 billion of potentially fraudulent UI benefits paid from March 2020 to April 2022 in four specific high-risk areas, to individuals with Social Security numbers: (1) filed in multiple states, (2) of deceased persons, (3) of federal prisoners, and (4) used to file UI claims with suspicious email accounts.<sup>7</sup>

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<sup>4</sup> The advisory report, *CARES Act: Initial Areas of Concern Regarding Implementation of Unemployment Insurance Provisions*, DOL OIG Report No. 19-20-001-03-315 (April 21, 2020), is available online at: <https://www.oig.dol.gov/public/reports/oa/2020/19-20-001-03-315.pdf>.

<sup>5</sup> The audit report, *COVID-19: More Can Be Done to Mitigate Risk to Unemployment Compensation under the CARES Act*, DOL OIG Report No. 19-20-008-03-315 (August 7, 2020), is available online at: <https://www.oig.dol.gov/public/reports/oa/2020/19-20-008-03-315.pdf>.

<sup>6</sup> ETA's reported improper payment rate estimate of 18.71 percent does not include the PUA program. However, it is the most current improper payment rate from ETA. Furthermore, PUA had control weaknesses that may have facilitated comparable or greater improper payments. Therefore, applying ETA's rate to all of the estimated \$872.5 billion in CARES Act UI funding including PUA would equate to at least \$163 billion in improper payments.

<sup>7</sup> The alert memorandum, *Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to \$45.6 Billion*, DOL OIG Report No. 19-22-005-03-315 (September 21, 2022), is available online at: <https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf>.

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During the pandemic, identity theft emerged as a significant and pernicious problem. Specifically, the surge in claims revealed pandemic-related programs were vulnerable to imposter claims, such as those being filed with stolen or synthetic<sup>8</sup> identities. ETA reported that, because synthetic identities combine multiple data points, it is more difficult to detect and prevent this type of fraud. To do so, the use of cross-matches with additional data sources to support detection is needed. While states are employing a wide array of strategies to verify the identities of UI claimants through cross-matches, state-developed tools, and private vendor services, it is unclear how sufficient or effective these measures are in combatting fraud within the UI program.

## DEPARTMENT'S PROGRESS

On August 31, 2021, the Department established the Office of Unemployment Insurance Modernization to work with state agencies and federal partners to modernize and reform the UI system. Operating within the Office of the Secretary, this unit works in conjunction with ETA, the Office of the Chief Information Officer (OCIO), and the Office of the Assistant Secretary for Administration and Management (OASAM) to develop and support implementation of the strategic vision outlined in the UI modernization plans<sup>9</sup> released on August 11, 2021. According to the Department, the Office of Unemployment Insurance Modernization will provide oversight and management of the \$2 billion allotted to UI initiatives by the American Rescue Plan Act (ARPA) of 2021 to prevent and detect fraud, promote equitable access, ensure timely benefits payments, and reduce backlogs.

Since the enactment of ARPA, the Department has announced grant opportunities to states in Unemployment Insurance Program Letters (UIPL), including the following:

- 1) UIPL No. 22-21 — \$140 million to support states with fraud detection and prevention, including identity verification and overpayment recovery activities. As of September 20, 2022, the Department awarded \$134 million in fraud prevention grants to 50 states.
- 2) UIPL No. 23-21 — Up to \$260 million for activities that promote equitable access to UI programs. As of September 21, 2022, the Department awarded over \$150 million in grant funding to 29 states.
- 3) UIPL No. 02-22 — Up to \$200 million to support states in improving UI systems and processes after a consultative assessment with a team of experts provided by DOL. As of September 30, 2022, the Department's Tiger Team initiative has worked with 24 states.
- 4) UIPL No. 11-22 — Funds for pilot states to engage community-based organizations to help workers learn about UI benefits and related services, and to support state agencies in delivering timely benefits to workers.

On December 2, 2021, the Department issued Training and Employment Notice (TEN) No. 16-21, which provides information on grant awards totaling up to \$600,000 made to states selected as partners to participate in the UI IT Modernization Project—Claimant Experience Pilot.<sup>10</sup>

The Department has taken some corrective actions to address the OIG's recommendations aimed at reducing UI improper payments related to two of the top causes: *Benefit Year Earnings* and *Employers Do Not Timely Report Employees' Separation*. In addition, the Department stated it has taken corrective actions to address some of the OIG's recommendations<sup>11</sup> aimed at helping states implement the Disaster Unemployment Assistance (DUA) Program.

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<sup>8</sup> A synthetic identity is a combination of fabricated personally identifying data points where the implied identity is not associated with a real person. For example, a synthetic identity could include a potentially valid Social Security number with other accompanying false personally identifiable information, such as date of birth.

<sup>9</sup> For more details, a fact sheet about the UI modernization plans is available online at:

[https://oui.doleta.gov/unemploy/pdf/FactSheet\\_UImodernization.pdf](https://oui.doleta.gov/unemploy/pdf/FactSheet_UImodernization.pdf).

<sup>10</sup> For more details, TEN No. 16-21 is available online at: [https://www.dol.gov/sites/dolgov/files/ETA/advisories/TEN/2021/TEN\\_16-21.pdf](https://www.dol.gov/sites/dolgov/files/ETA/advisories/TEN/2021/TEN_16-21.pdf).

<sup>11</sup> The recommendations are from audit report, *ETA Should Do More to Assist Vulnerable States Prepare for Disaster Unemployment Assistance Program Implementation*, DOL OIG Report No. 04-20-002-03-315 (September 29, 2020), available online at:

<https://www.oig.dol.gov/public/reports/oa/2020/04-20-002-03-315.pdf>.

Finally, legislative proposals aimed at improving UI program integrity and reducing high improper payment rates were included annually in the President's Budget Requests from Fiscal Year (FY) 2018 through FY 2021.

### **WHAT REMAINS TO BE DONE**

ETA must take steps to prevent a repeat of similar alarming and rising levels of improper payments before the next emergency strikes. For the UI program, the Department needs to:

- Facilitate the OIG's unfettered access to UI claim data for audit and investigative purposes;
- Plan to prevent similar levels of improper payments in the future by continuing to pursue legislative action included in previous budget proposals to improve UI program integrity;
- Determine if the Integrity Data Hub will significantly reduce the fraud rate;
- Work with State Workforce Agencies to upgrade their technological capabilities to modernize the delivery of UI benefits and ensure their systems are sufficient to manage sudden spikes in claims' volume and protect federal benefits from improper payments, including fraud;
- Create a clear and concise plan to identify improper payments, including fraud, and methods to recover those federal funds, that will allow ETA to work towards recovering historic levels of improper payments while holding states accountable for billions of dollars of improper payments;
- Apply lessons learned during the COVID-19 pandemic to identify areas of highest improper payments including fraud to prevent similar issues in the future; and
- 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. The Department must continually ensure these strategies address and remediate the most common types of fraud.

## **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 130 million workers employed at more than 8 million worksites, while the Department's Mine Safety and Health Administration (MSHA) is responsible for the safety and health of approximately 300,000 miners who work at nearly 13,000 mines.

### **CHALLENGE FOR THE DEPARTMENT**

OSHA and MSHA face multiple 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 health care, meat packing, agriculture, construction, fishing, forestry, manufacturing, and mining. Due to underreporting of injuries by employers, OSHA and MSHA struggle to determine the most hazardous worksites, which limits their ability to focus inspection and compliance efforts where they are most needed.

OSHA's inspector staffing level has fallen steadily from a high of 860 in 2014 to 750 in 2021, as confirmed by an OSHA official. Additionally, it can take up to 5 years for an inspector to be fully trained. Even though OSHA's budget request included the hiring of 155 new inspectors in FY 2022, the current lack of available inspectors and time lag for an inspector to become fully trained can lead to less inspections, diminished enforcement of high-risk industries, and ultimately, greater risk of injuries or compromised health for workers.

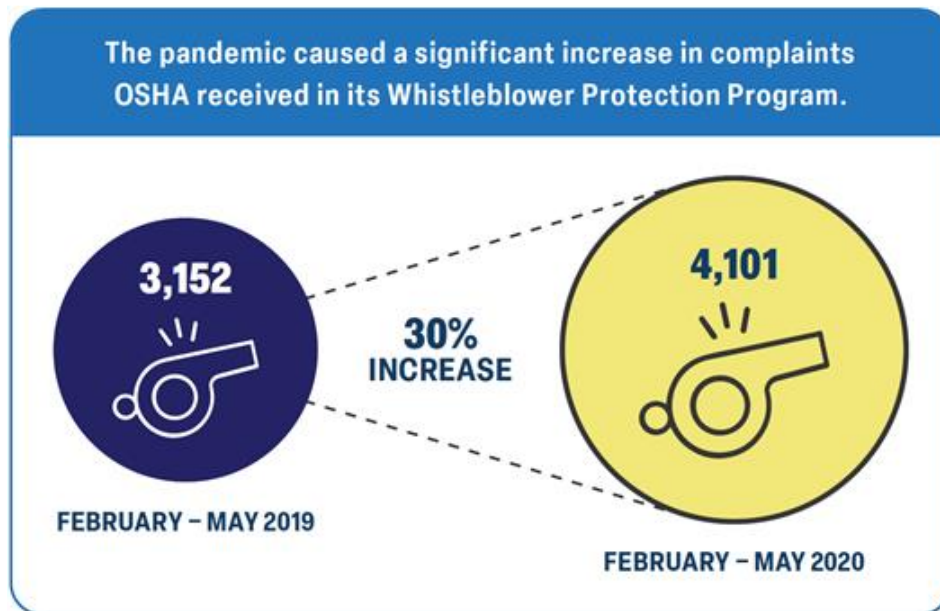
With the passing of the American Rescue Plan Act (ARPA) on March 11, 2021, the federal government provided additional relief to address the continued impact of the pandemic on the economy, public health, state and local governments, businesses, and individuals. Through ARPA, funding of not less than \$100 million is for OSHA to carry out COVID-19 related worker protection activities, of which \$10 million is for Susan Harwood training grants and at least \$5 million is for enforcement efforts related to COVID-19 at high-risk worksites, including health care, meat and poultry processing

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facilities, agricultural worksites, and correctional facilities.

In March 2022, we reported that while complaints spiked during the pandemic, when OSHA needed to ensure it was providing the maximum level of protection to workers at worksites, it in fact reduced the number of inspections, with most not being conducted on-site.<sup>12</sup> In the event of a future global health crisis, it would help OSHA to be prepared with a whole-of-government approach by leveraging partnerships within the regulatory community.

In addition, OSHA has been at a disadvantage to protect workers who report potential worksite safety violations and complete subsequent whistleblower investigations within the statutory requirement of 30, 60, or 90 days. The pandemic caused a significant increase in the number of whistleblower complaints OSHA received, while the number of full-time equivalent (FTE) employees, including inspectors within OSHA’s Whistleblower Protection Program, decreased. For example, during the preliminary months of the pandemic, February 1, 2020, through May 31, 2020, OSHA’s Whistleblower Protection Program received 4,101 complaints, which was 949, or 30 percent, more than the complaints received during the same period in 2019. Simultaneously, Whistleblower Protection Program FTEs decreased from 126 in 2019 to 120 in 2020.<sup>13</sup>



The Government Accountability Office’s (GAO) written testimony released on May 25, 2022,<sup>14</sup> found OSHA had limited procedures for encouraging compliance with the illness and injury reporting requirement and for penalizing employers for noncompliance. Previously in 2017, we found OSHA faced difficulties in verifying hazard abatement at both general industry and construction worksites. The agency closed many citations for safety violations because construction projects

<sup>12</sup> The audit report, *COVID-19: To Protect Mission Critical Workers, OSHA Could Leverage Inspection Collaboration Opportunities with External Federal Agencies*, DOL OIG Report No. 19-22-003-10-105 (March 31, 2022), is available online at: <http://www.oig.dol.gov/public/reports/oa/2022/19-22-003-10-105.pdf>.

<sup>13</sup> This information is according to audit report, *COVID-19: OSHA Needs to Improve Its Handling of Whistleblower Complaints during the Pandemic*, DOL OIG Report No. 19-20-010-10-105 (August 14, 2020), available online at: <http://www.oig.dol.gov/public/reports/oa/2020/19-20-010-10-105.pdf>.

<sup>14</sup> GAO Testimony Before the Subcommittee on Workforce Protections, Committee on Education and Labor, House of Representatives, *WORKPLACE SAFETY AND HEALTH: Data and Enforcement Challenges Limit OSHA’s Ability to Protect Workers during a Crisis*, GAO-22-105711 (May 25, 2022), is available online at: <https://www.gao.gov/assets/gao-22-105711.pdf>.

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ended rather than verifying that employers corrected the cited hazards.<sup>15</sup> As a result, OSHA received no assurances employers would improve safety and health practices at future construction worksites.

OSHA continues to be hampered by the lack of a permanent standard on infectious diseases aimed at protecting workers in all high-risk industries. While OSHA did issue an emergency temporary standard (ETS) that covered the health care industry only, in December 2021, OSHA substantially withdrew the ETS, retaining only its logging and recordkeeping provisions.<sup>16</sup> Without a permanent standard on infectious diseases, OSHA will not be in a position to effectively protect the safety and health of workers operating in high-risk industries during future pandemics or endemics.

OSHA also needs to address worksite violence, a major problem that is shown to be the fourth-leading cause of death on the job and the fifth-leading cause of nonfatal injury resulting in days away from work in private industry. In 2020, more than one in every seven work-related deaths were attributed to worksite violence for a total of 705, which exceeded the total number of reported fatalities resulting from exposure to harmful substances or environments, or fires and explosions.

For MSHA, the challenge is to address any potential backlog of enforcement activities stemming from the COVID-19 pandemic. Some MSHA inspectors self-identified as being at high risk during the pandemic, which meant they were no longer required to perform mine inspections. While continuing to perform mandatory inspections, MSHA had suspended or limited certain non-mandatory inspection and enforcement activities.<sup>17</sup> Furthermore, we found MSHA inspectors were not writing violations that adhered to the Federal Mine Safety and Health Act of 1977 and MSHA guidance because they were not following the guidance and system controls were missing or improperly designed. We also found MSHA inspectors were extending violations for unjustified reasons and not timely verifying whether mine operators had abated hazards by required due dates. This was generally due to inspectors being responsible for mines located across large geographic areas and not revisiting the mines by the due dates.<sup>18</sup>

Another concern for MSHA to address is exposure in coal mines to high levels of crystalline silica—a carcinogen and contributing cause of black lung disease. More than three times as many coal miners were identified as having black lung disease from 2010 to 2014 compared to 1995 to 1999, and crystalline silica, a component of respirable coal mine dust, has been linked to this increase. In November 2021, we reported MSHA's allowable limit for respirable crystalline silica has remained unchanged for more than 50 years, and MSHA has been working on a rule to lower the limit for over two decades.<sup>19</sup>

MSHA and OSHA both regulate the maximum amount of exposure workers can have to respirable crystalline silica dust, but the standards for permissible exposure level differ between the two agencies. In the United States, about 2.3 million workers are annually exposed to respirable crystalline silica dust at their worksites, which can lead to increased chances of developing not only cancer and black lung disease but also silicosis, a deadly and incurable disease, as well as many other chronic conditions. Given OSHA's limited resources, the agency needs to continue targeting those worksites specifically at highest risk for respirable crystalline silica exposure.

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<sup>15</sup> This is according to audit report, *OSHA Could Do More to Ensure Employers Correct Hazards Identified During Inspections*, DOL OIG Report No. 02-17-201-10-105 (March 31, 2017), available online at: <https://www.oig.dol.gov/public/reports/oa/2017/02-17-201-10-105.pdf>.

<sup>16</sup> For more details, OSHA's webpage on "Statement on the Status of the OSHA COVID-19 Healthcare ETS (December 27, 2021)," accessed October 12, 2022, is available online at: <https://www.osha.gov/coronavirus/ETS>.

<sup>17</sup> The audit report, *COVID-19: MSHA Faces Multiple Challenges in Responding to the Pandemic*, DOL OIG Report No. 19-20-006-06-001 (July 24, 2020), is available online at: <https://www.oig.dol.gov/public/reports/oa/2020/19-20-006-06-001.pdf>.

<sup>18</sup> This is according to audit report, *MSHA Can Improve How Violations Are Issued, Terminated, Modified, and Vacated*, DOL OIG Report No. 05-21-002-06-001 (March 31, 2021), available online at: <https://www.oig.dol.gov/public/reports/oa/2021/05-21-002-06-001.pdf>.

<sup>19</sup> The audit report, *MSHA Needs to Improve Efforts to Protect Coal Miners From Respirable Crystalline Silica*, DOL OIG Report No. 05-21-001-06-001 (November 12, 2020), is available online at: <https://www.oig.dol.gov/public/reports/oa/2021/05-21-001-06-001.pdf>.

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Finally, for MSHA, reducing the number of powered-haulage accidents needs to be a top priority as it is a leading cause of mine fatalities. Powered-haulage accidents accounted for almost half of all mine fatalities in 2021 and the trend has been continuing upward, with such accidents representing a disproportionate number of overall fatalities over the last several years.

### **DEPARTMENT'S PROGRESS**

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. On November 5, 2021, OSHA issued the Vaccination and Testing ETS to protect unvaccinated employees of large employers (defined as 100 or more employees) from the risk of contracting COVID-19 by strongly encouraging vaccination. This ETS was later withdrawn on January 26, 2022, following a U.S. Supreme Court ruling and OSHA withdrew it as an enforceable standard. Agency officials stated that it is prioritizing its resources to focus on finalizing a permanent COVID-19 health care standard. Additionally, OSHA issued a March 2, 2022, memorandum that provides instructions and guidance to OSHA Area Offices for a highly focused, short-term inspection initiative directed at hospitals and skilled nursing care facilities that treat or handle COVID-19 patients. Through this initiative, OSHA will assess employer compliance efforts, including the readiness of hospitals and skilled nursing care employers to address any ongoing or future COVID-19 outbreaks.

OSHA has continued to focus on assisting workers exposed to crystalline silica and on February 4, 2020, published a National Emphasis Program (NEP) directive on silica. The purpose of the program is to reduce the incidents of worksite illnesses related to respirable crystalline silica in general industry, maritime, and construction. It targets industries expected to have high exposures to respirable crystalline silica and enforces the new respirable crystalline silica standard, 29 C.F.R. 1910.1053.

MSHA's Spring 2022 Regulatory Agenda continued to include proposed rulemaking for respirable crystalline silica. In addition, MSHA announced in June 2022 a new enforcement initiative to better protect the nation's miners from health hazards resulting from repeated overexposure to respirable crystalline silica. As part of this initiative, MSHA will conduct silica dust-related mine inspections and expand silica sampling at mines. The initiative is an action MSHA can take now for the health and safety of miners while it continues with the rulemaking process.

MSHA also continues to focus on powered-haulage safety by issuing guidance on preventing accidents and meeting with mine personnel to emphasize best safety practices and training. On September 9, 2021, MSHA released a proposed rule requiring mines to have written safety programs for mobile and powered-haulage equipment.

### **WHAT REMAINS TO BE DONE**

To protect the safety and health of workers, OSHA needs to:

- Work towards a permanent standard aimed at protecting workers in all high-risk industries from infectious diseases;
- Leverage the ARPA funding it received of at least \$100 million for COVID-19 related worker protection activities, including enforcement efforts at high-risk worksites, such as health care, meat and poultry processing facilities, agricultural worksites, and correctional facilities;
- Complete its initiatives to improve employer reporting of severe injuries and illnesses;
- Enhance staff training on hazard abatement verification, especially of smaller and transient construction employers; and
- Explore mechanisms to enhance interagency collaboration, such as memoranda of understanding or other agreements, to take advantage of inspections being conducted by OSHA's counterparts in the federal government.

To improve the health and safety of miners, MSHA needs to:



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- Address any potential backlog of suspended and reduced enforcement activities resulting from the pandemic and develop a plan to manage the backlog once full operations resume;
  - Provide additional training to inspectors and improve internal controls related to its violation process;
  - Identify ways to better protect miners from highly toxic respirable crystalline silica, potentially by adopting a rule for a lower silica exposure limit and increasing silica sampling and enforcement at mines; and
  - Continue its existing efforts to decrease powered-haulage accidents by completing required inspections, enhancing training, and increasing knowledge sharing about available technology.

## **CHALLENGE: Helping Adults and Youth Succeed in the Labor Market**

### **BACKGROUND**

In FY 2022, ETA received \$3.9 billion under the Workforce Innovation and Opportunity Act (WIOA) to operate a system of education, skill-based training, and employment services for U.S. workers, including low-income and dislocated adults as well as at-risk and out-of-school youth. ETA also received approximately \$1.7 billion for its Job Corps program, which provides education, training, and support services to disadvantaged, at-risk youth, ages 16 through 24, at 121 Job Corps centers. In addition to room and board, Job Corps offers specific training to help students complete their high school education, acquire career technical skills, and obtain employment.

### **CHALLENGE FOR THE DEPARTMENT**

The Department is challenged to ensure its job training programs provide participants with the education, skill-based training, and employment services they need to succeed in the labor market. This includes how to get: (1) job seekers, businesses, and career counselors to better understand the availability and value of skill-based training and credentials; (2) employers to recognize the benefit of hiring and training apprentices for their middle- and high-skilled job vacancies; (3) eligible, low-income youth the basic job skills training that aligns with labor market needs; and (4) grant recipients, including states, to ensure participant outcome data are reliable, valid, and accurate. Our audit work from September 2020<sup>20</sup> found that, although ETA had data to determine whether or not participants were employed after exiting grant-funded training programs, it lacked more specific data to measure the impact of credentials on participants' professional outcomes, such as job titles and the necessity of credentials for the jobs in question.

The Department faces particular obstacles when it comes to developing an effective strategy for helping disadvantaged job seekers—such as those individuals overcoming substance use disorders, affected by the justice system, or with disabilities—gain employment and remain employed. For example, an effective strategy to combat economic and workforce impacts associated with the opioid crisis is for the Department to ensure that its grant recipients encourage more job seekers to transition into professions that might address the crisis. Since 2018, the Department has awarded up to \$143 million based on a two-phased grant funding approach to help communities respond to the opioid crisis by providing services, such as career, training, and support activities to dislocated workers. From an equity standpoint, the Department also needs to ensure a level playing field for all job seekers who need employment or training services in terms of making these services accessible either in-person or online.

The Department is further challenged in effectively managing its workforce development grants. In March 2022, we issued an advisory report that was a compilation of reports issued over the past decade and highlighted three areas of concern where our body of work identified weaknesses: awarding grants, reviewing grantees' use of funds, and measuring grantee performance.<sup>21</sup> Although the Department has addressed many of the related recommendations in these reports, the

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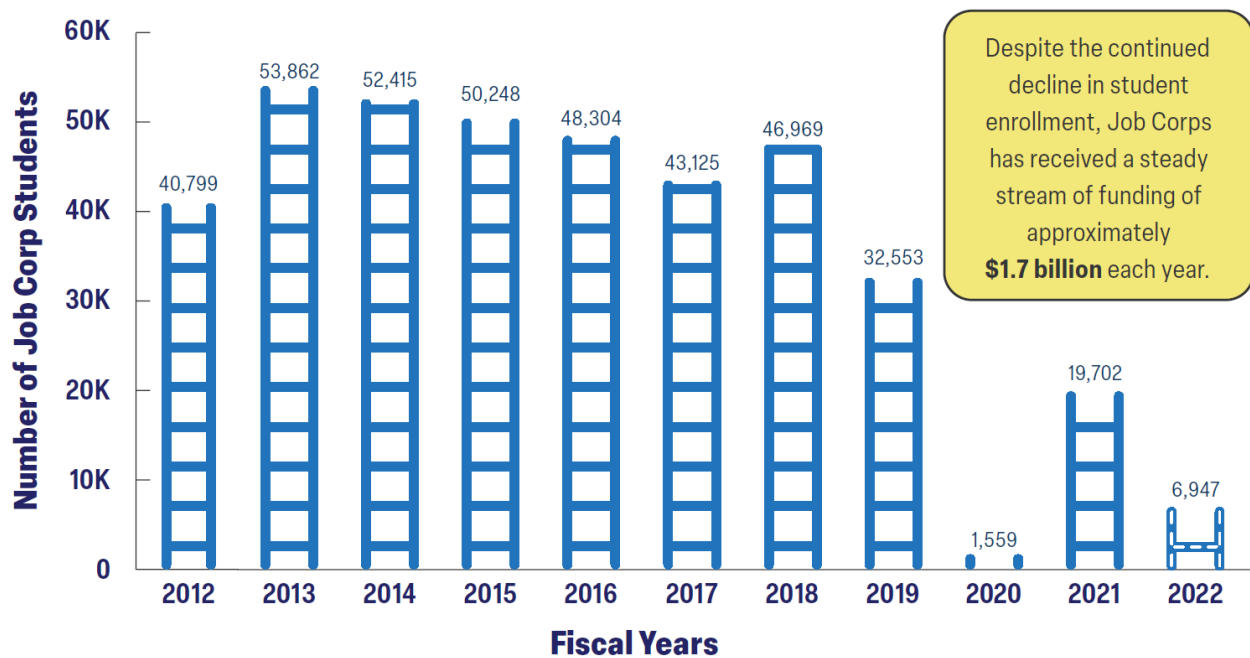
<sup>20</sup> The audit report, *ETA Could Not Demonstrate That Credentials Improved WIOA Participants' Employment Outcomes*, DOL OIG Report No. 03-20-002-03-391 (September 30, 2020), is available online at: <https://www.oig.dol.gov/public/reports/oa/2020/03-20-002-03-391.pdf>.

<sup>21</sup> The advisory report, *ETA's Management of Workforce Development Grants: Key Concerns*, DOL OIG Report No. 09-22-001-03-001 (March 31, 2022), is available online at: <https://www.oig.dol.gov/public/reports/oa/2022/09-22-001-03-001.pdf>.

Department needs to ensure these issues do not reoccur. In our September 2021 report, we found ETA’s American Apprenticeship Initiative grant program was unlikely to achieve at least one of its major goals because of the way it was designed and executed.<sup>22</sup> Insufficiently designed grant goals and metrics makes it difficult for ETA to determine if the goals and agency’s expected outcomes are being achieved.

Among Job Corps’ challenges is ensuring funds are used efficiently as enrollment has continued to decline. Prior to the pandemic, enrollment significantly declined from a high of 53,862 in FY 2013 to 32,553 in FY 2019. During the pandemic, enrollment dropped to as low as 1,559 during FY 2020 due to suspending in-person instruction and new enrollments. In April 2021, Job Corps transitioned back to in-person instruction and started enrolling students again. However, the on-campus student population, as of June 2022, remained under 13,000 with plans to cap enrollment in 2023 at 23,000 students because of COVID-19. Despite the continued decline in enrollment, Job Corps has requested and received a constant level of similar funding of approximately \$1.7 billion each year.

**Job Corps Student Enrollment from FY 2012 to FY 2022**



Source: Data provided by ETA to DOL OIG.

**DEPARTMENT’S PROGRESS**

With regard to credentials, ETA officials stated they have continued to provide resources through CareerOneStop.org to better inform job seekers, businesses, and career counselors about: which credentials are available; the quality and labor market value of those credentials; and the licensing, education, and training requirements for given credentials and occupations. ETA also stated it has continued to emphasize the importance of credential attainment in its grant competitions. It has provided extensive technical assistance to states on credentials, including information to further define and accurately report credentials, and convened a group of several state teams to develop useful strategies and tools to assess appropriate credentials.

<sup>22</sup> The audit report, *ETA Did Not Sufficiently Plan and Execute the American Apprenticeship Initiative Grant Program*, DOL OIG Report No. 05-21-004-03-375 (September 30, 2021), is available online at: <https://www.oig.dol.gov/public/reports/oa/2021/05-21-004-03-375.pdf>.



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In June 2020, ETA issued Training and Employment Guidance Letter (TEGL) 23-19<sup>23</sup> to provide guidelines for validating performance data submitted by grant recipients, including states, of workforce development programs that the Department administers. 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 data, with upfront edit checks and validation through grant monitoring on the back end. ETA continues to streamline the data validation process, align efforts among program areas, and reduce burden on grant recipients.

According to ETA officials, these upfront edit check rules are extensive and facilitate grant recipients submitting consistent and accurate data. In 2020, ETA initiated a quarterly report analysis to ensure grant recipients are reporting consistently on a set of key data elements. During WIOA monitoring reviews, ETA's regional offices conducted general oversight of grant recipients' data validation policy and practices and found issues with the data validation and reporting. According to ETA's national office, its regional offices plan to continue prioritizing data validation compliance in their monitoring reviews.

### **WHAT REMAINS TO BE DONE**

The Department needs to continue with efforts to:

- Bolster Job Corps student enrollment while reassessing the program's budgetary needs as student enrollment remains significantly below capacity since the pandemic;
- Develop programs supporting investments in training and education that lead to improved job skills and employment;
- Optimize grant recipients' reporting by prioritizing data validation;
- Monitor and ensure grant recipients' data used to calculate performance measures are complete and accurate to allow the Department to make evidence-based and data-driven decisions about job training programs; and
- Manage more effectively its workforce development grants by having sufficient controls to ensure proposals submitted by grant applicants meet all solicitation requirements; grant recipients use grant funding as intended; and ETA properly measures grant recipients' performance, especially in relation to grant program objectives.

## **CHALLENGE: Maintaining the Integrity of Foreign Labor Certification Programs**

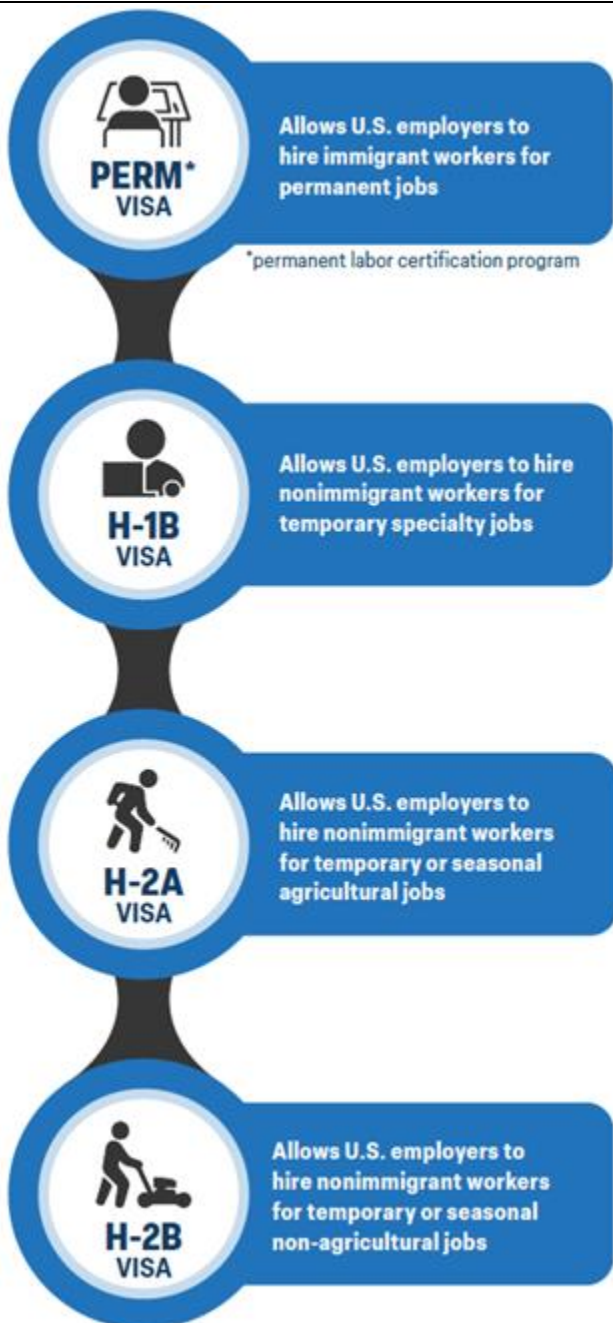
### **BACKGROUND**

The Immigration and Nationality Act and related laws assign specific 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 jobs and whether there would be any adverse impacts on similarly employed U.S. workers if labor certifications allowing admission of foreign workers were granted. To carry out these responsibilities, the Secretary has delegated to ETA's Office of Foreign Labor Certification the processing of prevailing wage<sup>24</sup> determinations and applications from employers seeking to hire: (1) immigrant workers for permanent jobs (PERM visa), (2) nonimmigrant workers for temporary specialty jobs (H-1B visa), and (3) nonimmigrant workers for temporary or seasonal agricultural and non-agricultural jobs (H-2A and H-2B visas). The Wage and Hour Division (WHD) conducts civil investigations associated with the award of Foreign Labor Certifications (FLC) to enforce certain worker protections which involve wages, working conditions, and similarly employed U.S. workers not being adversely affected in terms of working conditions and other employment benefits as a direct result of foreign workers being hired.

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<sup>23</sup> TEGL 23-19, *Guidance for Validating Required Performance Data Submitted by Grant Recipients of U.S. Department of Labor (DOL) Workforce Programs*, is available online at: [https://wdr.doleta.gov/directives/attach/TEGL/TEGL\\_23-19.pdf](https://wdr.doleta.gov/directives/attach/TEGL/TEGL_23-19.pdf).

<sup>24</sup> The prevailing wage rate is defined as the average wage paid to similarly employed workers in a specific occupation in the area of intended employment. For more details, DOL's webpage on "Prevailing Wage Information and Resources" is available online at: <https://www.dol.gov/agencies/eta/foreign-labor/wages#:~:text=The%20prevailing%20wage%20rate%20is,the%20area%20of%20intended%20employment>.



### CHALLENGE FOR THE DEPARTMENT

FLC programs rely solely on employers' attestations to determine whether or not to certify their applications, which is part of the process employers must undergo to obtain for foreign workers visas necessary to work in the United States. Given the reliance on an employer's word in the attestation, the Department cannot guarantee whether or not a U.S. worker might be available for the job and a foreign worker hired instead would not adversely affect wages and working conditions of U.S. workers similarly employed. The Department then faces the difficulty of balancing a thorough review of FLC visa applications to protect U.S. workers with the need to timely process these applications to meet employer workforce demands. For example, with the H-2B program, which is used to hire foreign workers for temporary non-agricultural jobs, application processing delays tend to occur in advance of the peak spring and summer hiring seasons, typically December and January, when application levels and employer workforce demands spike.

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Over the last decade, the OIG, along with other federal partners, conducted more than 194 criminal investigations related to fraud in FLC programs. These investigations have shown FLC programs to be susceptible to significant fraud and abuse by perpetrators, including certain immigration agents, attorneys, labor brokers, employers, and organized criminal enterprises. OIG investigations have uncovered illegal activities of employers misusing FLC programs to engage in human trafficking—with victims being exploited for employers’ economic gain.

The H-1B visa program allows U.S. employers to temporarily hire foreign workers in specialty occupations. Once more, the Department is challenged to verify whether U.S. workers are available for a job vacancy where H-1B candidates are being considered and ensure whether 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 are further drawbacks for the Department in being able to protect U.S. workers.

WHD is limited by statute to conducting investigations of alleged H-1B violations only when a complaint has been filed. The Department’s limited statutory authority to act on potentially fraudulent H-1B foreign labor visa applications has been a long-standing challenge. OIG investigations have shown the H-1B visa program is susceptible to significant fraud and abuse by certain immigration agents, attorneys, labor brokers, employers, and organized criminal enterprises. One reason for this is the statutory requirement that the Department certify H-1B visa applications within a short 7-day window unless it determines the applications to be “incomplete or obviously inaccurate.”<sup>25</sup> The OIG continues to investigate and discover various fraud schemes within the H-1B program, including labor leasing,<sup>26</sup> benching of foreign workers,<sup>27</sup> and wage kickbacks.<sup>28</sup>

ETA’s permanent labor certification program (PERM), which allows employers to hire foreign workers on a permanent basis in the United States, is another program that predominantly relies on attestations to verify whether employers are complying with its qualifying criteria. Once PERM visa applications are certified, ETA does not review applications post-adjudication to validate the integrity of employers’ attestations. On its end, WHD does not have investigatory authority in the PERM program and does not conduct follow-up investigations to verify whether the foreign workers are still working for those employers indicated in the original application.

#### **DEPARTMENT’S PROGRESS**

According to the Department, as part of its 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 can electronically file applications and upload documents into FLAG, the Department’s case management system, which issues all decisions on employers’ applications electronically from DOL to the U.S. Department of Homeland Security (DHS). According to the Department, the FLAG system also enhanced data sharing between the Department and State Workforce Agencies.

SeasonalJobs.dol.gov is an online portal to help job seekers identify and apply for open seasonal and temporary jobs under the H-2A and H-2B visa programs.<sup>29</sup> In addition to providing more search capabilities that tailor results to the geographic location of U.S. workers, the website was designed to integrate employment postings with third-party job search websites

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<sup>25</sup> According to 20 C.F.R. 655 Subpart H.

<sup>26</sup> Labor leasing: When workers are provided to a third party that usually offers limited or no benefits to the workers, and for a limited time.

<sup>27</sup> 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.

<sup>28</sup> Wage kickbacks: When third-party placement firms obtain H-1B workers and pay them lower wages than what U.S. employers would have paid. Moreover, this arrangement does not meet the USCIS-required employer-employee relationship whereby H-1B beneficiaries are being used to supplement needs of staffing companies to fulfill contracts at various end client users with little to no oversight by petitioning employer.

<sup>29</sup> The H-2A program allows U.S. employers to hire foreign workers temporarily for agricultural labor and services, while the H-2B program applies to non-agricultural labor and services.

to make these job opportunities more accessible to job seekers.

ETA is in the process of updating the PERM application forms and working with DOL's Office of the Chief Information Officer (OCIO) to upgrade the PERM Case Management System and modernize the application process into a cloud-based program.

As of 2021, according to WHD, the Department has established a process to initiate Secretary-certified H-1B investigations and entered into a memorandum of understanding with DHS to allow the following information to be shared with WHD: DHS data and U.S. Citizenship and Immigration Services (USCIS) referrals of suspected violations of the terms of labor condition applications.

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 DHS and the State Department to finance their application-processing activities related to these programs. Having a similar model for foreign labor certifications at DOL would eliminate the need for Congressional appropriations and create a funding structure responsive to market conditions.

#### **WHAT REMAINS TO BE DONE**

For all FLC programs, the Department needs to:

- Refer all potentially criminal violations to the OIG in a timely manner;
- Enhance the reporting and application of suspensions and debarments government-wide when employers are found culpable of abusing the program; and
- Pursue statutory and regulatory authority to strengthen its ability to debar employers who abuse this program.

For the H-1B visa program, the Department needs to:

- Take action to protect U.S. workers from any adverse effects on wages and working conditions caused by employing H-1B visa holders;<sup>30</sup> and
- Seek statutory authority to verify the accuracy of information provided on H-1B labor condition applications.

For the H-2B visa program, the Department needs to:

- Continue with its efforts to ensure the applications are processed in time to hire foreign workers by employers' dates of need while also ensuring the review process protects the interests of U.S. workers.

For the PERM visa program, the Department needs to:

- Perform post-adjudication reviews to validate the integrity of employers' attestations once applications have been certified since the majority of the applications are submitted for review without documentation to prove or support employers' attestations; and
- Investigate whether PERM workers are still working for the employers designated in the applications.

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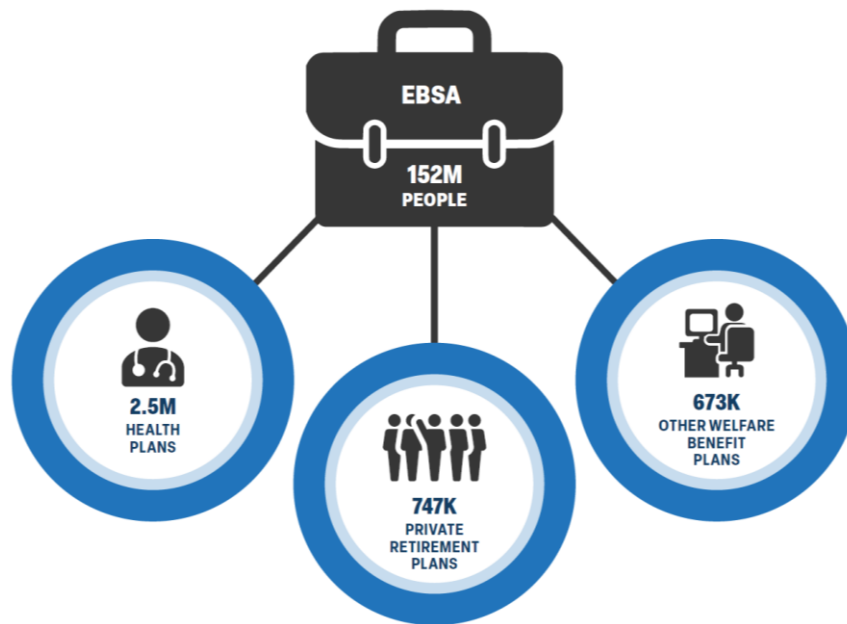
<sup>30</sup> As required of DOL and DHS, according to the Executive Order on *Aligning Federal Contracting and Hiring Practices with the Interests of American Workers*, issued on August 3, 2020.

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

### BACKGROUND

The Employee Benefits Security Administration (EBSA) protects the integrity of pension, health, and other employee benefit plans of about 152 million workers, retirees, and their families under the Employee Retirement Income Security Act (ERISA) of 1974.<sup>31</sup> The agency's responsibilities include enforcement authority over approximately 2.5 million health plans, 747,000 private retirement plans, and 673,000 other welfare benefit plans, which altogether hold approximately \$12 trillion in assets. It also has interpretive and regulatory responsibilities for Individual Retirement Accounts (IRA), which hold about \$13.2 trillion in assets.



EBSA also provides oversight of the federal government's Thrift Savings Plan (TSP), the largest defined contribution retirement plan in the United States, with nearly 6.65 million federal employees and uniformed military service members participating and \$726 billion in assets according to EBSA as of August 31, 2022.<sup>32</sup>

### CHALLENGE FOR THE DEPARTMENT

EBSA faces the challenge of how to allocate limited staff resources in a way that will maximize their efforts. At current staffing levels, EBSA has less than 1 investigator for every 12,200 plans and \$37 billion in assets. This challenge is especially significant given the necessity of being able to quickly adapt to fast-paced market conditions, new and emerging retirement investment options (e.g., cryptocurrencies), and regulatory changes affecting ERISA-covered plans, such as:

- Congress's creation of a new class of plan sponsor (pooled plan providers) in 2019;
- The Consolidated Appropriations Act of 2021's comprehensive amendments to ERISA, which translated into fundamental changes to laws governing:
  - Surprise medical bills,

<sup>31</sup> ERISA is a federal law that sets minimum standards for most voluntarily established retirement and health plans in private industry to protect individuals in these plans.

<sup>32</sup> The total value of TSP assets fluctuates over time and is affected by market volatility. For example, the asset value was \$827 billion as of December 31, 2021, according to TSP financial statements, as compared to \$726 billion as of August 31, 2022, according to EBSA.

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- Price transparency,
  - Fee disclosure,
  - Prescription drug coverage,
  - Reporting requirements,
  - System changes, and
  - Heightened enforcement requirements for parity in the provision of mental health and substance use disorder benefits;
  - Requirements mandated by the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act); and
  - COVID-19 payment mandates set forth in the Families First Coronavirus Response Act (FFCRA) and the CARES Act.

EBSA should continue to explore options to maximize the impact of its constrained resources to carry out the type and number of investigations, audits, reviews, and compliance assistance activities necessary to best protect workers' pension, 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 (MEWA), a health care delivery arrangement that aims to provide health benefits to employees of more than one employer and for which the sponsor is not usually a single employer. When MEWAs collapse through fraud or mismanagement, it often leads to devastating losses for workers and their dependents relying on MEWAs for medical expense coverage. Failed MEWAs leave vulnerable workers responsible for paying back millions of dollars in medical expenses and could cause workers to forgo necessary medical treatments, ultimately resulting in catastrophic health consequences. Because EBSA does not have the resources to conduct routine audits of the self-funded arrangements most prone to risk, it typically discovers troubled MEWAs only after they have started to collapse, when thousands—or tens of thousands—of participants are suddenly deprived of promised health benefits. Without a means to build an early warning system for such troubled MEWAs, this will continue to be a high-risk area for the agency.

EBSA is further challenged because it has no statutory authority to force certain plans to conduct full scope audits, which provide significantly stronger assurances than limited-scope audits (alternatively known as ERISA Section 103(a)(3)(C) audits). Past OIG work<sup>33</sup> revealed that as much as \$3 trillion in pension assets—including an estimated \$800 billion in hard-to-value alternative investments—received only 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. Because limited-scope audits provide little to no confirmation regarding the actual existence or value of plan assets, they deliver weak assurance to plan participants while putting retirement plan assets at great risk. According to EBSA, over 80 percent of plan audits are limited-scope audits. Though this percentage has remained generally stable in the last 10 years, it is markedly higher than the early 2000s, when closer to half of plan audits were limited-scope.

Additionally, EBSA has limited legal authority to enforce its oversight of \$726 billion in TSP assets and to compel the Federal Retirement Thrift Investment Board (the Board), which administers the TSP, to act on EBSA's recommendations, including significant recommendations related to cybersecurity. While EBSA has worked with the Board to improve the TSP's cybersecurity posture, a significant portion of the TSP's infrastructure was recently transferred to an outside third-party vendor. Accordingly, EBSA may need to take additional action to ensure TSP assets, accounts, and data are adequately protected. Due to the threat cybersecurity breaches pose to the TSP and potentially trillions of dollars in other ERISA-covered retirement plan assets, and due to the technical expertise required to assess plan security, this is a crucial management challenge as well.

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<sup>33</sup> The audit report, *EBSA Needs to Provide Additional Guidance and Oversight to ERISA Plans Holding Hard-to-Value Alternative Investments*, DOL OIG Report No. 09-13-001-12-121 (September 30, 2013), is available online at: <https://www.oig.dol.gov/public/reports/oa/2013/09-13-001-12-121.pdf>.

### **DEPARTMENT'S PROGRESS**

To protect plan participants from MEWA insolvency or fraud, EBSA has started proactively targeting MEWAs based on required filings (such as the M-1 and Form 5500) and worked with states to quickly identify any MEWAs that exhibit red flags. Additionally, EBSA will promptly initiate criminal investigations when it finds evidence of false marketing or fraudulent MEWAs.

To address cybersecurity risks, EBSA developed a red flag analysis tool and investigative plan to identify vulnerabilities to cyberattacks. EBSA also issued extensive guidance aimed at improving cybersecurity in private retirement plans and routinely includes cybersecurity inquiries as part of its investigations of retirement plans. It has also been working with TSP staff to conduct joint cybersecurity reviews, which has strengthened the TSP's cybersecurity posture.

### **WHAT REMAINS TO BE DONE**

Regarding the challenge of protecting retirement, health, and other benefit plans for workers, retirees, and their families, EBSA needs to:

- Effectively protect federal employees' retirement assets by seeking amendments to the Federal Employees' Retirement System Act of 1986 that would broaden its enforcement authority and thus compel the Board to implement its audit recommendations regarding the TSP;
- Develop new outreach, education, and enforcement strategies for MEWAs and expanded Multiple Employer Plans (MEP) to address the diversity of plans available on the market and pooled provider plans established under the SECURE Act;
- Determine how best to allocate its limited resources to oversee both the expanded number of plans as well as plan types it must regulate, given the history of insolvency, fraud, and abuse with troubled MEWAs and the expansion of MEPs likely to result from the SECURE Act; and
- Pursue legislative repeal of the limited-scope audit exemption for meaningful oversight and greater protection of the trillion-plus dollars' worth of assets in retirement plans. Limited-scope audits, as opposed to full-scope audits, offer participants weak assurance of plan asset values. With the proliferation of pension plan assets subject only to limited-scope audits, retirement investments are at much greater risk of loss in value.

## **CHALLENGE: Providing a Safe, Secure, and Healthy Learning Environment at Job Corps Centers**

### **BACKGROUND**

The Job Corps program provides room and board to most of its students at 121 Job Corps centers across the country and is responsible for the safety, security, and health of its on-campus population.

### **CHALLENGE FOR THE DEPARTMENT**

The Job Corps program faces challenges in maintaining a safe, secure, and healthy learning environment for its students and staff. Funding plays a significant role, particularly as it relates to the procurement, installation, ongoing maintenance, and upgrade of security equipment, as well as training and maintaining security staff. In addition to physical security protocols, part of establishing a safe learning environment for students entails Job Corps considering how the program can better serve students facing difficulties, such as substance abuse and mental health issues. OIG audits over the past several years have found a wide range of safety and security issues at Job Corps centers, from failure to report and



investigate serious student misconduct to security staff shortages. Our audits from 2015<sup>34</sup> and 2017<sup>35</sup> found that some Job Corps centers failed to report and investigate serious misconduct, such as drug abuse and assaults. The audits also determined that some Job Corps centers downgraded incidents of violence to lesser infractions, creating an unsafe environment for students and staff.

Similar to academic institutions nationwide, Job Corps must also grapple with higher-than-average health and safety risks inherent in residential on-campus settings with large populations of students and staff. These are evolving into long-term challenges as Job Corps attempts to adjust its operations to post-pandemic conditions. Job Corps also had to ensure the continued health and safety of students and staff on-site at its centers during the pandemic. On March 16, 2020, at the start of the pandemic, Job Corps temporarily suspended operations on its campuses and transported nearly 29,000 students to their homes or found them housing. At present, Job Corps has resumed on-campus operations at all 121 centers. Like many other educational institutions, keeping up with evolving safety and health guidance, new COVID-19 variants, and varying vaccine rates across the country will make it a challenge for Job Corps to maintain low COVID-19 case rates at its centers.

### **DEPARTMENT'S PROGRESS**

Our follow-up work completed in December 2017<sup>36</sup> and our ongoing review of Job Corps' corrective actions show that Job Corps has taken steps to improve center safety and security by establishing stronger internal controls and security measures, which included the installation of security cameras, perimeter fencing, and better lighting at centers.

Agency officials stated Job Corps continues to take steps to protect the health and safety of students and staff on-site at its centers as COVID-19 variants spread. With students returning to campus, Job Corps continues to work with contracted public health experts and consultants to periodically update guidance based on Centers for Disease Control and Prevention (CDC) protocols, such as for vaccinating, quarantining, and social distancing students and staff.

### **WHAT REMAINS TO BE DONE**

To advance health, safety, and security measures for its students and staff on-site at its centers, Job Corps needs to:

- Remain vigilant about the virus's potential impact on the health and safety of students and staff depending on how COVID-19 variants evolve in the immediate future;
- Train employees and contractors on changing policies and procedures that align with new CDC, state, and local health and safety guidelines;
- Maintain necessary COVID-19 safety and health measures as student enrollment continues to increase at Job Corps centers;
- Ensure existing policies and procedures are periodically reviewed and monitored for compliance; and
- Ensure center operators and regional office personnel fully enforce Job Corps safety and security policies to improve campus security and control violence.

To inform agency decision-making and to assess the impact of proposed, planned, and implemented security reforms, Job Corps needs to:

- Timely identify and remediate noncompliance; and
- Evaluate and deploy tools to help improve the pre-admission applicant screening and enrollment process.

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<sup>34</sup> The audit report, *Job Corps Needs to Improve Enforcement and Oversight of Student Disciplinary Policies to Better Protect Students and Staff at Centers*, DOL OIG Report No. 26-15-001-03-370 (February 27, 2015), is available online at: <https://www.oig.dol.gov/public/reports/oa/2015/26-15-001-03-370.pdf>.

<sup>35</sup> The audit report, *Review of Job Corps Center Safety and Security*, DOL OIG Report No. 26-17-001-03-370 (March 31, 2017), is available online at: <https://www.oig.dol.gov/public/reports/oa/2017/26-17-001-03-370.pdf>.

<sup>36</sup> The audit report, *Job Corps Took Action to Mitigate Violence, Drugs and Other Student Misconduct at Centers, But More Needs to Be Done*, DOL OIG Report No. 26-18-001-03-370 (December 29, 2017), is available online at: <https://www.oig.dol.gov/public/reports/oa/2018/26-18-003-03-370.pdf>.



## CHALLENGE: Managing Medical Benefits in the Office of Workers' Compensation Programs

### BACKGROUND

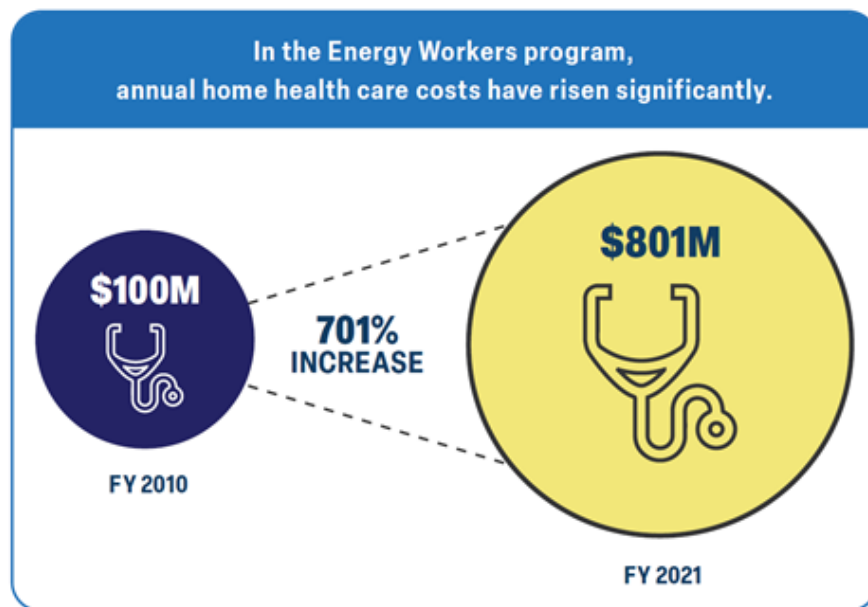
The Department's Office of Workers' Compensation Programs (OWCP) provides compensation and medical benefits to workers for employment-related injuries or occupational diseases. During FY 2021, OWCP paid medical benefits in the amounts of \$771 million under the Federal Employees' Compensation Act (FECA), more than \$1.1 billion under the Energy Employees Occupational Illness Compensation Program Act (EEOICPA), and more than \$30 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) the use and cost of pharmaceuticals in the FECA program and (2) rising home health care costs in the EEOICPA authorized program (the Energy Workers program). The agency is further challenged due to the undetermined reliability of its medical bill payment data. The OIG is currently conducting an audit examining OWCP's management of pharmaceutical spending in the FECA program.

Our previous work concerning 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. After implementing new policies, OWCP significantly decreased total compounded drug spending from almost \$256 million in FY 2016 to less than \$176,000 in FY 2020 and reduced opioid spending from over \$86 million in FY 2016 to approximately \$29 million in FY 2020, according to data the agency provided. However, given the high risk of fraud related to prescription payments, OWCP needs to proactively analyze and monitor FECA program costs to promptly detect and address emerging issues before they manifest into material concerns.

In the Energy Workers program, annual home and residential health care costs have risen from almost \$100 million in FY 2010 to approximately \$801 million in FY 2021, comprising approximately 73 percent of all medical benefits paid by the program in FY 2021. With an aging claimant population and an increased demand for home health care services, there is a potential for providers to exploit these benefits through unethical practices. 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.



Finally, our work identified internal control weaknesses in OWCP's management of its medical bill payment processing

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and fraud oversight. These weaknesses presented a potential threat to the reliability of medical bill payment data. OWCP's oversight of the process for development of the medical bill payment data and contractor services were undocumented and incomplete.

### **DEPARTMENT'S PROGRESS**

OWCP has taken actions to better manage pharmaceuticals in the FECA program. In March 2021, OWCP announced it had contracted with a pharmacy benefit manager to be responsible for pharmaceutical transactions, including implementation of FECA eligibility determinations and pricing for prescription drugs. In November 2021, OWCP implemented new prescription management policies through its pharmacy benefit manager, including a drug formulary system. The new prescription management policies also require prior authorizations for non-formulary medications brand name drugs, opioids outside the established policy, and specialty and compounded drugs. Other new policies include drug utilization reviews; quantity limits on initial fills and subsequent refills; and additional safety checks, reduced complexity, and increased transparency for prescribers of and claimants with opioid prescriptions. The FECA program also requires claimants to use generic equivalents whenever available.

Additionally, OWCP continues to analyze and audit home health care billing practices in the Energy Workers program for the purpose of modifying billing rules and policies when it uncovers abusive practices. It has moved the adjudication of home health care into a national office unit that focuses exclusively on medical benefits adjudication and has provided internal training to that unit. OWCP officials also implemented a program integrity unit and increased the number of referrals to the OIG for investigation.

OWCP stated it has addressed our concerns regarding data reliability within its medical bill payment processes. We are planning to conduct follow-up audit work to assess OWCP's progress in this area.

### **WHAT REMAINS TO BE DONE**

To more effectively manage medical benefits in its workers' compensation programs, OWCP needs to:

- Determine the best practices insurance providers and other federal, state, and local agencies have adopted to successfully manage medical costs and identify those that might be most suitable for its own programs;
- Expand its use of data analytics to monitor medical costs and identify risks, trends, and emerging issues; and
- Ensure sufficient internal controls for medical bill payment processes are documented and fully implemented.

For the FECA program, OWCP needs to:

- Analyze and monitor FECA costs to promptly detect and address problems given the high risk of fraud related to prescription payments;
- Ensure it is using the best methods for calculating fair and reasonable pharmaceutical pricing; and
- Monitor closely the performance of its pharmacy benefit manager contractor to ensure appropriate price and savings.

For the Energy Workers program, OWCP needs to:

- Continue its efforts to analyze home health care billings for unethical practices; and
- Identify and refer allegations involving potential fraud or abuse to the OIG for further investigation.

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## CHALLENGE: Securing and Managing Information Systems

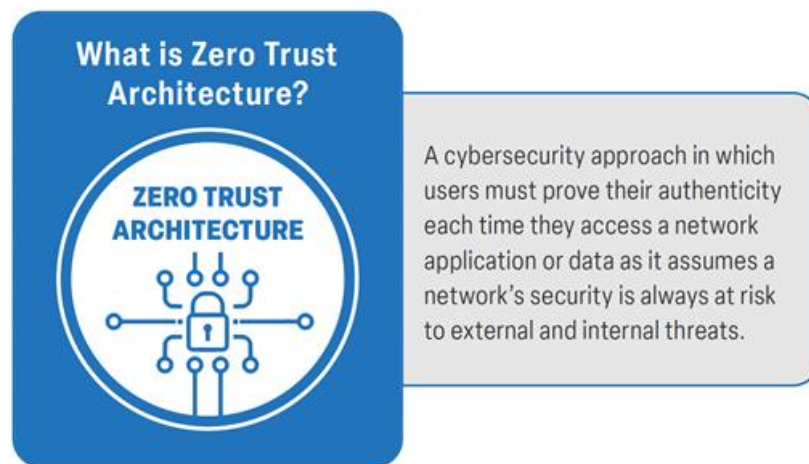
### BACKGROUND

The Department and its 25 program agencies depend on reliable and secure information technology (IT) systems to perform their mission critical functions. 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 2022, the Department invested an estimated \$723 million in information technology to implement its services and functions needed to safeguard the U.S. workforce.

### CHALLENGE FOR THE DEPARTMENT

The Department faces key challenges in IT security and management that include protecting its IT systems from intrusion by external threats or being compromised by internal entities; securing and safeguarding its data and information systems, including administering endpoint security; managing its IT investment portfolio; and planning, acquiring, replacing, and upgrading IT infrastructure and systems.

The OIG continues to identify information security deficiencies in the critical areas of configuration management, identity management, risk management, third-party oversight, continuous monitoring, and contingency planning. Furthermore, as new standards for securing federal information systems are required and developed, the Department has not demonstrated the ability to implement in a timely manner these requirements, such as those applicable to zero trust architecture and supply chain, to effectively secure IT systems. This has been a long-standing and serious issue for the Department.



We also have continuing concerns about the Department's IT governance and modernization efforts. In December 2020, the Department had consolidated approximately 70 percent of its information technology and resources under the Assistant Secretary for Administration and Management as part of an IT shared services model. While the Chief Information Officer (CIO) provides the management and oversight of the Department's IT resources for the Assistant Secretary for Administration and Management, the position of the CIO has not been given the independence and authority needed to implement and maintain these resources. By keeping the position under the Assistant Secretary for Administration and Management, the CIO is not aligned with other departmental agency heads and does not report directly to the Secretary of Labor as required by current laws.

### DEPARTMENT'S PROGRESS

The Department has been carrying out activities to implement new IT programs and systems designed to strengthen security operations, such as expanding its vulnerability scanning coverage. To better manage resources and projects by modernizing, securing, and consolidating information technology, the Department has reorganized some of its IT resources and capabilities to a more centralized shared services environment under the Office of Assistant Secretary for

Administration and Management (OASAM), and this includes realigning information processes and personnel.

**WHAT REMAINS TO BE DONE**

To improve the security of its information systems, with the majority of its information technology consolidated within OASAM, the Department still needs to:

- Strengthen its oversight in implementing information security policies, procedures, and controls;
- Improve its continuous monitoring program;
- Focus on recurring information security deficiencies;
- Implement required information system security standards;
- Ensure the implementation of security requirements with its third-party cloud systems and IT services; and
- Plan for emerging cybersecurity enhancements, such as zero trust architecture.

To improve the management of its information systems, while having implemented a shared services model within OASAM for its information technology, the Department needs to:

- Complete the initiative of incorporating the Bureau of Labor Statistics (BLS) and the Office of the Chief Financial Officer (OCFO) into the Department's IT shared services model; and
- Elevate the CIO's position to report directly to the Secretary of Labor so the CIO has the necessary authority, independence, and accountability to govern the Department's IT resources.

## Summary of Financial Statement Audit and Management Assurances

The following tables provide a summary of the Department's FY 2022 financial statement audit and its management assurances.

Summary of Financial Statement Audit					
Audit Opinion	Modified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Improvements Needed in Controls Over Estimates Related to Unemployment Trust Fund Balances and Activity	1	0	0	0	1
Total Material Weaknesses	1	0	0	0	1
Significant Deficiency	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Significant Deficiencies	0	0	0	0	0

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
Improvements Needed in Controls Over Estimates Related to Unemployment Trust Fund Balances and Activity	1	0	0	0	1	1
Total Material Weaknesses	1	0	0	0	1	1
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	0	0	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	0	0	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.		

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## Payment Integrity

The Payment Integrity Information Act ([PIIA](#)) of 2019 (3/02/2020), reorganized and revised several existing improper payments (IP) 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](#)). These laws require Federal agencies to identify and reduce 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](#) (3/05/2021) and OMB Circular [A-136](#) (6/03/2022). For FY 2022 reporting, OMB indicated in A-136 that “*Each Executive Branch agency must complete the Annual Data Call issued by OMB and provide a link to [PaymentAccuracy.gov](#) in their AFR or PAR. The Data Call helps to fulfill reporting requirements under the Payment Integrity Information Act of 2019 (Pub. L. No. 116-117) (PIIA) and provides the public with comprehensive improper payment data and information on [PaymentAccuracy.gov](#).*” All applicable reporting requirements, including details regarding the Federal-State Unemployment Insurance program’s internal recovery audit program have been reported to OMB in the Annual Data Call and OMB reporting may be found at [PaymentAccuracy.gov](#).

### **High-Priority Program: Unemployment Insurance (UI) Program Integrity**

The Department has one program designated as high-priority under OMB guidance – the Federal-State Unemployment Insurance program (UI). The UI program provides partial wage replacement for eligible unemployed workers who become unemployed through no fault of their own and meet certain other eligibility requirements under Federal and state law. 53 state UI agencies administer their own UI program under guidelines established by federal statute. States establish their own UI eligibility requirements for the state UI program under state UI law and in compliance with Federal minimum standards and are responsible for reviewing all applications, collecting state UI taxes, making all benefit payments, and preventing improper payments.

The Department’s Employment and Training Administration (ETA), bases the UI improper payment estimates on results of the Benefit Accuracy Measurement (BAM) survey, which examines a nationwide statistically valid sample of payments made in the three largest permanently authorized Unemployment Compensation (UC) programs: State UI, Unemployment Compensation for Federal Employees (UCFE), and Unemployment Compensation for Ex-service members (UCX). The BAM sample does not include payments made under episodic programs such as Extended Benefits (EB) and temporary programs like the Emergency Unemployment Compensation (EUC) program and the UI-related programs created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, including Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC), and Federal Pandemic Unemployment Compensation (FPUC). However, ETA applied the regular UI improper payment rate to the FPUC and PEUC programs in FY 2021 and FY 2022 to help ensure transparent, timely reporting. FPUC and PEUC expired in law on September 6, 2021, though many states ended these benefits before that date. FY 2022 is anticipated to be the last year reporting on these expired programs will be necessary. In addition to estimating the UI improper payment rate, ETA produces data from the BAM survey identifying the top root causes of IP. The top root causes of UI improper payments for PIIA FY 2022 reporting (July 1, 2021 through June 30, 2022), were: Benefit Year Earnings (BYE), Separation Issues, and Other Eligibility IP. The UI IP rate and amount will be published on [PaymentAccuracy.gov](#).

The frequency and complexity of fraud attacks against state UC programs increased significantly during the COVID-19 pandemic. State UI systems were targeted by sophisticated and organized fraud, perpetrated by domestic and international criminal organizations. Fraud schemes continue to evolve to circumvent prevention and detection tools and strategies implemented by states. ETA and state UI agencies continue to work collaboratively with the Department’s Office of Inspector General (OIG) and refer cases of UI fraud, waste, abuse, mismanagement, and misconduct to the Department’s OIG for investigation and prosecution.

ETA remains fully committed to reducing IPs and combatting fraud in the UC programs and continues to make UI program integrity a top agency priority. ETA develops, updates, and oversees implementation of a robust and dynamic UI Integrity Strategic Plan, which continuously evolves and includes innovative strategies to address emerging fraud schemes, prevent and reduce UI improper payments, and recover benefits that were overpaid. ETA’s FY 2022 efforts included providing

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guidance, technical assistance, and funding to support states in combatting fraud and reducing IP based on the top root causes of UI improper payments. ETA also invested in developing new and enhancing existing tools, datasets, and resources and made these available to aid states in more quickly identifying potential IP and fraud. For more information on the top root causes of UI improper payments and ETA's UI integrity strategies and actions in FY 2022, see the FY 2022 [UI Integrity Strategic Plan](#).

### **Recovery of UI Overpayments**

The UI Integrity Strategic Plan also included UI overpayment recovery strategies and actions. ETA is committed to providing states with tools and resources to enhance UI overpayment recovery efforts.

With oversight from ETA, each state is responsible for promoting and maintaining UI program integrity through prevention, detection, investigation, establishment, and recovery of IP. States identify and establish overpayments for recovery using methods such as cross-matching with the State Directory of New Hires, the National Directory of New Hires, the UI Integrity Center's Integrity Data Hub, quarterly wage records submitted by employers, matches with databases such as Workers Compensation and incarceration records, and other sources such as tips and leads.

State UI laws provide for overpayment recovery and states are required to follow their individual state laws and policies in executing recovery efforts. ETA requires states to report quarterly on overpayment detection and recovery activities, including information on actual amounts of UI overpayments established and recovered.

States are required to hold claimants liable to repay improperly received benefits and take an active role to recover IP. States may waive recovery of non-fraud overpayments when it would be against equity and good conscience pursuant to their state's law. States may also waive recovery of certain non-fraud overpayments under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as amended, in accordance with federal guidance (see Unemployment Insurance Program Letter (UIPL) No. [20-21](#) and [20-21, Change 1](#)). Under no circumstances may a state waive recovery activities for a fraudulent overpayment.

ETA requires states to use the overpayment recovery tools listed below (with citations providing ETA with authority to require such actions):

- Benefit Offsets (Title II, Subtitle A of the Middle Class Tax Relief and Job Creation Act of 2012, [UIPL No. 05-13](#));
- Treasury Offset Program (TOP) (Bipartisan Budget Act of 2013, [UIPL No. 02-19](#) and [12-14](#));
- Cross Program Offset Recovery Agreement (CPORA) ([UIPL No. 05-13](#)); and
- Interstate Reciprocal Offset Recovery Arrangement (IPORA) ([UIPL No. 05-13](#)).

ETA also strongly recommends states use the following additional overpayment recovery activities, where allowed by state law, as part of an effective overpayment recovery operation:

- State Income Tax Offset Program;
- Wage Garnishments;
- Civil Actions;
- Property Liens;
- Collection Agency Referrals;
- Credit Bureau Referrals;
- Probate and bankruptcy;
- Referral to DOL-OIG and law enforcement;
- State/Federal prosecution;
- Offsets lottery winnings, homestead exemptions, and other benefits;
- Skip tracing;
- Establishment of interest and penalties on overpayments, which adds an incentive to repay quickly;
- Negotiating repayment plans; and
- Accepting repayments through various methods (online, via credit card, etc.).



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## **Veterans' Employment and Training Service (VETS)**

VETS administers four major programs to meet the employment and training needs of transitioning service members, veterans, and eligible military 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, transitioning service members, and military 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**

#### **Transition Assistance Program (TAP)**

TAP, authorized under 10 U.S.C. 1144, is for transitioning 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 three workshops as part of the program. The workshops include the mandatory one-day Employment Fundamentals of Career Transition (EFCT), which is a foundational workshop on employment preparation. The other two workshops are the two-day DOL Employment Workshop (DOLEW), and the two-day DOL Career and Credential Exploration (C2E) workshop. The DOLEW provides a deeper dive into topics covered during the EFCT. The C2E workshop provides personalized career-development assessments to guide participants through a variety of career explorations. VETS now also offers two new transition workshops: (1) Transition Employment Assistance for Military Spouses (TEAMS), and (2) Wounded Warrior and Caregiver Employment Workshop (WWCEW).

#### **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.

#### **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 (VP)**

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 VP 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 FY 2022**

Program	2022	
	Cost	Part. Served
TAP <sup>(1)</sup>	\$ 35,987	271.2
JVSG <sup>(2)</sup>	187,278	43.5
HVRP <sup>(3)</sup>	71,457	16.9
USERRA <sup>(4)</sup>	15,399	7.2
<b>TOTAL</b> <small>(5), (6)</small>	<b>\$ 310,121</b>	<b>338.8</b>

- <sup>(1)</sup> Source: TAP participants served includes participants from all instructor-led TAP courses and pilots from October 1<sup>st</sup> through September 30<sup>th</sup> of the corresponding fiscal year.
- <sup>(2)</sup> Source: Workforce Integrated Performance System (WIPS) JVSG participants served count from July 1<sup>st</sup> through June 30<sup>th</sup> of the corresponding fiscal year.
- <sup>(3)</sup> Source: Quarterly grantee Technical Performance Reports (TPRs) as of program year ending June 30<sup>th</sup> of the corresponding fiscal year.
- <sup>(4)</sup> USERRA participants include the unique cases opened for USERRA and VP, a count of all individuals who received Compliance Assistance and participants served through the National Call Center.
- <sup>(5)</sup> Total costs for labor, employment, and pension standards are not reported.
- <sup>(6)</sup> Total costs reflect administrative costs.

**Program Outcomes**

Outcomes for the VETS programs will be presented in the Department's Annual Performance Report for FY 2022, available in February 2023 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 (87 FR 2328-2340, January 14, 2022).

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	<u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u>  Section 209(b) - Failure to furnish reports (e.g., pension benefit statements) to certain former participants and beneficiaries or maintain records.	1974	2022	\$33 per employee per failure.	EBSA	<a href="https://www.govinfo.gov">govinfo.gov</a>  87 FR 2337-2338 (January 14, 2022)
29 U.S.C. §1132 (c)(2)  29 C.F.R. 2575.1 through .3	<u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u>  Section 502(c)(2) - Failure or refusal to properly file plan annual report (Form 5500) under Section 104(a); and failure of a multiemployer plan to certify endangered or critical status under Section 305 (b)(3)(C) treated as failure to file annual report.	1987	2022	Maximum \$2,400 per day per failure/refusal.	EBSA	<a href="https://www.govinfo.gov">govinfo.gov</a>  87 FR 2337-2338 (January 14, 2022)
29 U.S.C. §1132(c)(4)  29 C.F.R. 2575.1 through .3	<u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u>  Section 502(c)(4) - Failure to disclose certain documents upon request under Sections 101(k) and (l); failure to furnish notices under Sections 101(j) and 514(e)(3) - each statutory recipient a separate violation.	1993	2022	Maximum \$1,899 per day per failure.	EBSA	<a href="https://www.govinfo.gov">govinfo.gov</a>  87 FR 2337-2338 (January 14, 2022)

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
<p>29 U.S.C. §1132(c)(5)</p> <p>29 C.F.R. 2575.1 through .3</p>	<p><u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u></p> <p>Section 502(c)(5) - Failure to file annual report for Multiple Employer Welfare Arrangements (MEWAs).</p>	<p>1996</p>	<p>2022</p>	<p>Maximum \$1,746 per day per failure.</p>	<p>EBSA</p>	<p><a href="https://www.govinfo.gov">govinfo.gov</a></p> <p>87 FR 2337-2338 (January 14, 2022)</p>
<p>29 U.S.C. §1132(c)(6)</p> <p>29 C.F.R. 2575.1 through .3</p>	<p><u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u></p> <p>Section 502(c)(6) - Failure to provide Secretary of Labor requested documentation.</p>	<p>1997</p>	<p>2022</p>	<p>Maximum \$171 per day not to exceed \$1,713 per request.</p>	<p>EBSA</p>	<p><a href="https://www.govinfo.gov">govinfo.gov</a></p> <p>87 FR 2337-2338 (January 14, 2022)</p>
<p>29 U.S.C. §1132(c)(7)</p> <p>29 C.F.R. 2575.1 through .3</p>	<p><u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u></p> <p>Section 502(c)(7) - Failure to provide notices of blackout periods and of right to divest employer securities – each participant/beneficiary a separate violation.</p>	<p>2002</p>	<p>2022</p>	<p>Maximum \$152 per day per failure.</p>	<p>EBSA</p>	<p><a href="https://www.govinfo.gov">govinfo.gov</a></p> <p>87 FR 2337-2338 (January 14, 2022)</p>
<p>29 U.S.C. §1132(c)(8)</p> <p>29 C.F.R. 2575.1 through .3</p>	<p><u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u></p> <p>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.</p>	<p>2006</p>	<p>2022</p>	<p>Maximum \$1,507 per day per failure.</p>	<p>EBSA</p>	<p><a href="https://www.govinfo.gov">govinfo.gov</a></p> <p>87 FR 2337-2338 (January 14, 2022)</p>

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
<p>29 U.S.C. §1132(c)(9)(A)</p> <p>29 C.F.R. 2575.1 through .3</p>	<p><u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u></p> <p>Section 502(c)(9)(A) - Failure by an employer to inform employees of CHIP coverage opportunities under Section 701(f)(3)(B)(i)(I) – each employee a separate violation.</p>	<p>2009</p>	<p>2022</p>	<p>Maximum \$127 per day per failure.</p>	<p>EBSA</p>	<p><a href="https://www.govinfo.gov">govinfo.gov</a></p> <p>87 FR 2337-2338 (January 14, 2022)</p>
<p>29 U.S.C. §1132(c)(9)(B)</p> <p>29 C.F.R. 2575.1 through .3</p>	<p><u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u></p> <p>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.</p>	<p>2009</p>	<p>2022</p>	<p>Maximum \$127 per day per failure.</p>	<p>EBSA</p>	<p><a href="https://www.govinfo.gov">govinfo.gov</a></p> <p>87 FR 2337-2338 (January 14, 2022)</p>
<p>29 U.S.C. §1132(c)(10)(B)(i)</p> <p>29 C.F.R. 2575.1 through .3</p>	<p><u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u></p> <p>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.</p>	<p>2008</p>	<p>2022</p>	<p>\$127 per day per participant and beneficiary during noncompliance period.</p>	<p>EBSA</p>	<p><a href="https://www.govinfo.gov">govinfo.gov</a></p> <p>87 FR 2337-2338 (January 14, 2022)</p>

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
<p>29 U.S.C. §1132(c)(10)(C)(i)</p> <p>29 C.F.R. 2575.1 through .3</p>	<p><u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u></p> <p>Section 502(c)(10)(C)(i) - Penalty for uncorrected de minimis violations.</p>	<p>2008</p>	<p>2022</p>	<p>Minimum \$3,192 per participant or beneficiary for de minimis failures not corrected prior to notice from Department of Labor.</p>	<p>EBSA</p>	<p><a href="https://www.govinfo.gov">govinfo.gov</a></p> <p>87 FR 2337-2338 (January 14, 2022)</p>
<p>29 U.S.C. §1132(c)(10)(C)(ii)</p> <p>29 C.F.R. 2575.1 through .3</p>	<p><u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u></p> <p>Section 502(c)(10)(C)(ii) - Penalty for uncorrected violations that are not de minimis.</p>	<p>2008</p>	<p>2022</p>	<p>Minimum \$19,157 per participant or beneficiary for non- de minimis failures not corrected prior to notice from Department of Labor.</p>	<p>EBSA</p>	<p><a href="https://www.govinfo.gov">govinfo.gov</a></p> <p>87 FR 2337-2338 (January 14, 2022)</p>
<p>29 U.S.C. §1132(c)(10)(D)(iii)</p> <p>29 C.F.R. 2575.1 through .3</p>	<p><u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u></p> <p>Section 502(c)(10)(D)(iii) - Overall limitation for unintentional failures to meet genetic information requirements.</p>	<p>2008</p>	<p>2022</p>	<p>Maximum \$638,556.</p>	<p>EBSA</p>	<p><a href="https://www.govinfo.gov">govinfo.gov</a></p> <p>87 FR 2337-2338 (January 14, 2022)</p>
<p>29 U.S.C. §1132(c)(12)</p> <p>29 C.F.R. 2575.1 through .3</p>	<p><u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u></p> <p>Section 502(c)(12) - Failure of a CSEC plan in restoration status to adopt a restoration plan.</p>	<p>2014</p>	<p>2022</p>	<p>Maximum \$117 per day, per failure.</p>	<p>EBSA</p>	<p><a href="https://www.govinfo.gov">govinfo.gov</a></p> <p>87 FR 2337-2338 (January 14, 2022)</p>

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
<p>29 U.S.C. §1132(m)</p> <p>29 C.F.R. 2575.1 through .3</p>	<p><u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u></p> <p>Section 502(m) - Failure to make a proper distribution from a defined benefit plan under section 206(e) of ERISA.</p>	<p>1994</p>	<p>2022</p>	<p>Maximum \$18,500 per distribution.</p>	<p>EBSA</p>	<p><a href="https://www.govinfo.gov">govinfo.gov</a></p> <p>87 FR 2337-2338 (January 14, 2022)</p>
<p>29 U.S.C. §1185d; 42 U.S.C. §300gg-15</p> <p>29 C.F.R. 2590.715-2715(e); 29 C.F.R. 2575.1 through .3</p>	<p><u>Employee Retirement Income Security Act of 1974 (ERISA), as amended.</u></p> <p>Section 715 - Failure to provide Summary of Benefits and Coverage under PHS Act section 2715(f), as incorporated in Section 715 and 29 CFR 2590.715-2715(e) – each participant/beneficiary a separate violation.</p>	<p>2010</p>	<p>2022</p>	<p>Maximum \$1,264 per failure.</p>	<p>EBSA</p>	<p><a href="https://www.govinfo.gov">govinfo.gov</a></p> <p>87 FR 2337-2338 (January 14, 2022)</p>
<p>30 U.S.C. 801 et seq</p> <p>30 C.F.R. 100.3(a)</p>	<p><u>Federal Mine Safety and Health Act of 1977 (Mine Act).</u></p> <p>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.</p>	<p>1977</p>	<p>2022</p>	<p>Maximum \$79,428.</p>	<p>MSHA</p>	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2337 (January 14, 2022)</p>

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 U.S.C. 801 et seq  30 C.F.R. 100.3(g)	<u>Federal Mine Safety and Health Act of 1977 (Mine Act).</u>  Regular assessment. Penalty conversion table. The penalty conversion table is used to convert the total penalty points to a dollar amount.	1978	2022	Minimum \$148, Maximum \$79,428.	MSHA	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2337 (January 14, 2022)
30 U.S.C. 801 et seq  30 C.F.R. 100.4(a)	<u>Federal Mine Safety and Health Act of 1977 (Mine Act).</u>  Unwarrantable failure and immediate notification. Penalty for any citation or order issued under section 104(d)(1) of the Mine Act.	2006	2022	Minimum \$2,648.	MSHA	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2337 (January 14, 2022)
30 U.S.C. 801 et seq  30 C.F.R. 100.4(b)	<u>Federal Mine Safety and Health Act of 1977 (Mine Act).</u>  Unwarrantable failure and immediate notification. Penalty for any order issued under section 104(d) (2) of the Mine Act.	2006	2022	Minimum \$5,293.	MSHA	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2337 (January 14, 2022)
30 U.S.C. 801 et seq  30 C.F.R. 100.4(c)	<u>Federal Mine Safety and Health Act of 1977 (Mine Act).</u>  Unwarrantable failure and immediate notification. Penalty for failure to provide timely notification to the Secretary under section 103(j) of the Mine Act.	2006	2022	Minimum \$6,620, Maximum \$79,428.	MSHA	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2337 (January 14, 2022)



Other Information  
(Unaudited)

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 U.S.C. 801 et seq  30 C.F.R. 100.5(c)	<u>Federal Mine Safety and Health Act of 1977 (Mine Act).</u>  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	2022	Maximum \$8,605.	MSHA	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2337 (January 14, 2022)
30 U.S.C. 801 et seq  30 C.F.R. 100.5(d)	<u>Federal Mine Safety and Health Act of 1977 (Mine Act).</u>  Determination of penalty amount; special assessment. Any miner who willfully violates the mandatory safety standards relating to smoking standards or carrying of smoking materials.	1977	2022	Maximum \$363 each occurrence.	MSHA	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2337 (January 14, 2022)
30 U.S.C. 801 et seq  30 C.F.R. 100.5(e)	<u>Federal Mine Safety and Health Act of 1977 (Mine Act).</u>  Determination of penalty amount; special assessment. Violations that are deemed to be flagrant under section 110(b)(2) of the Mine Act.	2006	2022	Maximum \$291,234.	MSHA	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2337 (January 14, 2022)
29 C.F.R. 1903.15(d)(1)	<u>Occupational Safety and Health Act of 1970 (OSH Act).</u>  Penalty per willful violation under section 17(a) of the Act, 29 U.S.C. 666(a).	1970	2022	Minimum \$10,360, Maximum \$145,027.	OSHA	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2338 (January 14, 2022)

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)(2)	<u>Occupational Safety and Health Act of 1970 (OSH Act).</u> Penalty per repeated violation under section 17(a) of the Act, 29 U.S.C. 666(a).	1970	2022	Maximum \$145,027.	OSHA	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a> 87 FR 2338 (January 14, 2022)
29 C.F.R. 1903.15(d)(3)	<u>Occupational Safety and Health Act of 1970 (OSH Act).</u> Penalty for a serious violation under section 17(b) of the Act, 29 U.S.C. 666(b).	1970	2022	Maximum \$14,502.	OSHA	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a> 87 FR 2338 (January 14, 2022)
29 C.F.R. 1903.15(d)(4)	<u>Occupational Safety and Health Act of 1970 (OSH Act).</u> Penalty for an other-than-serious violation under section 17(c) of the Act, 29 U.S.C. 666(c).	1970	2022	Maximum \$14,502.	OSHA	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a> 87 FR 2338 (January 14, 2022)
29 C.F.R. 1903.15(d)(5)	<u>Occupational Safety and Health Act of 1970 (OSH Act).</u> Penalty for a failure to correct a violation under section 17(d) of the Act, 29 U.S.C. 666(d).	1970	2022	Maximum \$14,502 per day.	OSHA	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a> 87 FR 2338 (January 14, 2022)
29 C.F.R. 1903.15(d)(6)	<u>Occupational Safety and Health Act of 1970 (OSH Act).</u> Penalty for a posting requirement violation under section 17(i) of the Act, 29 U.S.C. 666(i).	1970	2022	Maximum \$14,502.	OSHA	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a> 87 FR 2338 (January 14, 2022)

Other Information  
(Unaudited)

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. 930(e)  20 C.F.R. 702.204	<u>Longshore and Harbor Workers' Compensation Act.</u>  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	2022	Maximum \$26,269 for each failure, refusal, false statement, or misrepresentation.	OWCP	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2340, 2328-2340 (January 14, 2022)
33 U.S.C. 914(g)  20 C.F.R. 702.236	<u>Longshore and Harbor Workers' Compensation Act.</u>  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	2022	\$320 for any violation.	OWCP	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2340 (January 14, 2022)
33 U.S.C. 948(a)  20 C.F.R. 702.271(a)(2)	<u>Longshore and Harbor Workers' Compensation Act.</u>  Discrimination; against employees who bring proceedings, prohibition, and penalty.	1972	2022	Minimum \$2,627, Maximum \$13,132.	OWCP	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2340 (January 14, 2022)
30 U.S.C. 942  20 C.F.R. 725.621(d)	<u>Black Lung Benefits Act.</u>  Failure or refusal to file required reports.	1969	2022	Maximum \$1,600 for each failure or refusal.	OWCP	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2340 (January 14, 2022)

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
<p>33 U.S.C. 933(d)(1)</p> <p>20 C.F.R. 726.302(c)(2)(i)</p>	<p><u>Black Lung Benefits Act.</u></p> <p>Determination of penalty. Failure to secure payment of benefits for mines with fewer than 25 employees.</p>	1978	2022	\$157 per day.	OWCP	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2340 (January 14, 2022)</p>
<p>33 U.S.C. 933(d)(1)</p> <p>20 C.F.R. 726.302(c)(2)(i)</p>	<p><u>Black Lung Benefits Act.</u></p> <p>Determination of penalty. Failure to secure payment of benefits for mines with 25-50 employees.</p>	1978	2022	\$311 per day.	OWCP	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2340 (January 14, 2022)</p>
<p>33 U.S.C. 933(d)(1)</p> <p>20 C.F.R. 726.302(c)(2)(i)</p>	<p><u>Black Lung Benefits Act.</u></p> <p>Determination of penalty. Failure to secure payment of benefits for mines with 51-100 employees.</p>	1978	2022	\$468 per day.	OWCP	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2340 (January 14, 2022)</p>
<p>33 U.S.C. 933(d)(1)</p> <p>20 C.F.R. 726.302(c)(2)(i)</p>	<p><u>Black Lung Benefits Act.</u></p> <p>Determination of penalty. Failure to secure payment of benefits for mines with more than 100 employees.</p>	1978	2022	\$622 per day.	OWCP	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2340 (January 14, 2022)</p>

Other Information  
(Unaudited)

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)(4)	<u>Black Lung Benefits Act.</u> Determination of penalty. Failure to secure payment of benefits after 10th day of notice.	1978	2022	\$157 per day.	OWCP	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a> 87 FR 2340 (January 14, 2022)
33 U.S.C. 933(d)(1) 20 C.F.R. 726.302(c)(5)	<u>Black Lung Benefits Act.</u> Determination of penalty. Failure to secure payment of benefits for repeat offenders.	1978	2022	\$468 per day.	OWCP	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a> 87 FR 2340 (January 14, 2022)
33 U.S.C. 933(d)(1) 20 C.F.R. 726.302(c)(6)	<u>Black Lung Benefits Act.</u> Determination of penalty. The maximum daily base penalty amount applicable to any violation of §726.4.	1978	2022	Maximum \$3,198.	OWCP	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a> 87 FR 2340 (January 14, 2022)
40 U.S.C. 3702(c) 29 C.F.R. 5.8(a); 29 C.F.R. 5.5(b)(2)	<u>Contract Work Hours and Safety Standards Act (CWHSSA).</u> Failure to pay laborers and mechanics at a rate not less than one and one-half times their basic rate of pay.	1962	2022	\$29 for each calendar day.	WHD	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a> 87 FR 2338-2339 (January 14, 2022)

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
<p>29 U.S.C. 2005(a)</p> <p>29 C.F.R. 801.42(a)</p>	<p><u>Employee Polygraph Protection Act (EPPA).</u></p> <p>(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.</p> <p>(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.</p> <p>(3) Discriminating or retaliating against an employee or prospective employee for the exercise of any rights under the Act.</p> <p>(4) Disclosing information obtained during a polygraph test, except as authorized by the Act or this part.</p> <p>(5) Failing to maintain the records required by the Act or this part.</p> <p>(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.</p> <p>(7) Violating any other provision of the Act or this part.</p>	<p>1988</p>	<p>2022</p>	<p>Maximum \$23,011.</p>	<p>WHD</p>	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>

Other Information  
(Unaudited)

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)	<u>Fair Labor Standards Act (FLSA) Homeworker.</u> A civil money penalty per affected homeworker for any one violation, may be assessed for any violation of the Act or of this part or of the assurances given in connection with the issuance of a certificate.	1938	2022	Maximum \$1,151.	WHD	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2338-2339 (January 14, 2022)
29 U.S.C. 211(d)  29 C.F.R. 530.302 (b)	<u>Fair Labor Standards Act (FLSA) Homeworker.</u> Violation of recordkeeping, monetary, certificate or other statutes, regulations or employer assurances. no penalty shall be assessed in the case of violations which are deemed to be <i>de minimis</i> in nature.	1938	2022	Minimum \$22, Maximum \$1,151.	WHD	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2338-2339 (January 14, 2022)
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)	<u>Fair Labor Standards Act (FLSA) Child labor.</u>  (1) Violation of child labor standards (sections 212 or 213(c)).	1938	2022	Maximum \$14,050 for each employee.	WHD	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2338-2339 (January 14, 2022)
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)	<u>Fair Labor Standards Act (FLSA) Child labor.</u>  (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	2022	Maximum \$63,855 for each such violation.	WHD	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2338-2339 (January 14, 2022)

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)(2); 29 C.F.R. 579.1(a)(2)(i)	<u>Fair Labor Standards Act (FLSA) Minimum Wage and Overtime.</u>  Repeated or willful violation of section 206 or 207 of FLSA, or section 6 (minimum wage) or section 7 (overtime) of the Act.	1938	2022	Maximum \$2,203 for each such violation.	WHD	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2338-2339 (January 14, 2022)
29 U.S.C. 216(e)  29 C.F.R. 578.3(a)(1) 579.1(a)(2)(ii)	<u>Fair Labor Standards Act (FLSA) Tipped Employees.</u>  Violation of the tip retention provisions of section 203(m)(2)(B).	2018	2022	Maximum \$1,234 for each such violation.	WHD	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2338-2339 (January 14, 2022)
29 U.S.C. 2619(b)  29 C.F.R. 825.300(a)(1)	<u>Family &amp; Medical Leave Act (FMLA).</u>  Willful violation of posting requirement.	1993	2022	Maximum \$189 for each separate offense.	WHD	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2338-2339 (January 14, 2022)
8 U.S.C. 1288(c)(4)(E)(i)  20 C.F.R. 655.620 (a)	<u>Immigration &amp; Nationality Act (D-1).</u>  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	2022	Maximum \$10,360 for each alien crewmember.	WHD	<a href="https://www.ecfr.gov">https://www.ecfr.gov</a>  87 FR 2338-2339 (January 14, 2022)



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
<p>8 U.S.C. 1182(n)(2)(c)(i)</p> <p>20 C.F.R. 655.810(b)(1)</p>	<p><u>Immigration &amp; Nationality Act (H-1B).</u></p> <p>(1) A violation pertaining to strike/lockout (§655.733) or displacement of U.S. workers (§655.738).</p> <p>(2) A substantial violation pertaining to notification (§655.734), labor condition application specificity (§655.730), or recruitment of U.S. workers (§655.739).</p> <p>(3) A misrepresentation of material fact on the labor condition application.</p> <p>(4) An early-termination penalty paid by the employee (§655.731(c)(10)(i)).</p> <p>(5) Payment by the employee of the additional \$500/\$1,000 filing fee (§655.731(c)(10)(ii)).</p> <p>(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.</p>	<p>1952</p>	<p>2022</p>	<p>Maximum \$2,072 per violation.</p>	<p>WHD</p>	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>

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
<p>8 U.S.C. 1182(n)(2)(c)(ii)</p> <p>20 C.F.R. 655.801(b)</p>	<p><u>Immigration &amp; Nationality Act (H-1B).</u></p> <p>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).</p>	<p>1952</p>	<p>2022</p>	<p>Maximum \$8,433.</p>	<p>WHD</p>	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>
<p>8 U.S.C. 1182(n)(2)(c)(ii)</p> <p>20 C.F.R. 655.810(b)(2)</p>	<p><u>Immigration &amp; Nationality Act (H-1B).</u></p> <p>(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.</p> <p>(2) A willful misrepresentation of a material fact on the labor condition application; or</p> <p>(3) Discrimination against an employee (§655.801(a)).</p>	<p>1952</p>	<p>2022</p>	<p>Maximum \$8,433 per violation.</p>	<p>WHD</p>	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>

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
<p>8 U.S.C. 1182(n)(2)(c)(iii)</p> <p>20 C.F.R. 655.810(b)(3)</p>	<p><u>Immigration &amp; Nationality Act (H-1B).</u></p> <p>An employer (whether or not the employer is an H-1B-dependent employer or willful violator) displaced a U.S. worker employed by the employer in the period beginning 90 days before and ending 90 days after the filing of an H-1B petition in conjunction with any of the following violations</p> <p>(i) A willful violation of any of the provisions described in <a href="#">§ 655.805(a)(2)</a> through <a href="#">(9)</a> pertaining to wages/working condition, strike/lockout, notification, labor condition application specificity, displacement, or recruitment; or</p> <p>(ii) A willful misrepresentation of a material fact on the labor condition application (<a href="#">§ 655.805(a)(1)</a>).</p>	1952	2022	Maximum \$59,028 per violation.	WHD	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>
<p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(c)</p>	<p><u>Immigration &amp; Nationality Act (H-2A).</u></p> <p>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.</p>	1952	2022	Maximum \$1,898 per violation.	WHD	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>
<p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(c)(1)</p>	<p><u>Immigration &amp; Nationality Act (H-2A).</u></p> <p>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.</p>	1952	2022	Maximum \$6,386.	WHD	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>

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<p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(c)(2)</p>	<p><u>Immigration &amp; Nationality Act (H-2A).</u></p> <p>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.</p>	<p>1952</p>	<p>2022</p>	<p>Maximum \$63,232 per worker.</p>	<p>WHD</p>	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>
<p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(c)(4)</p>	<p><u>Immigration &amp; Nationality Act (H-2A).</u></p> <p>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.</p>	<p>1952</p>	<p>2022</p>	<p>Maximum \$126,463 per worker.</p>	<p>WHD</p>	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>
<p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(d)</p>	<p><u>Immigration &amp; Nationality Act (H-2A).</u></p> <p>Violation for failure to cooperate with a WHD investigation.</p>	<p>1952</p>	<p>2022</p>	<p>Maximum \$6,386 per investigation.</p>	<p>WHD</p>	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>

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<p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(e)</p>	<p><u>Immigration &amp; Nationality Act (H-2A).</u> Violation for laying off or displacing any U.S. worker employed in work or activities that are encompassed by the approved <i>Application for Temporary Employment Certification</i> 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.</p>	1952	2022	Maximum \$18,970 per violation per worker.	WHD	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>
<p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(f)</p>	<p><u>Immigration &amp; Nationality Act (H-2A).</u> 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.</p>	1952	2022	Maximum \$18,970 per violation per worker.	WHD	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>
<p>8 U.S.C. 1184(c)(14)</p> <p>29 C.F.R. 503.23(b)</p>	<p><u>Immigration &amp; Nationality Act (H-2B).</u> 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).</p>	1952	2022	Maximum \$13,885 per violation.	WHD	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>

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
<p>8 U.S.C. 1184(c)(14)</p> <p>29 CFR 503.23(c)</p>	<p><u>Immigration &amp; Nationality Act (H-2B).</u></p> <p>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.</p>	<p>1952</p>	<p>2022</p>	<p>Maximum \$13,885 per violation.</p>	<p>WHD</p>	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>
<p>8 U.S.C. 1184(c)(14)</p> <p>29 C.F.R. 503.23(d)</p>	<p><u>Immigration &amp; Nationality Act (H-2B).</u></p> <p>Any other violation that meets the standards described in section 503.19.</p>	<p>1952</p>	<p>2022</p>	<p>Maximum \$13,885 per violation.</p>	<p>WHD</p>	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>
<p>29 U.S.C. 1853(a)(1)</p> <p>29 C.F.R. 500.1(e)</p>	<p><u>Migrant and Seasonal Agricultural Worker Protection Act (MSPA).</u></p> <p>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.</p>	<p>1983</p>	<p>2022</p>	<p>Maximum \$2,739 for each violation.</p>	<p>WHD</p>	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>

Other Information  
(Unaudited)

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
<p>19 U.S.C. 1508(b)(4)</p> <p>19 U.S.C. 4535(b)</p> <p>29 C.F.R. 810.800(c)(3)(i)</p>	<p><u>High-Wage Components of the Labor Value Content Requirements Under the United States-Mexico-Canada Agreement Act (USMCA)</u></p> <p>Whistleblower Protections, prohibited acts, Administrator's determination: Any person who believes that he or she has been discriminated may file a complaint alleging such discrimination. Following an investigation, the Administrator's determination shall set forth the determination of the Administrator, the reason or reasons, and violation(s).</p>	2020	2022	Maximum \$53,111 per violation, and/or any other remedies assessed.	WHD	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>
<p>41 U.S.C. 6503(b)</p> <p>41 C.F.R. 50-201.3(e)</p>	<p><u>Walsh-Healey Public Contracts Act (PCA).</u></p> <p>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.</p>	1936	2022	\$29 per day for each person under 16 years of age or each convict laborer knowingly employed.	WHD	<p><a href="https://www.ecfr.gov">https://www.ecfr.gov</a></p> <p>87 FR 2338-2339 (January 14, 2022)</p>

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, 2022 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, 2022.

Description	Awards with Zero Dollar and Undisbursed Balances as reported in PMS*							
	2-3 Years (FY 2020)		4-5 Years (FY 2018 -2019)		More than 5 Years (FY 2017 and Before)		Total	
	Awards	Amount	Awards	Amount	Awards	Amount	Awards	Amount
Total Zero Dollar Balances	71	-	80	-	40	-	191	-
Total Undisbursed Balances	78	\$ 6,840,918	96	\$ 4,910,376	36	\$ 6,796,205	210	\$ 18,547,499
<b>Total Zero Dollar and Undisbursed Balances</b>	<b>149</b>	<b>\$ 6,840,918</b>	<b>176</b>	<b>\$ 4,910,376</b>	<b>76</b>	<b>\$ 6,796,205</b>	<b>401</b>	<b>\$ 18,547,499</b>

\*The expiration age is calculated based on the FY 2022 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. The FY 2022 awards, which closeout has not yet occurred, but for which the period of performance has elapsed by two years was increased compared with FY 2021, mainly due to disconnection between grants management and payment systems, and grantees delay technical deliverables.



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## Climate-Related Financial Risk

Affirming our support for Executive Orders 14008 and 14057, "Tackling the Climate Crisis at Home and Abroad" and "Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability," the Department of Labor is committed to proactive and visible leadership in resilience, environmental justice, and climate adaptation.

### Climate Adaptation and Resilience Planning

The annual Climate Adaptation and Resilience Plan is an ongoing program to ensure robust federal mission resilience, protect worker safety (before, during, and after climate-related events), mitigate environmental threats to our facilities, and improve our procurement and acquisition stewardship.

We also remain fundamentally committed to environmental justice to safeguard minority populations and low-income communities so that they are not disproportionately negatively affected by acute and long-term climate action strategies.

- [2022 Climate Adaptation Plan Progress Report](#) (PDF)
- [2021 Climate Action Plan](#) (PDF)

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### **Martin J. Walsh - Secretary of Labor**

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- Employee Benefits Security Administration [www.dol.gov/ebsa/](http://www.dol.gov/ebsa/)
- Employment and Training Administration [www.doleta.gov](http://www.doleta.gov)
- Mine Safety and Health Administration [www.msha.gov](http://www.msha.gov)
- Occupational Safety and Health Administration [www.osha.gov/](http://www.osha.gov/)
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## Acronyms

<b>ACE</b>	Affordable Clean Energy
<b>AFR</b>	Agency Financial Report
<b>ARP or ARPA</b>	American Rescue Plan Act
<b>BLDTF</b>	Black Lung Disability Trust Fund
<b>BLS</b>	Bureau of Labor Statistics
<b>CARES</b>	Coronavirus Aid, Relief, and Economic Security Act
<b>CAUW</b>	Continued Assistance for Unemployed Workers Act
<b>COLA</b>	Cost of Living Allowance/Adjustment
<b>CPI</b>	Consumer Price Index
<b>CPI-M</b>	Consumer Price Index-Medical
<b>CPI-U</b>	Consumer Price Index-Urban
<b>CPP</b>	Clean Power Plan
<b>CSEOA</b>	Community Service Employment for Older Americans
<b>CSRS</b>	Civil Service Retirement System
<b>DHS</b>	U.S. Department of Homeland Security
<b>DM&amp;R</b>	Deferred Maintenance and Repairs
<b>DOE</b>	U.S. Department of Energy
<b>DOL</b>	U.S. Department of Labor
<b>EB</b>	Extended Benefits
<b>EBSA</b>	Employee Benefits Security Administration
<b>EEOICPA</b>	Energy Employees Occupational Illness Compensation Program Act
<b>EIA</b>	Energy Information Administration
<b>EPA</b>	U.S. Environmental Protection Agency
<b>ERISA</b>	Employee Retirement Income Security Act
<b>ES</b>	Employment Service
<b>ESAA</b>	Employment Security Administration Account
<b>ETA</b>	Employment and Training Administration
<b>EUCA</b>	Extended Unemployment Compensation Account
<b>EUISA</b>	Emergency Unemployment Insurance Stabilization and Access Act
<b>FASAB</b>	Federal Accounting Standards Advisory Board
<b>FCI</b>	Facilities Condition Index
<b>FEC</b>	Federal Employees Compensation

<b>FECA</b>	Federal Employees' Compensation Act
<b>FERS</b>	Federal Employees Retirement System
<b>FFMIA</b>	Federal Financial Management Improvement Act
<b>FLC</b>	Foreign Labor Certification
<b>FLSA</b>	Fair Labor Standards Act
<b>FMFIA</b>	Federal Managers' Financial Integrity Act
<b>FPUC</b>	Federal Pandemic Unemployment Compensation
<b>FRAE</b>	Further Revised Annuity Employees
<b>FRUSG</b>	Financial Report of the U.S. Government
<b>FUA</b>	Federal Unemployment Account
<b>FUTA</b>	Federal Unemployment Tax Act
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>GAO</b>	U.S. Government Accountability Office
<b>GSA</b>	U.S. General Services Administration
<b>HVRP</b>	Homeless Veterans' Reintegration Program
<b>JVSG</b>	Jobs for Veterans State Grants
<b>MEUC</b>	Mixed Earner Unemployment Compensation
<b>MEWA</b>	Multiple Employer Welfare Arrangement
<b>MSHA</b>	Mine Safety and Health Administration
<b>OCFO</b>	Office of the Chief Financial Officer
<b>OIG</b>	Office of Inspector General
<b>OMB</b>	Office of Management and Budget
<b>OPM</b>	U.S. Office of Personnel Management
<b>OSHA</b>	Occupational Safety and Health Administration
<b>OSH Act</b>	Occupational Safety and Health Act
<b>OWCP</b>	Office of Workers' Compensation Programs
<b>PERM</b>	Permanent Labor Certification Program
<b>PEUC</b>	Pandemic Emergency Unemployment Compensation
<b>PP&amp;E</b>	Property, Plant, and Equipment
<b>PUA</b>	Pandemic Unemployment Assistance
<b>RAE</b>	Revised Annuity Employees

<b>RECA</b>	Radiation Exposure Compensation Act
<b>REO</b>	Reentry Employment Opportunities
<b>RMO</b>	Responsible Mine Operator
<b>RSSI</b>	Required Supplementary Stewardship Information
<b>SAS</b>	Statement on Auditing Standards
<b>SBR</b>	Statement of Budgetary Resources
<b>SCNP</b>	Statement of Changes in Net Positions
<b>SCOTUS</b>	Supreme Court of the United States
<b>SCSEP</b>	Senior Community Service Employment Program
<b>SCSIA</b>	Statements of Changes in Social Insurance Amounts
<b>SECURE</b>	Setting Every Community Up for Retirement Enhancement Act
<b>SFFAS</b>	Statement of Federal Financial Accounting Standards
<b>SOSI</b>	Statements of Social Insurance
<b>SSA</b>	U.S. Social Security Administration / Social Security Act
<b>SUIESO</b>	State Unemployment Insurance and Employment Service Operations
<b>TAA</b>	Trade Adjustment Assistance
<b>TAP</b>	Transition Assistance Program
<b>TSP</b>	Thrift Savings Plan
<b>UC</b>	Unemployment Compensation
<b>UCFE</b>	Unemployment Compensation for Federal Employees
<b>UCX</b>	Unemployment Compensation for Ex-Service Members
<b>UI</b>	Unemployment Insurance
<b>USCA</b>	U.S. Court of Appeals
<b>USERRA</b>	Uniformed Services Employment and Reemployment Rights Act
<b>USSGL</b>	U.S. Standard General Ledger
<b>UTF</b>	Unemployment Trust Fund
<b>VETS</b>	Veterans' Employment and Training Service
<b>WHD</b>	Wage and Hour Division
<b>WIOA</b>	Workforce Innovation and Opportunity Act

