



UNITED STATES DEPARTMENT OF LABOR

Agency Financial Report

Fiscal Year 2023

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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 Acting Secretary of Labor

When President Biden took office, he made a promise to rebuild our middle class and bring good jobs to communities across the nation. The Department of Labor plays a critical role in ensuring the Biden-Harris Administration delivers, particularly for workers and communities that have been historically marginalized or have not benefited from the economic prosperity of prior recoveries. At the Department, we are squarely focused on three priorities.

First, leveraging federal investments to create good jobs by ensuring those investments reach communities that have historically been left behind, as well as working with community and labor leaders, employers, and our federal partners to create good jobs for the people living in them. Through our Good Jobs Initiative, the Department has embedded job quality and equity incentives into nearly \$100 billion in Bipartisan Infrastructure Law investments. The Department is working hand-in-hand with our partners at the federal, state, and local level to ensure that workers, families, and communities can now benefit from these historic investments. Through our workforce development initiatives, we're focused on making sure all workers have equitable access to opportunities – including individuals without college degrees, those in rural communities and urban centers, veterans, workers of color, LGBTQIA+ workers, workers with disabilities, and those formerly incarcerated.

Second, empowering workers and strengthening their voices. By promoting workers' ability to exercise their rights at work, speak up for themselves, and improve their working conditions, including their right to organize and demand fair treatment from their employers, we can help to ensure more equitable workplaces and a stronger economy. At the Department of Labor and across the Administration, we're committed to empowering workers and building equity into everything we do, including making it easier to join a union and expanding labor-management partnerships.

Third, robust enforcement of worker protection laws. The economy cannot grow if workers are cheated and responsible businesses are undermined. The Department of Labor's primary mission is to protect workers' rights, wages, health and safety, and benefits. Our enforcement agencies are ensuring that workers go home with the wages they rightfully earned, return home alive at the end of the work day, and can access the health and retirement benefits to which they are entitled. Simply put, by ensuring a level playing field, strong enforcement of workers' rights is good for workers, employers, and the economy.



Julie A. Su
U.S. Acting 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."

In FY 2023, 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 Auditors' 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 this Report are reliable and complete in accordance with federal requirements.

In my current capacity as Acting Secretary, and prior as Deputy Secretary, I've had the privilege of traveling across the country, meeting with farmworkers, construction workers, domestic workers, autoworkers and more who all share a common vision of an economy where the value and dignity of work is honored. As President Biden says, a good job is about more than just a paycheck, it's about the peace of mind that comes with knowing you can put food on the table, support your family, and plan for your future. Good jobs build up families and communities. I'm excited and honored to lead the Department of Labor in carrying out its mission and finishing the job of growing our economy and benefits for all workers in America and around the globe.

Sincerely,



JULIE A. SU
Acting U.S. Secretary of Labor
November 14, 2023

Management's Discussion and Analysis



Our Mission:

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

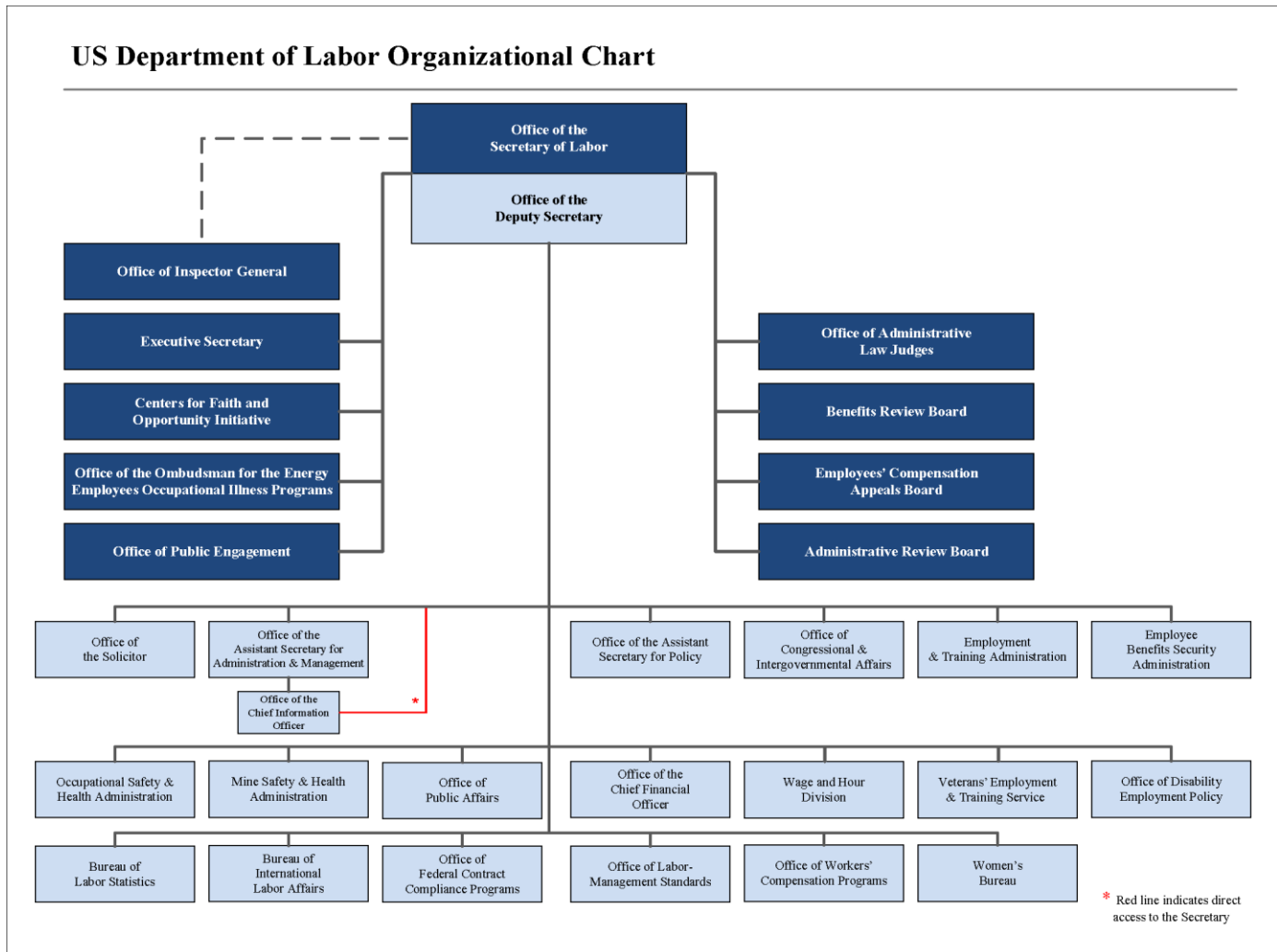
The U.S. Department of Labor’s (DOL or the Department) annual Agency Financial Report (AFR) provides fiscal data and summary performance results that enable the President, Congress, and American people to assess the Department’s accomplishments for each fiscal year (October 1 through September 30). This report provides an overview of programs, accomplishments, challenges, and management’s accountability for the resources entrusted to the Department. The AFR is prepared in accordance with the requirements of Office of Management and Budget (OMB) [Circular A-136, Financial Reporting Requirements](#) (05/19/2023).

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.

Program Performance Overview

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 2023 performance results for outcome measures reported under GPRAMA are included in the *Annual Performance Report*, which is currently scheduled to be published in February 2024 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 Acting Secretary Su'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.

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 16,900 staff. The performance management process is led by the Performance Management Center in the Office of the Assistant Secretary for Administration and Management.

Through routine 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 2023 Annual Performance Report.

Highlighted measures:

Measure	FY 2023 Target	FY 2023 Result	Percent Achieved
Percent of wage-loss claims timely processed within 14 days: claims not requiring further development	92%	95%	103%
Total Annual Number of Apprentices Served (Rolling 4 Quarters)	850,000	886,677	104%

Looking Forward

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. With the current economic climate, the Department could face challenges in assisting workers and employers. To address this anticipated risk, the Department will continue to effectively target resources, and use performance data to make evidence-based policy decisions and partner 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 in support of Executive Order (E.O.) 14008, "Tackling the Climate Crisis at Home and Abroad," and E.O. 14057, "Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability." This includes addressing facility and supply chain requirements for mission stability and improving best practices to ensure clean, healthy, and resilient workplaces. Information on our latest Climate Adaptation Plans, Sustainability Reports, and Implementation efforts are posted on the Agency's public Sustainability webpage (<https://www.dol.gov/open/sustainability>).

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 financial 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, 2023. These business processes help to ensure that reported financial performance information is relevant and reliable.

In FY 2023 and 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 were \$68.0 billion for FY 2023 and \$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.

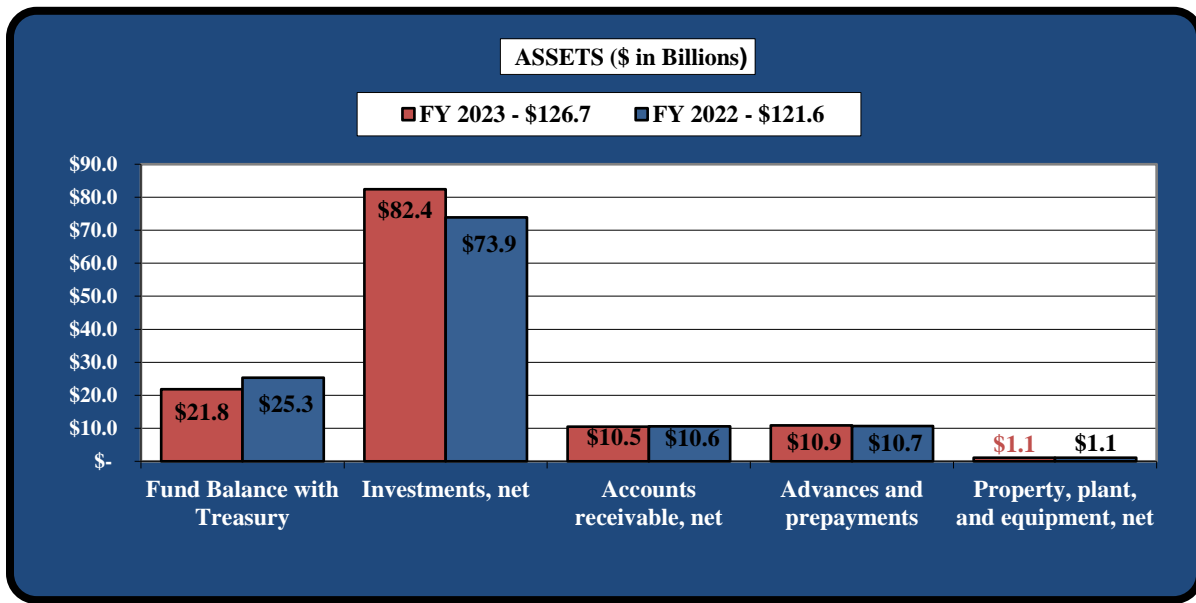
Figure 1: Summary of Selected Financial Data for FY 2023 and FY 2022

(Dollars in billions)	2023	2022	Change	
			Amount	Percent
Financial position				
Total assets	\$ 126.7	\$ 121.6	\$ 5.1	4.2%
Fund Balance with Treasury	21.8	25.3	(3.5)	(13.8)%
Investments, net	82.4	73.9	8.5	11.5%
Accounts receivable, net	10.5	10.6	(0.1)	(0.9)%
Advances and prepayments	10.9	10.7	0.2	1.9%
Total liabilities	\$ 125.7	\$ 112.5	\$ 13.2	11.7%
Debt	38.2	46.1	(7.9)	(17.1)%
Federal employee benefits payable	6.5	4.8	1.7	35.4%
Benefits due and payable	10.9	11.3	(0.4)	(3.5)%
Other liabilities: Energy employees occupational illness compensation benefits	67.8	48.3	19.5	40.4%
Net cost of operations				
Net cost of operations	\$ 68.0	\$ 57.1	\$ 10.9	19.1%
Income maintenance	58.2	48.2	10.0	20.7%
Employment and training	6.8	6.2	0.6	9.7%
Budgetary resources				
Total budgetary resources	\$ 63.9	\$ 77.9	\$ (14.0)	(18.0)%
New obligations and upward adjustments (total)	58.3	70.4	(12.1)	(17.2)%
Appropriations (discretionary and mandatory)	46.6	43.2	3.4	7.9%
Agency outlays, net (discretionary and mandatory)	47.3	49.2	(1.9)	(3.9)%

Financial Position

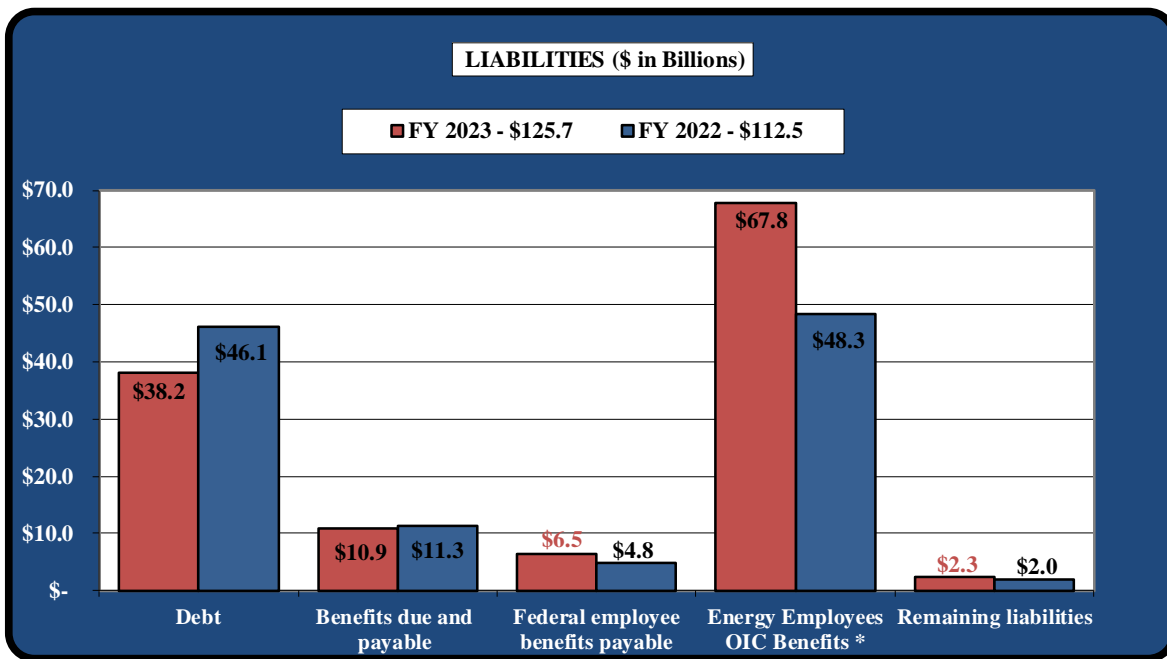
The Department's balance sheet presents DOL's financial position through the identification of agency assets, liabilities, and net position, as shown below. The Department's total assets increased from \$121.6 billion at the end of FY 2022 to \$126.7 billion at the end of FY 2023, an increase of \$5.1 billion or 4.2%, primarily due to an increase in Investments, net. (See Figure 2 on the next page for reported Assets by Type for FY 2023 and FY 2022). DOL's Fund Balance with Treasury decreased by \$3.5 billion [(13.8%)] from \$25.3 billion at the end of FY 2022 to \$21.8 billion at the end of FY 2023 due to decreased funding as a result of the expiration of the coronavirus pandemic-related unemployment programs. It represents obligated and unobligated balances available to finance DOL's expenditures. Investments, net comprise the largest portion of total assets. DOL's Investments, net, increased from \$73.9 billion at the end of FY 2022 to \$82.4 billion at the end of FY 2023, an increase of \$8.5 billion or 11.5%, due to increased purchases of Treasury Securities from the Unemployment Trust Fund (UTF).

Figure 2: Assets by Type for FY 2023 and FY 2022



The Department’s total liabilities increased from \$112.5 billion at the end of FY 2022 to \$125.7 billion at the end of FY 2023, an increase of \$13.2 billion or 11.7%. (See Figure 3 for reported Liabilities by Type for FY 2023 and FY 2022). The increase was due to a combination of factors, including: an increase in the actuarial liability for the Energy Employees Occupational Illness Compensation Benefits [\$19.5 billion or 40.4%] driven by an increase in home health care costs in FY 2023 and an increase in the projection of future Part E initial benefit payments. The 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. This is offset by a decrease in debt [\$7.9 billion or (17.1%)] in the UTF from borrowing from the General Fund of the Treasury as states are repaying balances that they had accumulated during the coronavirus pandemic. The debt component of \$38.2 billion at the end of FY 2023 and \$46.1 billion at the end of FY 2022 in DOL’s total liabilities relates to advances from US. Treasury to the Unemployment Trust Fund and Black Lung Disability Trust Fund.

Figure 3: Liabilities by Type for FY 2023 and FY 2022

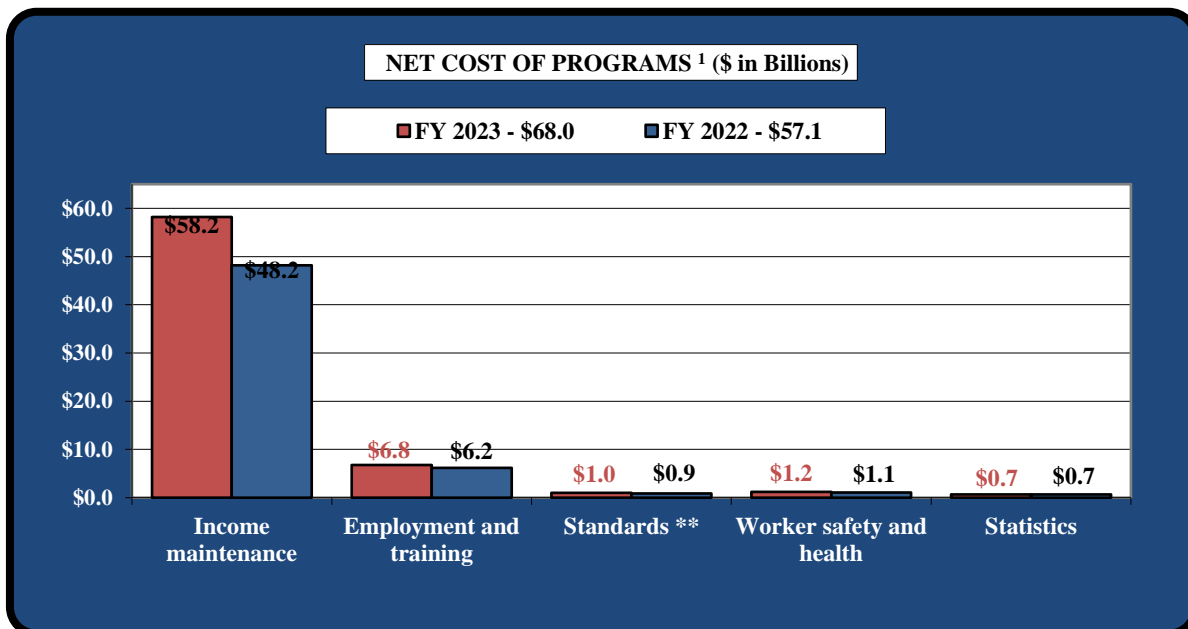


* OIC = Occupational Illness Compensation.

Net Cost of Operations

The Department’s net cost of operations for the year ended September 30, 2023, was \$68.0 billion, an increase of \$10.9 billion or 19.1% from FY 2022. This increase was attributable to increases in program costs discussed below.

Figure 4: Net Cost of Operations by Program for FY 2023 and FY 2022



¹ The Department’s Net Cost of Programs include costs not assigned to specific programs, which were \$108.3 million and \$49.7 million for FY 2023 and FY 2022, respectively.

**Represents Labor, Employment, and Pension Standards.

Income Maintenance programs continue to comprise the major portion of departmental costs. These programs include unemployment benefits paid to covered individuals who are out of work and seeking employment, as well as payments to individuals who qualify for disability benefits due to injury or illness suffered on the job, and the costs to administer these programs. Income maintenance net costs were \$58.2 billion in FY 2023 compared to \$48.2 billion in FY 2022, an increase of \$10.0 billion or 20.7% from FY 2022. This increase is primarily due to increases in EEOIC and FECA Actuarial benefits liabilities.

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 \$6.8 billion in FY 2023 and \$6.2 billion in FY 2022, an increase of \$0.6 billion or 9.7% from FY 2022.

Budgetary Resources

The Statements of Budgetary Resources report the budgetary resources available to DOL to effectively carry out the activities of the Department during FY 2023 and FY 2022, as well as the status of these resources at the end of each fiscal year. During FY 2023, total budgetary resources decreased by \$14.0 billion [(18.0%)] from \$77.9 billion to \$63.9 billion, primarily due to a decrease in appropriations funding, as a result of the expiration of the coronavirus pandemic-related unemployment programs.

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 2023, 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 2023 as a result of adjustments made to estimates in the prior year (See Note 25). All the major DOL programs were funded by indefinite authority.

DOL received \$400.8 million and \$1.1 billion in administrative funding in FY 2023 and FY 2022, respectively. As of September 30, 2023, obligations incurred were \$244.5 million and \$156.3 million was unobligated. As of September 30, 2022, obligations incurred were \$773.5 million and \$287.4 million was unobligated. In FY 2023 and FY 2022, DOL deobligated funds for various COVID-19 programs in the amount of \$2.6 billion and \$39.4 billion, respectively, 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 2023 and FY 2022, Accounts receivable, net with the public related to COVID-19 was increased by \$3.4 billion and \$2.2 billion, respectively, as a result of receivables with the states for benefit overpayments.

DOL still has debt of \$31.5 billion in FY 2023 and \$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, 2023 valuation date, the rolling 25-year projection period ends September 30, 2048.

For the five years presented in the SOSI, the open group measure at the 2019 measurement date increased significantly from a negative \$(1.51) billion as of September 30, 2019 to a negative \$(527.7) million as of September 30, 2023. There was a large decrease in the open group measure between September 30, 2022 and September 30, 2023 primarily because the September 30, 2023 open group measure includes the effects of the Inflation Reduction Act (IRA) tax credits and incentives that support, in general, energy industries that compete with the coal industry; as coal production decreases, this in turn, decreases the coal excise tax collections on domestic sales of coal. For the SOSI with a valuation date of September 30, 2023, the lower excise tax collections due to the large decrease in projected coal production offset the IRA's permanent increase in the coal excise tax rates which went into effect on October 1, 2022.

Similarly, over the three September 30 valuation dates from 2019 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. The open group measure as of September 30, 2022 improved primarily because of a higher present value of estimated future tax income due to the permanent increase in coal excise tax rates that were immediately effective on October 1, 2022; however, the September 30, 2022 open group measure did not include the effects of the IRA's tax credits and incentives on coal production because those projections were not available until March 2023. The increase in the coal excise tax rates was immediate, whereas the IRA's tax credits and incentives are implemented over future years.

Figure 5: Black Lung Disability Benefit Program - Table of Key Measures for FY 2023 and FY 2022

Black Lung Disability Benefit Program - Table of Key Measures				
(Dollars in millions)	2023	2022	Change	
			Amount	Percent
Financial position				
Total assets	\$ 311.5	\$ 304.6	\$ 6.9	2.3%
Less: total liabilities	(6,667.1)	(6,566.0)	(101.1)	(1.5)%
Net position (assets net of liabilities)	<u>\$ (6,355.6)</u>	<u>\$ (6,261.4)</u>	<u>\$ (94.2)</u>	(1.5)%
Costs and changes in net position				
Net cost of operations	\$ (314.8)	\$ (290.1)	\$ (24.7)	(8.5)%
Net financing sources	220.6	107.5	113.1	105.2%
Change in net position	<u>\$ (94.2)</u>	<u>\$ (182.6)</u>	<u>\$ 88.4</u>	48.4%
Social insurance				
Open group measure, beginning of year	<u>\$ 792.0</u>	<u>\$ (1,952.0)</u>	<u>\$ 2,744.0</u>	140.6%
Open group measure, end of year	<u>\$ (527.7)</u>	<u>\$ 792.0</u>	<u>\$ (1,319.7)</u>	(166.6)%

The increase in the total assets of \$6.9 million [2.3%] was due to a higher Fund Balance with Treasury (FBWT) as of September 30, 2023 and higher receivables from benefit overpayments. The BLDTF FBWT represents immediate needs to cover benefits and other expenses; higher FBWT was needed at September 30, 2023. FY 2023 net financing sources increased \$113.1 million [105.2%] from FY 2022 primarily because of higher tax revenue as a result of the permanent increase in coal excise tax rates in the IRA.

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 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 IRA 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 and 2023.

Total liabilities increased \$101.1 million [1.5%] at the end of FY 2023. The BLDTF paid maturing debt and interest on September 30, 2023, but borrowed again on that date. The increase in the debt level is important because it demonstrates that although the BLDTF repaid debt of \$2.69 billion, the debt level increased due to additional borrowing of \$2.73 billion and accrued interest of \$59.2 million as of September 30, 2023. The open group measure as of September 30, 2023 decreased \$1.32 billion, primarily because of the changes in assumptions about coal excise taxes of \$1.43 billion due to lower projections for coal production. The open group measure as of September 30, 2023 versus September 30, 2022 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 the IRA and effective October 1, 2022.

The total of open group measure plus fund assets as of September 30, 2023 represents a projected net cash flow that may be used to liquidate the liabilities of the BLDTF. As of September 30, 2023, the open group measure plus fund assets is \$(216.2) million due to a decrease in the open group measure of \$(1.32) billion, which continues to contribute to 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, 2024 will be more than \$3.13 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, 2023 is \$6.66 billion, an increase in debt of \$101.0 million which contributed to the continuing poor financial condition of the fund; and the fund deficit was \$(6.36) billion, a decline in the financial condition of the fund of \$94.2 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 2023 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 2048.

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 \$6.4 billion, which provided services to over 1.5 million participants in FY 2023. 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 2023 were \$1.8 billion, providing services to nearly 48,000 participants in primarily residential settings at 121 Job Corps centers. The job training programs authorized by WIOA and other legislation are discussed below.

Adult, Dislocated Worker, Youth, and Job Corps Programs

Authorized by the Workforce Innovation and Opportunity Act (WIOA) of 2014

- **WIOA Adult Program** – The Workforce Innovation and Opportunity Act (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 individuals, 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 2023 costs through the WIOA Adult programs were \$952 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 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 2023 costs for the WIOA Dislocated Worker programs were \$1.4 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 2023 costs for the WIOA Youth programs were \$1.1 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 97 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 2023 costs for the Job Corps program were \$1.8 billion.
- **Reentry Employment Opportunities programs** – The Reentry Employment Opportunities Adult (REO-Adult) program serves justice-involved youth (ages 15-18), young adults (18-24), and adults (18+) who were formerly incarcerated. The program's mission is to inform the public workforce system on how to best serve individuals who are currently or formerly incarcerated and does so by testing the effectiveness of service delivery models that support reentry into the workforce. The REO-Adult Program assists offenders returning home from prison find employment and access job training. It promotes collaboration and communication between community-based organizations, foundations, state and local justice agencies, community colleges, the workforce system, and employers. Adult core services focus on pre- and post-release, and include apprenticeships, case management, supportive services, employer connections, mentoring, and occupational training. The REO-Adult program also administers the Federal Bonding Program which provides fidelity bonds to employers for the first six months of employment, at no cost to the job applicant or employer. Thousands of employers across the country have integrated the Federal Bonding Program into their hiring practices. The Reentry Employment Opportunities Youth (REO-Youth) program provides grants to serve youth (ages 15-18) and young adults (18-24) who have been

involved in the justice system or are at risk of justice involvement. Young adult core services include providing work experience, job placement, occupational skills training, and supportive services to young people living amid poverty and violence in their communities. Grants support programs to improve participants' conflict resolution skills and self-perception and help intermediary organizations establish partnerships with community colleges and connect justice-involved young adults with apprenticeships and other opportunities in growth industries. ETA's FY 2023 costs for the Reentry Employment Opportunities programs were \$90 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 2023 costs for the WIOA National Programs were \$170 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 2023 costs for SCSEP were \$395 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 2023 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 2023 costs in Apprenticeship programs were \$219 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 and FY 2023.

ETA Education and Training Programs
Program Costs (in Millions) and Participants Served ⁽¹⁾ (in Thousands)
For FY 2022 and FY 2023

Program	2023		2022	
	Costs	Part. Served	Costs	Part. Served
WIOA				
Adult	\$952	303.0	\$912	291.0
Dislocated Worker ⁽²⁾	1,390	272.4	1,312	265.7
Youth ⁽³⁾	1,104	137.4	1,023	130.0
Job Corps	1,844	47.8	1,537	41.0
Reentry Employment Opportunities Programs ⁽⁴⁾	90	13.3	79	11.1
National Programs ⁽⁵⁾	170	29.4	140	26.0
CSEOA				
SCSEP	395	41.5	407	42.4
TAA for Workers⁽⁷⁾	150	8.5	150	16.8
Apprenticeship⁽⁸⁾	219	656.7	172	628.1
Other⁽⁶⁾	122	118.4	112	131.0
TOTAL	\$6,436	1,628.4	\$5,844	1,583.1

- (1) Participant numbers are from grantee reports submitted for the Program Year (PY) ending on June 30 of the corresponding fiscal year, unless otherwise noted. The number of participants for 2022 and 2023 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) On July 1, 2022, the termination provision under Section 285(a) of the Trade Act of 1974, as amended, took effect.
- (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 2023, available on the DOL website in February 2024 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.

Analysis of Systems, Controls, and Legal Compliance

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 2023, DOL continued making 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 2023, DOL completed Phase II of the Oracle Analytics Service (OAS) reporting implementation effort and decommissioned Informatica in December 2022 and Jaspersoft in June 2023. The Department also transitioned to a new Grants Quality Service Management Office (QSMO) solution, GrantSolutions, from the DOL legacy eGrants solutions. NCFMS is also fully integrated with the Department's MS Azure Single Sign On (SSO) for PIV authentication. As a part of the DOL IT Modernization effort, DOL/OCFO has initiated NCFMS user interface Framework Modernization Project to align with modern browser standards, Section 508 Compliance, improve defense against cybersecurity risks, and to enhance user/customer experience. In addition, the Department developed a strategy to comply with the Zero Trust architecture for NCFMS per the Executive Order on Improving the Nation's Cybersecurity (EO 14028) directives. OCFO plans to upgrade portions of the architecture to comply with the Executive order by the end of 2023 calendar year. Other phases are scheduled to begin February 2024. This project is due to be completed by 2025.

The Department has successfully met the mandate for the use of Treasury G-Invoicing to administer any new General Terms & Conditions (7600A) activity by Department resources as of October 1, 2022. The Department continues to develop an integration between Treasury's G-Invoicing System and NCFMS for new Intergovernmental orders and performance transactions which is scheduled to be completed in Fiscal Year 2024.

DOL will continue working with the Department of Treasury and the Office of Management and Budget (OMB) to implement a government-wide Financial Management QSMO solution for DOL NextGen financial management and transaction processing. 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, 2023, except for the following material weaknesses reported:

1. Improvements needed in controls over financial reporting 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, 2023.



Julie A. Su
Acting Secretary of Labor



Nikki McKinney
Associate Deputy Secretary of Labor



Kevin L. Brown
Deputy Chief Financial Officer



Carolyn Angus-Hornbuckle
Assistant Secretary for Administration and Management

November 14, 2023

Financial Section



Message from the Deputy Chief Financial Officer

This FY 2023 Agency Financial Report (AFR) provides financial and high-level performance information to enable the Department's stakeholders and the American public to understand and evaluate our programs. This report fulfills several statutory requirements, the Reports Consolidation Act of 2000, the Chief Financial Officers Act, the Federal Managers' Financial Integrity Act (FMFIA), and the Government Management Reform Act.

In FY 2023, 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. 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 2023, OCFO led the Department's G-Invoicing deployment for all new General Term and Conditions (7600A) activity. When fully integrated, Treasury's G-Invoicing initiative will administer all lifecycle activity for Intergovernmental Buy/Sell transactions.

In FY 2024, OCFO will finalize integration of G-Invoicing with DOL's New Core Financial Management System (NCFMS) and complete the G-Invoicing initiative across the Department.

Enterprise Risk Management (ERM): The Department's ERM Council continued to provide senior leaders and agency officials 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 2024, ERM efforts will focus on supporting the Acting Secretary's vision for DOL and identify the risks of inaction by unleashing the full potential of the Department.

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.



Kevin L. Brown
Deputy Chief Financial Officer
November 14, 2023



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."



KPMG LLP
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Independent Auditors' Report

Acting 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 sheets as of September 30, 2023 and 2022, and the related consolidated statements of net cost and changes in net position, and combined statement of budgetary resources for the years 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, 2023, 2022, 2021, 2020, and 2019, the statements of changes in social insurance amounts for the years ended September 30, 2023 and 2022, and the related notes to the sustainability financial statements.

In our opinion, except for the possible effects on the 2023 and 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, 2023 and 2022, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Also, in our opinion, the accompanying sustainability financial statements present fairly, in all material respects, the United States Department of Labor's social insurance information as of September 30, 2023, 2022, 2021, 2020, and 2019, and its changes in social insurance amounts for the years ended September 30, 2023 and 2022 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

For the years ended September 30, 2023 and 2022, DOL reported remaining obligations from prior year related to the unemployment insurance programs enacted during the COVID-19 pandemic in the amount of \$7.5 billion and \$7.9 billion, respectively. These remaining obligations are reflected in the unobligated balance from prior year budget authority, net, caption of the combined statements of budgetary resources. DOL also included information related to these obligations in notes 18.A, 18.C, 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 years 2023 and 2022. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



In addition, DOL reported COVID-19 related unemployment insurance benefit overpayments of \$3.4 billion and \$2.2 billion, net of allowance for uncollectible accounts, in the accounts receivable, net (with the public) caption in the consolidated balance sheets as of September 30, 2023 and 2022, respectively. DOL also included information related to the accounts receivable and the allowance for uncollectible accounts in notes 4, 15, 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 years 2023 and 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. 24-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-01 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. 24-01 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. 24-01, 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 Acting Secretary of Labor, Message from the Deputy 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, 2023, we considered DOL's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DOL's internal control. Accordingly, we do not express an opinion on the effectiveness of DOL's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

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, 2023 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. 24-01.

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 DOL's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, DC
November 14, 2023

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

The United States Department of Labor (DOL) operates the Unemployment Insurance (UI) program which provides benefit payments, including enhanced UI benefits in response to COVID-19, to eligible individuals. The UI benefit disbursements and activities are reported in DOL's Fiscal Year (FY) 2023 financial statements and related notes. Consistent with prior years, the preparation of DOL's financial statements requires management to make certain estimates and assumptions related to the UI programs that affect the reported amounts of assets, liabilities, and obligations as of September 30, 2023, and the associated expenses for the year then ended. These estimates include the UTF obligations of COVID-19 funding, the UTF COVID-19 benefit overpayment receivables, net, and a portion of the UTF expenses, among others.

In FY 2022, we found that management's controls over the estimates related to obligation of UTF COVID-19 funding, UTF COVID-19 benefit overpayment accounts receivable, and UTF expenses were not sufficiently designed and documented to support the methodology, assumptions, and data used to develop these estimates.

In FY 2023, we noted that management did not remediate the prior year deficiencies over the UI program estimate methodologies for the obligation of funding and the benefit overpayment accounts receivable. In addition, we identified deficiencies in certain controls over financial reporting related to unemployment and pandemic benefit expenses. The deficiencies noted increase the risk that misstatements in DOL's 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:

UTF Obligation of COVID-19 Funding

Management did not have sufficient processes and controls in place to properly validate the reasonableness of the methodology, assumptions, and underlying data used to support the estimate of the remaining obligated amounts for UTF COVID-19 programs. This resulted in management's inability to properly support the completeness, existence, and accuracy of the \$7.5 billion in remaining obligations 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, 2023, and the related information in notes 18.A, 18.C, 18.D, 18.E, and 25.

UTF COVID-19 Benefit Overpayment Accounts Receivables

Consistent with FY 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. 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, such as the assumption related to the ratio of benefit overpayments accounts receivable to total benefit payments applied to those states who had not reported, or potentially underreported, its benefit overpayment receivables. This resulted in management's inability to properly support the completeness, existence, and accuracy of accounts receivable, net, reported in the consolidated balance sheet as of September 30, 2023, and the related information disclosed in notes 4, 15, 19, 21, and 25.

These deficiencies occurred because management was not able to complete appropriate analyses and other procedures, including the coordination with the SWAs, to validate certain assumptions and underlying data used in the estimates.

Unemployment Benefit Expenses

DOL management reports benefit expenses in DOL's financial statements using a combination of the daily cash drawdown data and actual expenses information submitted by the SWAs in the monthly financial summary reports. We noted that management did not have sufficient controls in place to ensure that benefit expenses reported in DOL's financial statements were timely reconciled to the SWAs' actual expense information. As a result, management initially did not identify and resolve a difference in the amount of \$264 million that was reported in DOL's financial statements as advances while the SWAs reported such amount as benefit expenses. Management subsequently made corrections for \$64 million and continue to investigate the remaining \$200 million because of our finding. In addition, management identified and corrected differences in the total amount of \$520 million between DOL's financial statements and the SWAs' monthly financial summary reports, but it was not completed timely.

These deficiencies occurred because management's risk assessment process did not sufficiently identify completeness and accuracy of benefit expenses reported in DOL's financial statements as a risk that required additional controls.

The following criteria are relevant to the conditions noted above:

The Government and Accountability Office *Standards for Internal Control in the Federal Government* (the Standards), Section 7.04 states:

Management considers all significant interactions within the entity and with external parties, changes within the entity's internal and external environment, and other internal and external factors to identify risks throughout the entity. Internal risk factors may include the complex nature of an entity's programs, its organizational structure, or the use of new technology in operational processes. External risk factors may include new or amended laws, regulations, or professional standards; economic instability; or potential natural disasters. Management considers these factors at both the entity and transaction levels to comprehensively identify risks that affect defined objectives. Risk identification methods may include qualitative and quantitative ranking activities, forecasting and strategic planning, and consideration of deficiencies identified through audits and other assessments.

Section 10.02 of the Standards states:

Management designs control activities in response to the entity's objectives and risks to achieve an effective internal control system. Control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives to achieve the entity's objectives and address related risks.

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.

Material Weakness
Exhibit I

To address the deficiencies noted above, we continue to recommend that the Deputy Chief Financial Officer and the Principal Deputy 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 reviews of the methodology, relevance and reliability of the 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. Design and implement controls to timely reconcile the state monthly financial summary report to the financial statements and determine the appropriate accounting treatment for adjustments.

Management's Response:

See Exhibit II for management's response.

Auditors' Response:

We will conduct follow-up procedures in FY 2024 to determine whether corrective actions have been developed and implemented.


U.S. Department of Labor

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



NOVEMBER 10, 2023

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

FROM: KEVIN L. BROWN 
Deputy Chief Financial Officer

SUBJECT: FY 2023 Independent Auditors' on DOL's Consolidated Financial
Statements Draft Report # 22 24-004-13-001

Please find the attached management's response to FY 2023 Independent Auditors' on DOL's Consolidated Financial Statements Draft Report # 22 24-004-13-001.

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 2023 Independent Auditors' Report

1. Improvements Needed in Controls Over Financial Reporting 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:

As outlined in Management's response to the Fiscal Year 2022 Independent Auditor's Report, 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 and 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 thus 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 the similar Independent Audit finding for the Department's FY 2022 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 outlined in its response to the FY 2022 finding, the Department, in coordination with an outside contract firm engaged to assist the effort, worked with staff from each ETA Regional Office and held conversations with the 53 states and territories with existing unemployment insurance programs. These conversations were helpful to gain a better understanding of some of the ongoing issues states faced and the significant differences between states' operational capacity along with further insight into the variety of issues that may impact ongoing outlays under the various Pandemic programs. Unfortunately, the Department was unable to gain sufficient detail as a result of these

conversations to develop necessary improvements in the controls or to develop an alternative methodology for the unexpended obligation estimates in support of the FY 2023 AFR.

In support of the FY 2023 AFR the Department used the same estimation methodology that was used for the FY 2022 AFR. The Department believes that the additional 12-months of state draw down data available to estimate the unexpended obligations as of September 30, 2023, improved the Department's estimate. However, the management controls over the estimate were once again determined insufficient by the external auditors during the FY 2023 independent audit.

To ensure more effective controls over the unexpended obligation estimate in support of the FY 2024 AFR, the Department plans to continue its engagement with the contract firm that supported the Department's efforts in FY 2023. Through this engagement, the Department will continue its efforts to gather information in support of the existing estimation methodology or, if necessary, adjust the methodology used in support of the FY 2024 AFR. ETA anticipates that these efforts will continue throughout FY 2024.

2. UTF COVID-19 Benefit Overpayment Accounts Receivables:

The Department recognized the unique challenges that the State Workforce Agencies (SWA) faced in implementing and reporting the COVID-19 pandemic unemployment insurance programs. In FY 2023, ETA continued to analyze the COVID-19 expenses and benefit accounts receivables as reported by the SWA since the inception of the pandemic programs to determine the need for additional estimates.

During FY 2023, ETA conducted weekly meetings with Regional Office staff and SWAs to develop the most effective approach to gathering all the necessary information needed to record COVID-19 related obligations. Following this outreach with the Regional Offices and all 53 states and territories, ETA determined that no new data was available to support an alternative methodology for FY 2023. ETA will continue to work with the Regional Offices and SWAs to gather information regarding the unexpended obligations of the COVID-19 funding and COVID-19 benefit overpayment accounts receivables balances. ETA will also continue to analyze the COVID-19 expenses and benefit accounts receivables as reported by the SWAs since the pandemic programs began to determine if additional estimates are needed.

ETA anticipates efforts to gather information will continue throughout FY 2024 and will incorporate additional insights gathered through these efforts and work with OCFO in posting more reliable accounts receivable adjustments. OCFO will also support the effort by looking at ratios of accounts receivables against cumulative benefit payments as reported on the ETA 2112 reports. OCFO will employ additional steps to ensure the reliability of any state reports against previous reports through trend analyses and other processes as required. OCFO will collaborate with ETA throughout the year as more information is gathered update any estimation methodologies.

3. Unemployment Benefit Expense:

The Department relies on a software application referred to as the Financial Management Report System (FMRS) to capture new and revised unemployment benefit expenses as reported

by states in the ETA 2112 UI Financial Transaction Summary report (ETA 2112). These unemployment benefit expenses are recorded in the Department's General Ledger (GL) and support the Department's annual financial reporting. As a result of differences identified between the GL and ETA 2112 reporting during FY 2023, management concurs that a control including more frequent reconciliations is required to ensure unemployment benefit expenses are properly reflected in the GL. ETA and OCFO will incorporate a monthly process to reconcile FMRS postings to ETA 2112 reports and ensure benefit expenses are captured timely. In addition, ETA and OCFO will implement a new control by way of a joint tracking tool to ensure effective communication regarding each FMRS application run completed during the Fiscal Year.

Annual Financial Statements

Principal Financial Statements and Notes

PRINCIPAL FINANCIAL STATEMENTS

Principal Financial Statements Included in this Report

The principal financial statements included in this report have been prepared in accordance with the requirements of the Chief Financial Officers Act of 1990 (P.L. 101-576), the Government Management Reform Act of 1994, and 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 years ended September 30, 2023 and 2022 consist of the following:

- The **Consolidated Balance Sheets**, which present as of September 30, 2023 and 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 Statements of Net Cost**, which present the net cost of DOL operations for the years ended September 30, 2023 and 2022. DOL's net cost of operations include the gross costs incurred by DOL less any exchange revenue earned from DOL activities. The classification of gross cost and exchange revenue by program and program agency is presented in Note 15 to the consolidated financial statements.
- The **Consolidated Statements of Changes in Net Position**, which present the change in DOL's net position resulting from the net cost of DOL operations and financing sources for the years ended September 30, 2023 and 2022.
- The **Combined Statements of Budgetary Resources**, which present the budgetary resources available to DOL and net outlays of budgetary resources for the years ended September 30, 2023 and 2022; and the status of these resources as of September 30, 2023 and 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, 2023, 2022, 2021, 2020, and 2019.
- 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, 2023 and 2022, and provide information about the change.

CONSOLIDATED BALANCE SHEETS

As of September 30, 2023 and 2022

(Dollars in Thousands)

	<u>2023</u>	<u>2022</u>
ASSETS (Note 7)		
Intra-governmental		
Fund Balance with Treasury (Note 1-C and 2)	\$ 21,836,053	\$ 25,306,160
Investments, net (Note 1-D and 3)	82,367,994	73,878,416
Accounts receivable, net (Note 1-E and 4)	4,870,730	4,649,637
Advances and prepayments (Note 1-G and 6)	<u>11,793</u>	<u>11,138</u>
Total Intra-governmental	<u>109,086,570</u>	<u>103,845,351</u>
With the public		
Accounts receivable, net (Note 1-E and 4)	5,717,697	5,992,814
Property, plant, and equipment, net (Note 1-F and 5)	1,063,040	1,047,735
Advances and prepayments (Note 1-G and 6)	<u>10,848,188</u>	<u>10,717,496</u>
Total with the public	<u>17,628,925</u>	<u>17,758,045</u>
Total assets	<u>\$ 126,715,495</u>	<u>\$ 121,603,396</u>
LIABILITIES AND NET POSITION		
Liabilities (Note 1-I and 12)		
Intra-governmental		
Accounts payable	\$ 365,973	\$ 101,822
Debt (Note 1-J and 8)	38,193,208	46,108,643
Advances from others and deferred revenue (Note 1-K)	158,141	60,301
Other liabilities (Note 1-N and 9)	<u>223,574</u>	<u>179,894</u>
Total Intra-governmental	<u>38,940,896</u>	<u>46,450,660</u>
With the public		
Accounts payable	216,172	390,047
Federal employee benefits payable (Note 1-L and 11)	6,473,353	4,797,651
Environmental and disposal liabilities	27,167	26,995
Benefits due and payable (Note 1-M and 10)	10,899,873	11,268,180
Advances from others and deferred revenue (Note 1-K)	101	96
Other liabilities (Note 1-N)		
Energy Employees Occupational Illness Compensation Benefits (Note 1-N)	67,791,043	48,289,761
Accrued grant liabilities	1,214,429	1,140,495
Other (Note 9)	<u>155,475</u>	<u>146,004</u>
Total with the public	<u>86,777,613</u>	<u>66,059,229</u>
Total liabilities	<u>125,718,509</u>	<u>112,509,889</u>
Contingencies (Note 13)		
Net position (Note 1-R)		
Unexpended appropriations - Funds from Other than Dedicated Collections	<u>14,963,155</u>	<u>17,390,986</u>
Total Unexpended Appropriations (Consolidated)	14,963,155	17,390,986
Cumulative results of operations - Funds from Dedicated Collections (Note 21)	48,550,490	33,298,269
Cumulative results of operations - Funds from Other than Dedicated Collections	<u>(62,516,659)</u>	<u>(41,595,748)</u>
Total Cumulative Results of Operations (Consolidated)	(13,966,169)	(8,297,479)
Total net position	<u>996,986</u>	<u>9,093,507</u>
Total liabilities and net position	<u>\$ 126,715,495</u>	<u>\$ 121,603,396</u>

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF NET COST
For the Years Ended September 30, 2023 and 2022
(Dollars in Thousands)

	2023	2022
NET COST OF OPERATIONS (Note 1-S and 15)		
CROSSCUTTING PROGRAMS		
Income maintenance		
Gross costs	\$ 61,348,877	\$ 51,115,727
Less: earned revenue	(3,163,600)	(2,869,631)
Net program costs	58,185,277	48,246,096
Employment and training		
Gross costs	6,838,209	6,189,127
Less: earned revenue	(1,853)	(16,600)
Net program costs	6,836,356	6,172,527
Labor, employment and pension standards		
Gross costs	986,730	905,105
Less: earned revenue	(33,224)	(7,071)
Net program costs	953,506	898,034
Worker safety and health		
Gross costs	1,159,468	1,077,132
Less: earned revenue	(3,292)	(2,808)
Net program costs	1,156,176	1,074,324
OTHER PROGRAMS		
Statistics		
Gross costs	752,786	729,718
Less: earned revenue	(35,957)	(36,573)
Net program costs	716,829	693,145
COSTS NOT ASSIGNED TO PROGRAMS		
Gross costs	147,326	87,161
Less: earned revenue not attributed to programs	(39,005)	(37,420)
Net costs not assigned to programs	108,321	49,741
Net cost of operations	\$ 67,956,465	\$ 57,133,867

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION

For the Years Ended September 30, 2023 and 2022

(Dollars in Thousands)

	2023			2022		
	Funds from Dedicated Collections (Note 21)	Funds from Other than Dedicated Collections	Total	Funds from Dedicated Collections (Note 21)	Funds from Other than Dedicated Collections	Total
Unexpended Appropriations (Note 1-T):						
Beginning Balance	\$ -	\$ 17,390,986	\$ 17,390,986	\$ -	\$ 42,121,799	\$ 42,121,799
Adjustments:						
Corrections of errors	-	-	-	-	371,806	371,806
Beginning Balance, as adjusted	-	17,390,986	17,390,986	-	42,493,605	42,493,605
Appropriations received (Note 18-F)	-	13,084,606	13,084,606	-	13,181,281	13,181,281
Appropriations transferred in/out	-	3,737	3,737	-	-	-
Other adjustments	-	(4,130,121)	(4,130,121)	-	(38,290,000)	(38,290,000)
Appropriations used	-	(11,386,053)	(11,386,053)	-	6,100	6,100
Net Change in Unexpended Appropriations	-	(2,427,831)	(2,427,831)	-	(25,102,619)	(25,102,619)
Total Unexpended Appropriations: Ending	-	14,963,155	14,963,155	-	17,390,986	17,390,986
Cumulative Results of Operations (Note 1-S and 1-U):						
Beginning Balance	33,298,269	(41,595,748)	(8,297,479)	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	33,298,269	(41,595,748)	(8,297,479)	15,873,414	(34,706,109)	(18,832,695)
Other adjustments	(128)	(92)	(220)	(746)	(693)	(1,439)
Appropriations used	-	11,386,053	11,386,053	-	(6,100)	(6,100)
Non-exchange revenue (Note 16)	50,641,164	1	50,641,165	67,331,705	1	67,331,706
Transfers in/out without reimbursement (Note 17)	(5,019,944)	5,256,289	236,345	(20,256,727)	20,562,166	305,439
Imputed financing	2,579	172,953	175,532	1,468	114,247	115,715
Other	-	(151,100)	(151,100)	-	(76,238)	(76,238)
Net cost of operations	(30,371,450)	(37,585,015)	(67,956,465)	(29,650,845)	(27,483,022)	(57,133,867)
Net Change in Cumulative Results of Operations	15,252,221	(20,920,911)	(5,668,690)	17,424,855	(6,889,639)	10,535,216
Cumulative Results of Operations: Ending	48,550,490	(62,516,659)	(13,966,169)	33,298,269	(41,595,748)	(8,297,479)
Net position	<u>\$ 48,550,490</u>	<u>\$ (47,553,504)</u>	<u>\$ 996,986</u>	<u>\$ 33,298,269</u>	<u>\$ (24,204,762)</u>	<u>\$ 9,093,507</u>

The accompanying notes are an integral part of these statements.

COMBINED STATEMENTS OF BUDGETARY RESOURCES

For the Years Ended September 30, 2023 and 2022

(Dollars in Thousands)

	<u>2023</u>	<u>2022</u>
BUDGETARY RESOURCES (Note 18)		
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 8,980,196	\$ 26,178,800
Appropriations (discretionary and mandatory)	46,639,979	43,194,517
Borrowing authority (discretionary and mandatory)	56,216	131,974
Spending authority from offsetting collections (discretionary and mandatory)	8,259,138	8,369,018
Total budgetary resources	<u>\$ 63,935,529</u>	<u>\$ 77,874,309</u>
STATUS OF BUDGETARY RESOURCES		
New obligations and upward adjustments (total)	<u>\$ 58,297,669</u>	<u>\$ 70,440,398</u>
Unobligated balance, end of year		
Apportioned, unexpired accounts	3,715,909	5,581,313
Exempt from apportionment, unexpired accounts	12,189	15,247
Unapportioned, unexpired accounts	49,641	246,927
Unexpired unobligated balance, end of year	3,777,739	5,843,487
Expired unobligated balance, end of year	1,860,121	1,590,424
Unobligated balance, end of year (total)	<u>5,637,860</u>	<u>7,433,911</u>
Total budgetary resources	<u>\$ 63,935,529</u>	<u>\$ 77,874,309</u>
OUTLAYS, NET		
Outlays, net (total) (discretionary and mandatory)	\$ 48,151,449	\$ 49,964,107
Distributed offsetting receipts	(876,397)	(800,627)
Agency outlays, net (discretionary and mandatory)	<u>\$ 47,275,052</u>	<u>\$ 49,163,480</u>

The accompanying notes are an integral part of these statements.

STATEMENTS OF SOCIAL INSURANCE

As of September 30, 2023, 2022, 2021, 2020, and 2019

(Dollars in Thousands)

	As of September 30,				
	2023	2022	2021	2020	2019
BLACK LUNG DISABILITY BENEFIT PROGRAM (Note 1-W and 1-Y)					
Current participants (closed group)					
Present value of estimated future excise tax income during the projection period	\$ 1,338,835	\$ 2,381,705	\$ 1,139,399	\$ 1,295,220	\$ 1,375,529
Less the present value of estimated future administrative costs during the projection period	784,171	852,463	831,229	851,780	770,833
Less the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period	<u>849,625</u>	<u>1,056,547</u>	<u>1,287,818</u>	<u>1,415,071</u>	<u>1,389,113</u>
Excess (deficiency) of present value of estimated future excise tax income over (below) present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period [closed group measure]	(294,961)	472,695	(979,648)	(971,631)	(784,417)
New participants					
Present value of estimated future excise tax income during the projection period	1,009,998	1,587,803	1,139,399	1,295,220	1,269,720
Less the present value of estimated future administrative costs during the projection period	591,568	568,308	831,229	851,780	711,538
Less the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period	<u>651,201</u>	<u>700,166</u>	<u>1,280,486</u>	<u>1,440,636</u>	<u>1,285,242</u>
Excess (deficiency) of present value of estimated future excise tax income over (below) present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period	(232,771)	319,329	(972,316)	(997,196)	(727,060)
Current and new participants (open group)					
Present value of estimated future excise tax income during the projection period	2,348,833	3,969,508	2,278,798	2,590,440	2,645,249
Less the present value of estimated future administrative costs during the projection period	1,375,739	1,420,771	1,662,458	1,703,560	1,482,371
Less the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period	<u>1,500,826</u>	<u>1,756,713</u>	<u>2,568,304</u>	<u>2,855,707</u>	<u>2,674,355</u>
Excess (deficiency) of present value of estimated future excise tax income over (below) present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period [open group measure]	<u>\$ (527,732)</u>	<u>\$ 792,024</u>	<u>\$ (1,951,964)</u>	<u>\$ (1,968,827)</u>	<u>\$ (1,511,477)</u>
Trust fund net position deficit at start of projection period (Note 1-W and 21)	<u>\$ (6,355,609)</u>	<u>\$ (6,261,393)</u>	<u>\$ (6,078,761)</u>	<u>\$ (5,976,255)</u>	<u>\$ (5,846,618)</u>
Summary Section					
Closed group measure	\$ (294,961)	\$ 472,695	\$ (979,648)	\$ (971,631)	\$ (784,417)
Add: Fund Balance with Treasury and receivables from benefit overpayments (Note 21)	<u>311,498</u>	<u>304,571</u>	<u>286,868</u>	<u>433,074</u>	<u>124,826</u>
Total of closed group measure plus fund assets (Note 1-W)	<u>\$ 16,537</u>	<u>\$ 777,266</u>	<u>\$ (692,780)</u>	<u>\$ (538,557)</u>	<u>\$ (659,591)</u>
Open group measure	\$ (527,732)	\$ 792,024	\$ (1,951,964)	\$ (1,968,827)	\$ (1,511,477)
Add: Fund Balance with Treasury and receivables from benefit overpayments (Note 21)	<u>311,498</u>	<u>304,571</u>	<u>286,868</u>	<u>433,074</u>	<u>124,826</u>
Total of open group measure plus fund assets (Note 1-W)	<u>\$ (216,234)</u>	<u>\$ 1,096,595</u>	<u>\$ (1,665,096)</u>	<u>\$ (1,535,753)</u>	<u>\$ (1,386,651)</u>

The accompanying notes are an integral part of these statements.

STATEMENTS OF CHANGES IN SOCIAL INSURANCE AMOUNTS

For the Years Ended September 30, 2023 and 2022

(Dollars in Thousands)

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

	<u>2023</u>	<u>2022</u>
The excess (deficiency) of present value of estimated future excise tax income over (below) 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	\$ 792,024	\$ (1,951,964)
Changes in the assumptions about beneficiaries, including costs, number, type, age and life expectancy	94,951	424,859
Changes in assumptions about coal excise tax revenues	(1,430,093)	2,643,337
Changes in assumptions about Federal civilian pay raises for income benefits	(4,165)	119
Changes in assumptions about medical cost inflation for medical benefits	17,308	14,742
Changes in assumptions about administrative costs	(86,599)	(102,689)
Changes in assumptions about interest rates	<u>88,842</u>	<u>(236,380)</u>
Net change in open group measure	<u>(1,319,756)</u>	<u>2,743,988</u>
Open group measure, end of year	<u>\$ (527,732)</u>	<u>\$ 792,024</u>

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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

- <i>Office of the Secretary</i>	- <i>Office of the Deputy Secretary</i>
- <i>Office of the Assistant Secretary for Administration and Management</i>	- <i>Office of Inspector General</i>
- <i>Office of the Assistant Secretary for Policy</i>	- <i>Office of the Solicitor</i>
- <i>Office of Congressional and Intergovernmental Affairs</i>	- <i>Office of Public Affairs</i>
- <i>Bureau of International Labor Affairs</i>	- <i>Office of the Chief Financial Officer</i>
	- <i>Women's Bureau</i>

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 Years Ended September 30, 2023 and 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 2021 final interim rule, Treasury guidance, and correspondence of the Secretaries of the Treasury and Labor to the Congress. Under the 2021 final interim rule, effective through April 1, 2022 authorized uses by states included transfers from its Fiscal Recovery Fund for:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

Funds from dedicated collections - continued

- 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.

The Executive Branch updated its policies for using the Fiscal Recovery Funds through, among other things, a 2022 final rule dated January 27, 2022 and effective April 1, 2022 and updated Treasury guidance. The 2022 final rule adopted the 2021 final interim rule, with certain amendments. The 2021 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.

On September 20, 2023, the Treasury issued a 2023 interim final rule and provided guidance that allows a State to use its Fiscal Recovery Fund to provide emergency relief from natural disasters in the form financial assistance for lost wages. These are supplemental benefits for individuals participating in state unemployment insurance programs or the Disaster Unemployment Assistance program at the time of the disaster or following the disaster. The supplemental benefit may not exceed \$400 a week for the duration of the need for emergency relief.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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

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 Years Ended September 30, 2023 and 2022

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 Sheets. 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 Years Ended September 30, 2023 and 2022

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.

Section 73 of P.L. 118-5, Fiscal Integrity Act, enacted June 3, 2023, effected permanent rescissions of unobligated salaries and expenses funding from P.L. 117-2, American Rescue Plan (ARP) Act of 2021; affected agencies included MSHA, OSHA, OWCP, and WHD.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

Funds from other than dedicated collections - continued

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.

Section 74 of P.L. 118-5 effected a permanent rescission of unobligated funding from the CARES Act, as amended, for grants for short-time funding compensation programs.

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.

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.

Section 24 of P.L. 118-5 effected a permanent rescission of more than \$1.0 billion of unobligated SUIESO funding from the CARES Act, as amended.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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

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

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

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

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

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. However, claims for COVID-19 diagnosed after January 27, 2023 are billable to other Federal agencies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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, infrastructure technology activities related to support systems and modernization, and other support systems.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**A. Reporting Entity - Continued****4. Inter-departmental relationships**

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

B. Basis of Accounting and Presentation

DOL complies with FASAB SFFAS 47, "Reporting Entity," with related guidance from the Treasury Financial Manual (TFM), Volume I, Part 2, Chapter 4700, "Federal Entity Reporting Requirements for the Financial Report of the United States Government," and OMB Circular A-136, "Financial Reporting Requirements," unless otherwise disclosed.

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. Consistent with the second year of implementation, comparative information is presented.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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 Sheets, 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 Statements 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 Years Ended September 30, 2023 and 2022

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 Sheets. Interest rates and maturity dates vary. The UTF special issue Treasury bonds may be redeemed, in whole or in part, prior to their maturity date and continue to accrue interest until fully redeemed.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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, EBSA, and WHD 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 year. In general, intra-governmental accounts receivable are considered fully collectible.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**F. Property, Plant, and Equipment, Net**

The majority of DOL's 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 Years Ended September 30, 2023 and 2022

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, 2023 and 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: (1) in FY 2023 through three continuing resolutions (P.L.s 117-180, -229, and -264) and an appropriations act (P.L. 117-328) and (2) 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 of 1.625 and 1.75 percent and 1.625 and 1.875 percent as of September 30, 2023 and 2022, respectively. The EUCA's repayable advances bear interest rates of 1.625 and 1.75 percent and 1.625 and 1.75 percent as of September 30, 2023 and 2022, respectively. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**J. Debt - Continued****1. Unemployment Trust Fund advances from U.S. Treasury - continued**

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)

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; 17 discounted instruments remain outstanding September 30, 2023, 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 borrowed on September 30, 2022 (due September 30, 2023) bearing an interest rate of 4.022 percent; the BLDTF paid the principal and interest that were due on September 30, 2023. The BLDTF borrowed on September 30, 2023 (due September 30, 2024) bearing an interest rate of 5.532 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 2023 and FY 2022 methodology for averaging the COLA rates used OMB-provided rates.

The FY 2023 and FY 2022 methodologies for averaging the CPI-M rates used OMB-provided rates and information obtained from the Bureau of Labor Statistics public releases for CPI.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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

The COLAs and CPI-Ms used in the projections for FY 2023 and FY 2022 were as follows:

FY	COLA		CPI-M	
	2023	2022	2023	2022
2023	N/A	3.37 %	N/A	3.13 %
2024	4.04 %	3.97 %	3.25 %	3.62 %
2025	4.29 %	4.10 %	3.21 %	3.55 %
2026	4.38 %	4.16 %	3.51 %	3.84 %
2027	4.13 %	3.91 %	3.87 %	4.20 %
2028+	3.13 %	3.91 %	4.03 %	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 14.5 and 10.3 years in FY 2023 and 13.8 and 10.6 years in FY 2022, respectively. Based on averaging the TNC Yield Curves for the current year and the prior four years, the interest rate assumptions for income payments and medical payments were 2.326 and 2.112 percent in FY 2023 and 2.119 and 1.973 percent in FY 2022, respectively.

The actuarial liability consists of a portion for the projected benefits of Federal agencies (including DOL and the Panama Canal Compensation Fund) that reimburse the fund for their employees' costs as billable costs; the other portion is for projected benefits for non-billable and unreimbursed costs, which are primarily for projected benefits under the War Hazards Compensation Act (WHCA), as amended (42 U.S.C. 1701 et seq.). 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; however, claims for COVID-19 diagnosed after January 27, 2023 are billable to other Federal agencies. (See Note 11)

The National Defense Authorization Act (NDAA) of 2023, P.L. 117-263, enacted December 23, 2022, section 5305, "Fairness for Federal firefighters," amended the FECA and established that certain illnesses and diseases are to be deemed to be proximately caused by employment in federal fire protection activities. DOL has determined that these costs are billable to the Agencies that employ Federal firefighters.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L. Federal Employee Benefits Payable - Continued

2. Future workers' compensation benefits - continued

In FY 2022 and FY 2023, 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. The FY 2022 and FY 2023 methodologies omitted pandemic-related adjustments for normalizing the levels of payments. The FY 2023 methodology reduced the base factor for medical costs in the FECA CRM.

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 (DoD) 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 2023, the methodology for the non-billable WHCA projected liability was refined to apply a CRM specific to WHCA claims; the use of a CRM is a methodology similar to the use of the FECA CRM for billable and non-billable (other than WHCA) claims. The results of the non-billable WHCA CRM are incorporated into the loss development triangle approach from FY 2022 to allow for development of the WHCA claims on both a paid as well as a case-incurred basis. In FY 2023, the DoD OCO budget format changed and did not provide the same level of detail as in prior years. Consequently, DOL used the U.S. Central Command (USCENTCOM) budget, Middle East Current Operations costs, as a relative measure of hazard exposure in projecting future benefits under the WHCA and applied it to both the T4 and non-T4 claims.

In FY 2022 and FY 2023, 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. The FY 2022 and FY 2023 methodologies omitted pandemic-related adjustments for normalizing the levels of payments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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

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. Although the statutory weeks of eligibility have expired for these programs, benefits due and payable as of September 30, 2023 and 2022 result from activity for the obligations and unpaid expenditures still outstanding at September 30, 2021 and September 30, 2022.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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 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 and temporary pandemic-related 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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. Benefits Due and Payable - Continued

1. Unemployment benefits - continued

Other activity - continued

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.

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. Claims for COVID-19 diagnosed after January 27, 2023 are billable to other Federal agencies.

The National Defense Authorization Act (NDAA) of 2023, P.L. 117-263, enacted December 23, 2022, section 5305, "Fairness for Federal firefighters," amended the FECA and established that certain illnesses and diseases are to be deemed to be proximately caused by employment in federal fire protection activities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**M. Benefits Due and Payable - Continued****2. Federal employees disability and 10(h) benefits - continued**

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.

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 Notes 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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

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 Years Ended September 30, 2023 and 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, 2023 and 2022.

Assumptions and Liabilities	2023	2022
Compensation Liabilities as of September 30		
Average duration	12.5 years	12.7 years
Interest rate used in discounting	2.209 %	2.068 %
Undiscounted liability	\$14.7 billion	\$13.6 billion
Discounted liability	\$11.5 billion	\$10.8 billion
Medical Liabilities as of September 30		
Average duration	19.2 years	18.6 years
Interest rate used in discounting	2.571 %	2.325 %
Medical inflation in 2023	N/A	3.8 %
Medical inflation in 2024	7.8 %	6.7 %
Medical inflation in 2025	4.7 %	6.0 %
Medical inflation in 2026	4.7 %	6.6 %
Medical inflation in 2027	4.7 %	6.1 %
Medical inflation in 2028	4.7 %	3.9 %
Medical inflation in 2029 and subsequent years	3.9 %	3.9 %
Society of Actuaries Private Retirement Plans (PRI) Mortality Table	PRI-2012 Male Disabled Retiree	PRI-2012 Male Disabled Retiree
Undiscounted liability	\$86.9 billion	\$55.0 billion
Discounted liability	\$56.3 billion	\$37.5 billion
Compensation and Medical Liabilities[‡] as of September 30		
Undiscounted	\$101.5 billion	\$68.6 billion
Discounted	\$67.8 billion	\$48.3 billion
Period used in discounting	60 years	60 years

‡Totals may differ slightly due to rounding.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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 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.

The estimated medical inflation rates for the first five years were updated based on historical payment data and guidance from OWCP management regarding expected increases. The medical inflation rates for the sixth and later years used CPI-M inflation rates provided by OMB.

The increase in undiscounted and discounted total liabilities as of September 30, 2023 were primarily due to

- an increase in the estimated number of future initial awards under Part E,
- an increase in the likelihood that initial awards under Part E would lead to subsequent claims for additional medical conditions, impairments, and/or wage loss, and
- an increase in medical costs, and in particular, costs for home health care.

The increase in medical costs for home health care occurred as a result of programmatic changes that

- increased the likelihood of reimbursement,
- authorized care based on hourly and 15-minute increments instead of the per diem basis, and
- differentiated costs based on the type of nurse professional.

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.

Management has determined that there have been no substantive effects of COVID-19 on the EEOICPA benefits costs during FY 2023 through June 30, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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 (FEGSIP). DOL matches the employee contributions to each program to pay for current benefits. For the year ended September 30, 2023, DOL's matching contributions to the FEHBP and FEGSIP were \$145.3 million and \$3.2 million, respectively. For the year ended September 30, 2022, DOL's matching contributions to the FEHBP and FEGSIP were \$136.5 million and \$3.0 million, respectively.

P. Other Retirement Benefits

DOL employees eligible to participate in the FEHBP and the FEGSIP 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 \$116.5 million and \$101.7 million for the years ended September 30, 2023 and 2022, respectively. (See 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 2023 and FY 2022 are presented in the table below.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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

	Percentage of Gross Earnings			
	FY 2023	FERS	FERS RAE	FERS FRAE
Employee contribution/withholding	0.8%	3.1%	3.1%	4.4%
DOL contribution	18.4%	16.6%	16.6%	16.6%
	FY 2022	FERS	FERS RAE	FERS FRAE
Employee contribution/withholding	0.8%	3.1%	3.1%	4.4%
DOL contribution	18.4%	16.6%	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 \$158.0 million and \$146.0 million for the years ended September 30, 2023 and 2022, respectively.

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. CSRS participants may contribute up to \$22,500 and \$20,500 per year of their gross pay to the TSP during calendar years 2023 and 2022, respectively, but there is no departmental matching contribution. FERS participants may contribute up to \$22,500 and \$20,500 per year of their gross pay to the TSP during calendar years 2023 and 2022, respectively. For calendar year 2022, CSRS and FERS participants aged 50 years or older may also contribute an additional \$6,500 per year in "catch-up" contributions during calendar year 2022, but there is no departmental matching on CSRS and FERS participants' "catch-up" contributions. For calendar year 2023, CSRS and FERS participants aged 50 years or older may also contribute an additional \$7,500 in "catch-up" contributions; there is no departmental matching of "catch-up" contributions for CSRS participants, but for FERS participants, contributions in excess of the \$22,500 limit that spill over towards the "catch-up" limit may qualify for departmental matching, up to a maximum of 5 percent of gross pay eligible for total departmental matching. 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 gross pay contributed each pay period and 50 cents on the dollar for the next 2 percent of gross pay contributed, up to a maximum of 5 percent of gross pay eligible for departmental matching. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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

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

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

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 Statements of Net Cost and are offset by imputed financing sources in the Consolidated Statements of Changes in Net Position. Such imputed costs relate to OPM-provided employee pensions and other retirement benefits and (in FY 2023) DHS-provided cybersecurity services. (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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

S. Net Cost of Operations - Continued

1. Operating Costs - continued

other than those identified above. Management has determined that there are no material claims to be settled by the Treasury Judgement Fund. (See Note 13)

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

2. Earned revenues

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

T. Net Change in Unexpended Appropriations

Funds from other than dedicated collections report the Net change in unexpended appropriations in the Consolidated Statements of Changes in Net Position. The Net change in unexpended appropriations is primarily from Appropriations received and Appropriations used, but other components include 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 Statements 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 other components are Imputed financing and other changes; 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**U. Net Change in Cumulative Results of Operations - Continued****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 Statements 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)

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 Years Ended September 30, 2023 and 2022

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 2023 and FY 2022 and was due on September 30, 2023 and 2022, respectively; 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 nonprofit 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 Years Ended September 30, 2023 and 2022

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. (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 and (in FY 2023) DHS-provided cybersecurity services. (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 Years Ended September 30, 2023 and 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

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, 2019.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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****Estimated future excise tax income - continued**

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

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 2019 and 2020

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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

Estimated future excise tax income - continued

FYs 2019 and 2020 – continued

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. In 2017, the U.S. Court of Appeals (USCA) ordered that litigation on the CPP be held in abeyance, and the abeyance continued 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 were 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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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****Estimated future excise tax income - continued***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 CO₂ 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 (IRA), 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 and exports.

FY 2023

On March 10, 2023, the EPA resumed enforcement of the ACE regulation and published a final rule with respect to due dates for filing state plans. However, the EPA is undertaking new rule making to replace the ACE regulation; the Federal Register published the EPA's proposed rule on May 23, 2023. As of September 30, 2023, the final rule to replace the ACE regulation had not been published.

To estimate the future excise tax income reported on the SOSI as of September 30, 2023, DOL used EIA projections that were published in March 2023. These projections included assumptions based on energy-related tax credits and incentives—as authorized by P.L. 117-169, IRA—that support, in general, energy industries that compete with the coal industry; however, the effects of these tax credits and incentives were limited in scope because EIA excluded tax credits and incentives from their models for various reasons (e.g., time constraints and lack of guidance on how the Federal government would implement the tax credits and incentives). To reflect the effects of events after March 2023, management used short-term EIA projections published in September 2023 for the 2023 and 2024 coal production and exports.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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

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 2019 and 2020, projections for the number of new participants increased.

In FYs 2019 through 2023, historical program data and a blend of Social Security Administration tables and were 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 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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****Actuarial future benefit payments to disabled coal miners and dependent survivors - continued**

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 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.

In FY 2023, the BLDTF received \$72 million from a mine operator and the fund assumed responsibility for paying basic benefits (monthly disability benefits, medical benefits, and diagnostic expenses) for certain covered active claims and future claims of certain covered classes of claimants; these claims are included in the model's projections. The \$72 million receipt was treated as an offset to FY 2023 benefit costs and decreased total benefit costs in FY 2023.

In FY 2023, the DOL reviewed a claim from the U.S. Department of Health and Human Services (HHS), Centers for Medicare and Medicaid Services (CMS), issued to the BLDTF for reimbursement of black lung medical treatments that DOL believes were paid by CMS from October 2018 through February 2021; DOL expects to receive an updated claim that covers reimbursement through approximately September 30, 2023. As of September 30, 2023, CMS and DOL continue negotiating a memorandum of understanding with regard to the reimbursement.

In FY 2023, projections for the number of new participants increased. Refinements to the model include, among other things, calculating the average cost of diagnostic pulmonary exams separately from the average annual medical treatment cost per miner and applying different medical inflation rates for diagnostic versus treatment medical costs. The estimated average future medical treatment cost per miner was increased in the model to adjust for future higher treatment expenses, then offset by a decrease in estimated future pharmacy costs.

For the SOSI with a valuation date as of September 30, 2023, the future income benefit rate (annualized for the fiscal year) increases 4.5 percent in FY 2024, 4.0 percent in FY 2025, 2.9 percent in FY 2026, 2.5 percent in FYs 2027 through 2033, 2.2 percent in FY 2034, and 2.0 percent in 2035 and each year thereafter. For medical treatment, future costs decrease in FY 2024, but increase 5.0 percent in FY 2025 and each year thereafter. For medical diagnoses, future costs increase 3.7 percent in FY 2024, 4.0 percent in FY 2025, and 3.9 percent in FY 2026 and each year thereafter.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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

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 2019 through 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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	
FY 2023	Average Duration	Discount Rate
Coal excise tax income	10.7 years	4.25%
Administrative costs	12.1 years	4.25%
Income benefit payments	11.0 years	4.25%
Medical benefit payments	12.1 years	4.25%
FY 2022	Average Duration	Discount Rate
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	Average Duration	Discount Rate
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	Average Duration	Discount Rate
Coal excise tax income	12.0 years	0.75%
Administrative costs	11.9 years	0.75%
Income benefit payments	10.9 years	0.75%
Medical benefit payments	12.6 years	0.88%
FY 2019	Average Duration	Discount Rate
Coal excise tax income	11.4 years	1.63%
Administrative costs	11.9 years	1.75%
Income benefit payments	10.8 years	1.63%
Medical benefit payments	12.7 years	1.75%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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

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 \$(6.36) billion, the amount of the trust fund net position deficit at the start of the projection period, September 30, 2023.

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 2023 open group measure decreased by \$(1,319.8) million primarily because of changes in assumptions about coal excise tax revenues of \$(1,430.1) million, offset primarily by changes in assumptions about beneficiaries, including costs, number, type, age and life expectancy of \$94.8 million and the net effect of other changes in assumptions about administrative costs and interest rates. The changes in assumptions about coal excise tax revenues were caused by a decrease in projections of domestic coal production, which in turn would decrease projections of coal excise tax collections, even though there was a permanent increase in the coal excise tax rates from section 13901 of P.L. 117-169. The projections of domestic coal production were lower due to the P.L. 117-169 energy-related tax credits and incentives that support, in general, energy industries that compete with the coal industry. In FY 2022, the 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, section 13901 and effective October 1, 2022. P.L. 117-169 was enacted on August 16, 2022 and the projections of domestic coal production subsequent to the law's enactment were not available from the EIA until March 2023.

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, 2023, the open group measure plus fund assets is \$(216.2) million whereas the BLDTF debt and interest maturing on September 30, 2024 are \$3.13 billion and the carrying value of all BDLTF debt as of September 30, 2023 is \$6.66 billion.

Subsequent Events. As of November 14, 2023, management has determined that there are no subsequent events requiring disclosure for the social insurance financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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 for the years ended September 30, 2023 and 2022, although outlays, downward adjustments, and other adjustments will continue to occur after September 30, 2023. The activity associated with these obligations is reported in the Combined Statements of Budgetary Resources for the years ended September 30, 2023 and 2022 and related 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 2023 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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

To support Treasury's preparation of the FY 2023 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, 2023 and

-- Consolidated Statement of Changes in Net Position for the year ended September 30, 2023

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, 2023 and

-- Statement of Operations and Changes in Net Position for the year ended September 30, 2023.

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, 2023, 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, 2023 because it conforms to the FY 2023 FRUSG presentation requirements. Consistent with the requirements of OMB Circular A-136, a one-year presentation is disclosed in Note 24.

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

In connection with the preparation of the FY 2022 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**AA. Immaterial Corrections of Errors and Other Significant Accounting Policies - Continued****1. Immaterial corrections of errors - continued**

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 as of September 30, 2022 and activity for the year ended September 30, 2022 presented in notes 18.C, 18.D, 19, 21, and 24.

2. Other Significant Accounting Policies

In FY 2022, DOL presented single-year financial statements for

-- the Consolidated Balance Sheet as of September 30, 2022 and

-- the Consolidated Statement of Net Cost, Consolidated Statement of Changes in Net Position, and Combined Statement of Budgetary Resources for the year ended September 30, 2022,

-- and related notes.

In FY 2023, DOL presents comparative financial statements for

-- the Consolidated Balance Sheets as of September 30, 2023 and 2022 and

-- the Consolidated Statements of Net Cost, Consolidated Statements of Changes in Net Position, and Combined Statements of Budgetary Resources for the years ended September 30, 2023 and 2022,

-- and related notes.

DOL made minor conforming changes to present the FY 2022 financial statements and notes in a comparative form with the FY 2023 financial statements and notes.

In FY 2023, DOL refined its approach for certain grant advances that are certified by grantees. DOL uses the U.S. Department of Health and Human Services (HHS) as the service provider for grantee draw downs. HHS requires grantees to certify that funds are drawn down in order to pay for immediate needs and must be expended within three business days. In consideration of the grantee certifications, DOL treats certain grant drawdowns as expenses based on criteria that may include, among other things, grant activity, period of performance, and timing of drawdowns.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 2 - FUND BALANCE WITH TREASURY

The Status of Fund Balance with Treasury as of September 30, 2023, consisted of the following:

(Dollars in thousands)	Revolving Funds	Trust Funds	Special Funds	General Funds	Other	Total
Unobligated Balance Available	\$ 161,015	\$ 145	\$ 108,729	\$ 3,458,210	\$ -	\$ 3,728,099
Unobligated Balance Unavailable	16,253	-	421	1,893,088	-	1,909,762
Obligated Balance Not Yet Disbursed	273,042	2,815,301	395,655	12,636,020	-	16,120,018
Non-Budgetary Fund Balance with Treasury	-	69,164	-	409	6,933	76,506
Total Entity Assets	450,310	2,884,610	504,805	17,987,727	6,933	21,834,385
Non-entity Assets	-	971	-	-	697	1,668
Fund Balance with Treasury	\$ 450,310	\$ 2,885,581	\$ 504,805	\$ 17,987,727	\$ 7,630	\$ 21,836,053

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

(Dollars in thousands)	Revolving Funds	Trust Funds	Special Funds	General Funds	Other	Total
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	\$ 415,510	\$ 3,622,312	\$ 592,207	\$ 20,671,204	\$ 4,927	\$ 25,306,160

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

The negative fund balance reported as of September 30, 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, 2023 and 2022 includes \$682.4 million and \$1,817.7 million, respectively, of funds apportioned for use in the subsequent period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 3 - INVESTMENTS, NET

Investments, net as of September 30, 2023, 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>
Unemployment Trust Fund					
<u>Non-marketable</u>					
Special Issue U.S. Treasury Bonds					
2.625% maturing June 30, 2024	\$ 42,379,812	\$ -	\$ 275,095	\$ 42,654,907	\$ 42,379,812
2.625% maturing June 30, 2025	30,122,227	-	195,528	30,317,755	30,122,227
Special Issue Certificate of Indebtedness					
2.750% maturing June 30, 2024	8,741,342	-	38,821	8,780,163	8,741,342
2.875% maturing June 30, 2024	602,302	-	367	602,669	602,302
	<u>\$ 81,845,683</u>	<u>\$ -</u>	<u>\$ 509,811</u>	<u>\$ 82,355,494</u>	<u>\$ 81,845,683</u>
Panama Canal Commission					
Compensation Fund					
<u>Marketable</u>					
U.S. Treasury Notes					
0.250% maturing November 15, 2023	12,554	(66)	12	12,500	12,554
	<u>\$ 81,858,237</u>	<u>\$ (66)</u>	<u>\$ 509,823</u>	<u>\$ 82,367,994</u>	<u>\$ 81,858,237</u>
Entity Investments	\$ 81,520,847	\$ (66)	\$ 507,721	\$ 82,028,502	\$ 81,520,847
Non-entity Investments	337,390	-	2,102	339,492	337,390
	<u>\$ 81,858,237</u>	<u>\$ (66)</u>	<u>\$ 509,823</u>	<u>\$ 82,367,994</u>	<u>\$ 81,858,237</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 3 - INVESTMENTS, NET - Continued

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>
Unemployment Trust Fund					
<u>Non-marketable</u>					
Special Issue Certificate of Indebtedness					
1.625% maturing September 30, 2023	\$ 59,583,192	\$ -	\$ 242,057	\$ 59,825,249	\$ 59,583,192
1.750% maturing September 30, 2023	2,737,073	-	9,405	2,746,478	2,737,073
1.875% maturing September 30, 2023	<u>11,267,163</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>
Panama Canal Commission					
Compensation Fund					
<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>
Entity Investments	<u>\$ 73,516,732</u>	<u>\$ 26</u>	<u>\$ 275,661</u>	<u>\$ 73,792,419</u>	<u>\$ 73,516,732</u>
Non-entity Investments	<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 Years Ended September 30, 2023 and 2022

NOTE 4 - ACCOUNTS RECEIVABLE, NET

Accounts receivable, net as of September 30, 2023, consisted of the following:

(Dollars in thousands)	Gross Receivables	Allowance	Net Receivables
Entity Intra-governmental assets			
Due for UCFE and UCX benefits	\$ 98,735	\$ -	\$ 98,735
Due for workers' compensation benefits	4,756,614	-	4,756,614
Other	15,381	-	15,381
	<u>4,870,730</u>	<u>-</u>	<u>4,870,730</u>
Entity with the public assets			
State unemployment taxes	2,040,560	(869,898)	1,170,662
Due from reimbursable employers	518,342	(50,725)	467,617
Benefit overpayments	61,874,533	(57,968,844)	3,905,689
Other	4,908	(1,681)	3,227
	<u>64,438,343</u>	<u>(58,891,148)</u>	<u>5,547,195</u>
Non-entity with the public assets			
Fines and penalties	221,854	(51,352)	170,502
Total accounts receivable with the public	<u>64,660,197</u>	<u>(58,942,500)</u>	<u>5,717,697</u>
	<u>\$ 69,530,927</u>	<u>\$ (58,942,500)</u>	<u>\$ 10,588,427</u>

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

(Dollars in thousands)	Gross Receivables	Allowance	Net Receivables
Entity Intra-governmental assets			
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>
Entity with the public assets			
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>
Non-entity with the public assets			
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, 2023 and 2022, intra-government balances due for workers' compensation benefits include \$1.42 billion and \$1.31 billion in receivables due from the U.S. Postal Service (USPS), respectively. Subsequently, USPS paid all outstanding 2023 and 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.

DOL's bad debt expense for the years ended September 30, 2023 and 2022 was \$5.1 billion and \$24.1 billion, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 5 - PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment, net as of September 30, 2023, consisted of the following:

(Dollars in thousands)	2023		
	Cost	Accumulated Depreciation/ Amortization	Net Book Value
Structures, facilities and improvements			
Structures and facilities	\$ 1,646,200	\$ (984,739)	\$ 661,461
Improvements to leased facilities	387,570	(338,606)	48,964
	<u>2,033,770</u>	<u>(1,323,345)</u>	<u>710,425</u>
Furniture and equipment			
Equipment held by contractors	6,399	(6,399)	-
Furniture and equipment	49,071	(36,778)	12,293
	<u>55,470</u>	<u>(43,177)</u>	<u>12,293</u>
Internal-Use Software and Internal-Use Software in Development	309,543	(210,242)	99,301
Construction-in-progress	142,536	-	142,536
Land	98,577	(92)	98,485
	<u>\$ 2,639,896</u>	<u>\$ (1,576,856)</u>	<u>\$ 1,063,040</u>

(Dollars in thousands)	2023	2022
	PP&E, Net	PP&E, Net
Beginning balance, as of October 1, 2022 and 2021	\$ 1,047,735	\$ 1,069,868
Capitalized acquisitions	70,521	38,127
Dispositions	(265)	(1,161)
Revaluations	(718)	(3,563)
Depreciation Expense	(54,233)	(55,536)
Ending balance, as of September 30, 2023 and 2022	<u>\$ 1,063,040</u>	<u>\$ 1,047,735</u>

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

(Dollars in thousands)	2022		
	Cost	Accumulated Depreciation/ Amortization	Net Book Value
Structures, facilities and improvements			
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>
Furniture and equipment			
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>
Internal-Use Software and Internal-Use Software in Development	350,143	(244,355)	105,788
Construction-in-progress	89,085	-	89,085
Land	97,472	-	97,472
	<u>\$ 2,622,547</u>	<u>\$ (1,574,812)</u>	<u>\$ 1,047,735</u>

Information concerning deferred maintenance and repairs and estimated land acreage is discussed in required supplementary information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 6 - ADVANCES AND PREPAYMENTS

Advances and prepayments as of September 30, 2023 and 2022, consisted of the following:

<u>(Dollars in thousands)</u>	<u>2023</u>	<u>2022</u>
Intra-governmental		
Advances	\$ 11,793	\$ 11,138
With the public		
Advances to states for UI benefit payments	10,822,447	10,715,585
Other	25,741	1,911
	<u>10,848,188</u>	<u>10,717,496</u>
	<u>\$ 10,859,981</u>	<u>\$ 10,728,634</u>

NOTE 7 - NON-ENTITY ASSETS

Non-entity assets as of September 30, 2023 and 2022, consisted of the following:

<u>(Dollars in thousands)</u>	<u>2023</u>	<u>2022</u>
Intra-governmental		
Fund Balance with Treasury	\$ 1,668	\$ 548
Investments, net	339,492	85,997
	<u>341,160</u>	<u>86,545</u>
With the public		
Accounts receivable, net	170,502	131,844
Total non-entity assets	<u>511,662</u>	<u>218,389</u>
Total entity assets	<u>126,203,833</u>	<u>121,385,007</u>
Total assets	<u>\$ 126,715,495</u>	<u>\$ 121,603,396</u>

NOTE 8 - DEBT

Debt activity during the year ended September 30, 2023, consisted of the following:

<u>(Dollars in thousands)</u>	<u>Balance at October 1, 2022</u>	<u>Additional Borrowing</u>	<u>Repayment of Debt</u>	<u>Net Borrowing</u>	<u>Interest Change</u>	<u>Balance at September 30, 2023</u>
Intra-governmental debt to Treasury						
Unemployment Trust Fund						
Advances from U.S. Treasury	\$ 39,551,390	\$ -	\$ (8,000,000)	\$ (8,000,000)	\$ (16,475)	\$ 31,534,915
Black Lung Disability Trust Fund						
Borrowing from U.S. Treasury	<u>6,557,253</u>	<u>2,728,351</u>	<u>(2,686,556)</u>	<u>41,795</u>	<u>59,245</u>	<u>6,658,293</u>
	<u>\$ 46,108,643</u>	<u>\$ 2,728,351</u>	<u>\$ (10,686,556)</u>	<u>\$ (7,958,205)</u>	<u>\$ 42,770</u>	<u>\$ 38,193,208</u>

Debt activity 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>Net Borrowing</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)	\$ (15,500,000)	\$ (14,258)	\$ 39,551,390
Black Lung Disability Trust Fund						
Borrowing from U.S. Treasury	<u>6,352,514</u>	<u>2,562,893</u>	<u>(2,432,886)</u>	<u>130,007</u>	<u>74,732</u>	<u>6,557,253</u>
	<u>\$ 61,418,162</u>	<u>\$ 2,562,893</u>	<u>\$ (17,932,886)</u>	<u>\$ (15,369,993)</u>	<u>\$ 60,474</u>	<u>\$ 46,108,643</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 8 - DEBT - Continued

For the year ended September 30, 2023, interest expense for the UTF was \$612.5 million, of which \$577.6 million was paid along with \$34.9 million in accrued interest through September 30, 2023. 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, 2023, interest expense for the BLDTF was \$278.8 million, of which \$219.5 million was paid, through September 30, 2023 and \$59.2 million in capitalized interest. 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 30, 2022 and \$74.7 million in capitalized interest.

NOTE 9 - OTHER LIABILITIES

Other liabilities as of September 30, 2023 and 2022, consisted of the following:

<u>(Dollars in thousands)</u>	<u>2023</u>	<u>2022</u>
Intra-governmental		
Non-entity receivables due to U.S. Treasury	\$ 170,502	\$ 131,844
Accrued payroll and other liabilities	53,072	48,050
Total intra-governmental	<u>223,574</u>	<u>179,894</u>
With the public		
Capital lease liability	24,083	26,409
Accrued funded payroll and leave and other liabilities	131,392	119,595
Total with the public	<u>155,475</u>	<u>146,004</u>
	<u>\$ 379,049</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, 2023 and 2022, consisted of the following:

<u>(Dollars in thousands)</u>	<u>2023</u>	<u>2022</u>
State regular and extended unemployment benefits	\$ 6,263,739	\$ 6,761,286
Federal regular and extended unemployment benefits	187,064	231,290
Federal emergency unemployment benefits	325,047	313,515
Federal pandemic emergency unemployment benefits	192,442	98,216
Federal pandemic unemployment assistance benefits	1,653,926	1,537,342
Federal employees unemployment benefits	170,057	176,145
Federal pandemic unemployment benefits	1,845,919	1,902,864
Federal additional unemployment benefits	26,327	25,823
Total unemployment benefits	<u>10,664,521</u>	<u>11,046,481</u>
Black lung disability benefits	11,850	12,199
Federal employees disability and 10(h) benefits	169,517	170,421
Energy employees occupational illness compensation benefits	53,985	39,079
	<u>\$ 10,899,873</u>	<u>\$ 11,268,180</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 11 - FEDERAL EMPLOYEE BENEFITS PAYABLE

As of September 30, 2023 and 2022, DOL's liability for the future workers' compensation benefits portion of Federal employee benefits payable consisted of the following:

(Dollars in thousands)	2023	2022
<i>Projected gross liability of the Federal government for future FECA benefits</i>	\$ 37,591,038	\$ 35,183,734
<i>Less: Liabilities attributed to other agencies</i>		
United States Postal Service	(15,652,094)	(15,017,623)
Department of Homeland Security	(2,495,637)	(2,395,787)
Department of Veterans' Affairs	(2,313,439)	(2,243,021)
Department of the Navy	(1,661,981)	(1,730,624)
Department of Justice	(1,650,154)	(1,585,720)
Department of the Army	(1,262,763)	(1,443,706)
Department of the Air Force	(1,088,743)	(1,086,522)
Department of Defense, Other	(813,989)	(604,620)
Department of Transportation	(723,943)	(735,605)
Department of Agriculture	(607,968)	(624,725)
Department of the Interior	(529,054)	(539,193)
Department of the Treasury	(508,586)	(520,309)
Tennessee Valley Authority	(286,415)	(297,260)
Social Security Administration	(261,827)	(268,096)
Department of Health and Human Services	(241,654)	(242,215)
Department of Commerce	(135,857)	(144,380)
Department of State	(103,392)	(99,617)
General Services Administration	(97,703)	(103,702)
Department of Energy	(89,953)	(92,262)
Department of Housing and Urban Development	(58,942)	(61,646)
Environmental Protection Agency	(44,349)	(45,758)
Small Business Administration	(26,848)	(27,477)
National Aeronautics & Space Administration	(26,574)	(25,693)
Agency for International Development	(24,531)	(26,333)
Department of Education	(13,731)	(15,009)
Office of Personnel Management	(7,020)	(6,884)
Nuclear Regulatory Commission	(3,058)	(3,552)
National Science Foundation	(1,389)	(1,264)
Other	(554,951)	(560,724)
	<u>(31,286,545)</u>	<u>(30,549,327)</u>
	<u>\$ 6,304,493</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	\$ 6,107,911	\$ 4,435,293
FECA benefits due to eligible workers of DOL and Job Corps enrollees	159,741	158,273
FECA benefits due to eligible workers of the Panama Canal Commission	36,841	40,841
	<u>6,304,493</u>	<u>4,634,407</u>
Unfunded accrued annual leave	\$ 164,314	\$ 159,044
Other	4,546	4,200
	<u>168,860</u>	<u>163,244</u>
Total Federal employee benefits payable	<u>\$ 6,473,353</u>	<u>\$ 4,797,651</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 12 - LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources as of September 30, 2023 and 2022, consisted of the following:

(Dollars in thousands)	2023	2022
Intra-governmental		
Debt	\$ 38,193,208	\$ 46,108,643
With the public		
Federal employee and benefits payable	5,335,987	3,138,476
Environmental and disposal liabilities	27,167	26,995
Accrued annual leave	148,606	144,024
Other	19,852	18,165
	<u>5,531,612</u>	<u>3,327,660</u>
Total liabilities not covered by budgetary resources	43,724,820	49,436,303
Total liabilities covered by budgetary resources	81,815,140	62,936,398
Total liabilities not requiring budgetary resources	178,549	137,188
	<u>\$ 125,718,509</u>	<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, 2023, consisted of the following:

(Dollars in thousands)	Employer Contributions	Costs Imputed by OPM	Total Pension Expense
Civil Service Retirement System	\$ 2,223	\$ 9,570	\$ 11,793
Federal Employees' Retirement System	311,245	49,143	360,388
Thrift Savings Plan	76,236	-	76,236
	<u>\$ 389,704</u>	<u>\$ 58,713</u>	<u>\$ 448,417</u>

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

(Dollars in thousands)	Employer Contributions	Costs Imputed by OPM	Total Pension Expense
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 Years Ended September 30, 2023 and 2022

NOTE 15 - NET COST OF OPERATIONS

Note 15 A and B present detailed cost and revenue information by program and program agency (responsibility segment) in support of the summary information presented in the Consolidated Statements of Net Cost for the years ended September 30, 2023 and 2022, respectively. Note 15 C presents a further breakdown of this cost and revenue information for DOL's two largest program agencies, ETA and the OWCP. (See Notes 1.A.1 and 1-S)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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, 2023, 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>
CROSSCUTTING PROGRAMS				
Income maintenance				
Gross costs	\$ 33,878,531	\$ 27,469,444	\$ -	\$ -
Less: earned revenue	(310,095)	(2,853,505)	-	-
Net program costs	<u>33,568,436</u>	<u>24,615,939</u>	-	-
Employment and training				
Gross costs	4,638,757	-	1,843,829	-
Less: earned revenue	(1,696)	-	-	-
Net program costs	<u>4,637,061</u>	-	<u>1,843,829</u>	-
Labor, employment and pension standards				
Gross costs	-	-	-	-
Less: earned revenue	-	-	-	-
Net program costs	-	-	-	-
Worker safety and health				
Gross costs	-	-	-	706,879
Less: earned revenue	-	-	-	(2,159)
Net program costs	-	-	-	<u>704,720</u>
OTHER PROGRAMS				
Statistics				
Gross costs	-	-	-	-
Less: earned revenue	-	-	-	-
Net program costs	-	-	-	-
COSTS NOT ASSIGNED TO PROGRAMS				
Gross costs	-	-	-	-
Less: earned revenue not attributed to programs	-	-	-	-
Net costs not assigned to programs	-	-	-	-
Net cost of operations	<u>\$ 38,205,497</u>	<u>\$ 24,615,939</u>	<u>\$ 1,843,829</u>	<u>\$ 704,720</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 902	\$ 61,348,877
-	-	-	-	-	-	(3,163,600)
-	-	-	-	-	902	58,185,277
-	-	-	350,575	-	5,048	6,838,209
-	-	-	(157)	-	-	(1,853)
-	-	-	350,418	-	5,048	6,836,356
-	368	226,658	14,564	352,080	393,060	986,730
-	-	(8,220)	-	(2,815)	(22,189)	(33,224)
-	368	218,438	14,564	349,265	370,871	953,506
-	452,213	-	-	-	376	1,159,468
-	(1,133)	-	-	-	-	(3,292)
-	451,080	-	-	-	376	1,156,176
752,614	-	-	-	-	172	752,786
(35,957)	-	-	-	-	-	(35,957)
716,657	-	-	-	-	172	716,829
-	-	-	-	-	147,326	147,326
-	-	-	-	-	(39,005)	(39,005)
-	-	-	-	-	108,321	108,321
\$ 716,657	\$ 451,448	\$ 218,438	\$ 364,982	\$ 349,265	\$ 485,690	\$ 67,956,465

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 15 - NET COST OF OPERATIONS - Continued**B. 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>
CROSSCUTTING PROGRAMS				
Income maintenance				
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>	-	-
Employment and training				
Gross costs	4,339,614	-	1,536,902	-
Less: earned revenue	(16,420)	-	(48)	-
Net program costs	<u>4,323,194</u>	-	<u>1,536,854</u>	-
Labor, employment and pension standards				
Gross costs	-	-	-	-
Less: earned revenue	-	-	-	-
Net program costs	-	-	-	-
Worker safety and health				
Gross costs	-	-	-	668,400
Less: earned revenue	-	-	-	(2,283)
Net program costs	-	-	-	<u>666,117</u>
OTHER PROGRAMS				
Statistics				
Gross costs	-	-	-	-
Less: earned revenue	-	-	-	-
Net program costs	-	-	-	-
COSTS NOT ASSIGNED TO PROGRAMS				
Gross costs	-	-	-	-
Less: earned revenue not attributed to programs	-	-	-	-
Net costs not assigned to programs	-	-	-	-
Net cost of operations	<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 Years Ended September 30, 2023 and 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
\$ 692,801	\$ 408,295	\$ 202,881	\$ 323,031	\$ 333,659	\$ 401,838	\$ 57,133,867

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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

Net cost of operations for the year ended September 30, 2023, consisted of the following:

<u>(Dollars in thousands)</u>	Employment and Training Administration	Office of Workers' Compensation Programs
CROSSCUTTING PROGRAMS		
Income maintenance		
Benefits	\$ 23,624,250	\$ 26,722,345
Grants	4,285,073	-
Interest	620,863	278,773
Administrative and other	5,348,345	468,326
Gross costs	33,878,531	27,469,444
Less: earned revenue	(310,095)	(2,853,505)
Net program costs	33,568,436	24,615,939
Employment and training		
Grants	4,149,967	-
Administrative and other	488,790	-
Gross costs	4,638,757	-
Less: earned revenue	(1,696)	-
Net program costs	4,637,061	-
Net cost of operations	\$ 38,205,497	\$ 24,615,939

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 16 - NON-EXCHANGE REVENUE

Non-exchange revenues reported on the Consolidated Statements of Changes in Net Position for the years ended September 30, 2023 and 2022, consisted of the following:

(Dollars in thousands)	2023	2022
Employer taxes		
Unemployment Trust Fund		
State unemployment taxes	\$ 39,327,813	\$ 56,704,858
Federal unemployment taxes	7,784,548	6,917,965
	<u>47,112,361</u>	<u>63,622,823</u>
Black Lung Disability Trust Fund excise taxes	294,734	180,320
	<u>47,407,095</u>	<u>63,803,143</u>
Interest		
Unemployment Trust Fund	2,033,502	1,724,542
Other	2,709	2,057
	<u>2,036,211</u>	<u>1,726,599</u>
Reimbursement of unemployment benefits and other	<u>1,197,859</u>	<u>1,801,964</u>
	<u>\$ 50,641,165</u>	<u>\$ 67,331,706</u>

The FY 2023 balance of \$39.3 billion in State unemployment taxes is disaggregated by \$33.9 billion and \$5.4 billion earned for the current fiscal year and the prior fiscal year, respectively. 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 and the prior fiscal year, respectively.

NOTE 17 - TRANSFERS IN/OUT WITHOUT REIMBURSEMENT

Transfers from other Federal agencies for the years ended September 30, 2023 and 2022, consisted of the following:

(Dollars in thousands)	2023	2022
From H-1B Nonimmigrant Petitioner Account, Department of Homeland Security and Other	\$ 236,345	\$ 322,132
From DOL general fund unexpended appropriation accounts to the DOL Working Capital Fund	-	7
From Assets transferred out	-	(16,700)
	<u>\$ 236,345</u>	<u>\$ 305,439</u>

The balances of \$236.3 million and \$305.4 million in transfers in/out without reimbursement for FY 2023 and FY 2022, reflect the elimination of intra-DOL transfers of \$5.1 billion and \$20.6 billion, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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

For the year ended September 30, 2023, certain adjustments were made to the balance of unobligated budgetary resources available as of October 1, 2022. These adjustments include, among other things, downward adjustments to undelivered and delivered orders that were obligated in a prior fiscal year and anticipated recoveries of prior year obligations. The adjustments for the years ended September 30, 2023, and 2022, are presented below.

(Dollars in thousands)	2023	2022
Unobligated balance, brought forward from prior year	\$ 7,433,911	\$ 7,339,111
Adjustments to budgetary resources made during current year		
Downward adjustments of prior year undelivered orders	3,130,025	40,117,496
Downward adjustments of prior year delivered orders	1,192,175	16,511,207
Other Adjustments	(2,775,915)	(37,789,014)
	<u>1,546,285</u>	<u>18,839,689</u>
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 8,980,196	\$ 26,178,800

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 H1-B 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, 2023 and 2022, the Department returned unobligated, indefinite authority to Treasury in the amount of \$4.5 billion and \$44.8 billion, respectively.

C. Legal Arrangements Affecting Use of Unobligated Balances

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

The cumulative amount of excess UTF receipts are denoted as unavailable collections in the Budget of the United States Government. The cumulative amount of these excess receipts as of September 30, 2023 and 2022, reclassified from unobligated balances to UTF unavailable collections is presented on the following page.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 18 - STATUS OF BUDGETARY RESOURCES - Continued

C. Legal Arrangements Affecting Use of Unobligated Balances - Continued

<u>(Dollars in millions)</u>	<u>2023</u>	<u>2022</u>
Unemployment Trust Fund unavallable collections, beginning	\$ 61,850	\$ 38,147
Budget authority from current year appropriations	42,309	53,796
Less: obligations	(34,526)	(30,093)
Excess (deficit) of budget authority over obligations	7,783	23,703
Unemployment Trust Fund unavallable collections, ending	\$ 69,633	\$ 61,850

D. Explanation of Differences between the Combined Statement of Budgetary Resources and the Budget of the United States Government for FY 2022

The Budget of the United States Government with actual amounts for the year ended September 30, 2023, has not been published as of the issue date of these financial statements. This document will be available in February 2024 at OMB's website.

A reconciliation of total budgetary resources, new obligations and upward adjustments, distributed offsetting receipts, and Outlays, net (total), as presented in the Combined Statement of Budgetary Resources for FY 2022, to amounts included in the Budget of the United States Government for the year ended September 30, 2022, is shown below.

<u>(Dollars in millions)</u>	<u>Total Budgetary Resources</u>	<u>New Obligations and Upward Adjustments (Total)</u>	<u>Distributed Offsetting Receipts</u>	<u>Outlays, net (total)</u>
Combined Statement of Budgetary Resources	\$ 77,874	\$ 70,440	\$ 801	\$ 49,964
Pension Benefit Guaranty Corporation (PBGC) reported separately	68,633	14,739	-	2,479
Prior Year Immaterial Corrections of Errors	(4,763)	(4,763)	-	-
Fiduciary activity	162	96	-	95
Expired accounts	(1,706)	(120)	-	-
Other	-	(1)	(1)	-
Budget of the United States Government	\$ 140,200	\$ 80,391	\$ 800	\$ 52,538

E. Undelivered Orders

Undelivered orders as of September 30, 2023 and 2022, consisted of the following:

<u>(Dollars in thousands)</u>	<u>2023</u>	<u>2022</u>
Intra-governmental		
Undelivered orders (paid)	\$ 11,793	\$ 11,138
Undelivered orders (unpaid)	791,336	836,418
Total Intra-governmental	803,129	847,556
With the Public		
Undelivered orders (paid)	11,244,099	11,093,923
Undelivered orders (unpaid)	14,569,407	16,559,157
Total with the public	25,813,506	27,653,080
Total undelivered orders	\$ 26,616,635	\$ 28,500,636

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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

Appropriations from the Consolidated Statements of Changes in Net Position and the Combined Statements of Budgetary Resources are reconciled below for the years ended September 30, 2023 and 2022.

(Dollars in millions)	2023	2022
Appropriations Received, Consolidated Statements of Changes in Net Position	\$ 13,085	\$ 13,181
Receipts recognized as revenue in current and prior years		
Unemployment Trust Fund	42,526	45,594
Black Lung Disability Trust Fund	279	159
Other funds from dedicated collections	95	250
Repayment of debt from appropriated receipts		
Unemployment Trust Fund	(8,000)	(15,500)
Return of permanent indefinite authority	(197)	(438)
Reduction for sequestration, across the board reductions, and other	(1,148)	(51)
	33,555	30,014
Appropriations, Combined Statements of Budgetary Resources	\$ 46,640	\$ 43,195

G. Borrowing Authority

As of September 30, 2023 and 2022, P.L. 117-328 and P.L. 117-103, respectively, granted borrowing authority for repayable advances and other debt in the amount of "such sums as may be necessary" to (1) the UTF for advances as authorized by sections 905(d) and 1203 of the Social Security Act and (2) the BLDTF for advances as authorized by section 9501(c) (1) of the Internal Revenue Code of 1986. Although section 9501 of the Internal Revenue Code and P.L. 115-245 use the terminology "advance," the Treasury has interpreted this to mean any debt owed by the BLDTF to the Bureau of the Fiscal Service.

No borrowing authority was exercised for the UTF for the years ended September 30, 2023 and 2022.

Borrowing authority exercised for the BLDTF in FY 2023 was \$2,889 million; most of the borrowing authority was used to repay debt of \$2,687 million. 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 Years Ended September 30, 2023 and 2022

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).

For the Year Ended September 30, 2023

For the Accounts receivable, net line (intra-governmental), the revenues associated with the FECA program Accounts Receivable, net line are reported in the current year, whereas the Total Net Outlays will not report the collections until they occur in a future year, creating a timing difference. Once the FECA accounts receivable are collected, the timing difference associated with the Accounts receivable, net line will reverse when the Total Net Outlays line under the budgetary basis reports the collections.

The Accounts receivable, net line (with the public) is primarily related to unemployment benefits for which the States overpaid to claimants and must be reimbursed to DOL. In the accrual basis, the overpayments were recognized as contra-expenses (a decrease to expenses) when DOL determined that the overpayments have occurred; these contra-expenses offset the net costs. However, in the budgetary basis, the offsets to Outlays, net do not occur until the States collect the overpayments and deposit into their UTF accounts, which results in a timing difference. This offset to outlays resolved the timing difference.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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

For the Year Ended September 30, 2023 - continued

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 year; 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 a prior fiscal year, 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.

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 year.

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. Refer to Note 1.L.2 for a discussion of the FECA actuarial liability.

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. In the accrual basis, the expense is reported in the current fiscal year, although the Net Outlays may occur over several years, resulting in a timing difference. Refer to Note 1.N.2 for a discussion of the EEOIC actuarial liability.

The line for Distributed offsetting receipts (intragovernmental) was primarily for

- collections from other Federal agencies who reimbursed the Federal Employees Compensation Account of the Unemployment Trust Fund for unemployment benefits paid to the Federal agencies’ former employees and
- non-repayable advances received by the Employment Security Administration Account of the Unemployment Trust Fund from for the administration of unemployment programs; these collections and non-repayable advances received by the Unemployment Trust Fund are offsets to net outlays.

The line for Distributed offsetting receipts (with the public) was primarily for States’ payment of interest on their Title XII loans when the States borrowed to pay unemployment benefits during times of high unemployment. These collections received by the Federal Unemployment Account of the Unemployment Trust Fund are offsets to net outlays.

The line for intra-DOL outlays (intragovernmental) is, for the most part, interest earned from Treasury investments, intra-DOL transfers for unemployment administration costs, and collections from other Federal agencies to the Federal Employees Compensation account to reimburse the UTF for unemployment benefits of former Federal employees. These were offset by allocations of interest income to the States' UTF accounts for UTF investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 19 - RECONCILIATION OF NET COST TO NET OUTLAYS - ContinuedFor the Year Ended September 30, 2022

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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 19 - RECONCILIATION OF NET COST TO NET OUTLAYS - ContinuedFor the Year Ended September 30, 2022 - continued

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 Cost. 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 Years Ended September 30, 2023 and 2022

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

The reconciliation for the year ended September 30, 2023 is shown below.

<u>(Dollars in thousands)</u>	<u>Intra-governmental</u>	<u>With the public</u>	<u>Total</u>
NET COST OF OPERATIONS	\$ (1,076,680)	\$ 69,033,145	\$ 67,956,465
Components of net cost not part of the budgetary outlays			
Property, plant, and equipment depreciation expense	-	(54,340)	(54,340)
Applied overhead/cost capitalization offset	-	65,753	65,753
Gains/Losses on all other investments	-	(279)	(279)
Increase/(Decrease) in Assets:			
Accounts receivable, net	226,230	381,977	608,207
Advances and prepayments	656	130,691	131,347
(Increase)/Decrease in Liabilities:			
Accounts payable	1,919	173,875	175,794
Debt	(59,245)	-	(59,245)
Environmental and disposal liabilities	-	(173)	(173)
Benefits due and payable	-	368,307	368,307
Federal employee benefits payable	-	(1,675,703)	(1,675,703)
Other liabilities	(97,841)	(19,581,989)	(19,679,830)
Financing Sources:			
Imputed Cost	(175,532)	-	(175,532)
Total Components of net operating cost not part of the budgetary outlays	<u>(103,813)</u>	<u>(20,191,881)</u>	<u>(20,295,694)</u>
Components of the budget outlays that are not part of net operating cost			
Acquisition of capital assets	-	3,640	3,640
Financing Sources:			
Transfers in/out without reimbursement	-	-	-
Total Components of the budget outlays that are not part of net operating cost	<u>-</u>	<u>3,640</u>	<u>3,640</u>
Misc Items			
Distributed offsetting receipts	(415,621)	(460,776)	(876,397)
Custodial/Non-exchange revenue	6,251	(2,205)	4,046
Other Temporary Timing Differences	20,353	56,396	76,749
Intra-DOL outlays	406,243	-	406,243
Total Other Reconciling Items	<u>17,226</u>	<u>(406,585)</u>	<u>(389,359)</u>
Agency outlays, net (discretionary and mandatory)			<u>\$ 47,275,052</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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

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

(Dollars in thousands)	Intra-governmental	With the public	Total
NET COST OF OPERATIONS	\$ (666,665)	\$ 57,800,532	\$ 57,133,867
Components of net cost not part of the budgetary outlays			
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
Increase/(Decrease) in Assets:			
Accounts receivable, net	(104,418)	(1,714,721)	(1,819,139)
Advances and prepayments	4,107	(2,253,797)	(2,249,690)
(Increase)/Decrease in Liabilities:			
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)
Financing Sources:			
Imputed Cost	(115,715)	-	(115,715)
Total Components of net operating cost not part of the budgetary outlays	(299,297)	(1,360,688)	(1,659,985)
Components of the budget outlays that are not part of net operating cost			
Acquisition of capital assets	-	4,206	4,206
Financing Sources:			
Transfers in/out without reimbursement	(123)	-	(123)
Total Components of the budget outlays that are not part of net operating cost	(123)	4,206	4,083
Misc Items			
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
Total Other Reconciling Items	893,623	(7,208,108)	(6,314,485)
Agency outlays, net (discretionary and mandatory)			\$ 49,163,480

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 20 - CUSTODIAL NON-EXCHANGE REVENUE

Custodial non-exchange revenue for the year ended September 30, 2023, consisted of the following:

(Dollars in thousands)	Current Fiscal Year	Prior Fiscal Year 2022	Prior Fiscal Year 2021	All Other Prior Fiscal Years	Current Year Collections
Fines, penalties, interest and other revenue					
Occupational Safety and Health Administration	\$ 175,960	\$ 948	\$ -	\$ -	\$ 176,908
Mine Safety and Health Administration	50,973	110	-	-	51,083
Employee Benefits Security Administration	29,461	-	-	-	29,461
Wage and Hour Division	37,927	-	-	893	38,820
Other	4,941	(5)	-	720	5,656
	<u>299,262</u>	<u>1,053</u>	<u>-</u>	<u>1,613</u>	<u>301,928</u>
Less: amounts collected for non-federal entities	-	-	-	(808)	(808)
Total amount of federal revenues collected	\$ 299,262	\$ 1,053	\$ -	\$ 805	\$ 301,120

Refunds for the year ended September 30, 2023, consisted of the following:

(Dollars in thousands)	Current Fiscal Year	Prior Fiscal Year 2022	Prior Fiscal Year 2021	All Other Prior Fiscal Years	Current Year Refunds
Refunds					
Occupational Safety and Health Administration	\$ 403	\$ -	\$ -	\$ -	\$ 403
Mine Safety and Health Administration	202	260	8	8	478
Employee Benefits Security Administration	183	191	140	98	612
Other	12	-	-	-	12
Total amount of refunds	\$ 800	\$ 451	\$ 148	\$ 106	\$ 1,505

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 20 - CUSTODIAL NON-EXCHANGE REVENUE - Continued

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)
Total amount of federal revenues collected	\$ 127,386	\$ 3	\$ -	\$ 148	\$ 127,537

Refunds 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
Other	-	-	-	-	-
Total amount of refunds	\$ 1,145	\$ 654	\$ 243	\$ 3	\$ 2,045

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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, 2023 is shown below.

<u>(Dollars in thousands)</u>	<u>Unemployment</u>	<u>Black Lung Disability</u>	<u>Other</u>	<u>Total</u>
ASSETS				
Intra-governmental				
Fund Balance with Treasury	\$ 2,599,628	\$ 285,808	\$ 504,950	\$ 3,390,386
Investments, net	82,355,494	-	12,500	82,367,994
Accounts receivable, net				
Due from other Federal agencies for UCFE and UCX benefits	98,735	-	-	98,735
Other	-	-	23,074	23,074
Total intra-governmental	<u>85,053,857</u>	<u>285,808</u>	<u>540,524</u>	<u>85,880,189</u>
With the public				
Accounts receivable, net				
State unemployment tax	1,170,662	-	-	1,170,662
Due from reimbursable employers	467,617	-	-	467,617
Benefit overpayments	2,352,299	25,690	-	2,377,989
Other	1,228	-	2	1,230
Property, plant, and equipment, net	-	-	163	163
Advances and prepayments	9,683,211	-	229	9,683,440
Total with the public	<u>13,675,017</u>	<u>25,690</u>	<u>394</u>	<u>13,701,101</u>
Total assets	<u>\$ 98,728,874</u>	<u>\$ 311,498</u>	<u>\$ 540,918</u>	<u>\$ 99,581,290</u>
LIABILITIES AND NET POSITION				
Liabilities				
Intra departmental and intra-governmental				
Accounts payable to DOL agencies	\$ 3,629,058	\$ -	\$ -	\$ 3,629,058
Debt	31,534,915	6,658,293	-	38,193,208
Amounts held for the Railroad Retirement Board	340,463	-	-	340,463
Other liabilities	-	-	4,413	4,413
Total intra-governmental	<u>35,504,436</u>	<u>6,658,293</u>	<u>4,413</u>	<u>42,167,142</u>
With the public				
Accounts payable	-	-	2,507	2,507
Federal employee benefits payable	-	-	36,841	36,841
Accrued benefits	8,792,275	8,814	-	8,801,089
Other liabilities	-	-	23,221	23,221
Total with the public	<u>8,792,275</u>	<u>8,814</u>	<u>62,569</u>	<u>8,863,658</u>
Total liabilities	<u>44,296,711</u>	<u>6,667,107</u>	<u>66,982</u>	<u>51,030,800</u>
Net position				
Cumulative results of operations	<u>54,432,163</u>	<u>(6,355,609)</u>	<u>473,936</u>	<u>48,550,490</u>
Total liabilities and net position	<u>\$ 98,728,874</u>	<u>\$ 311,498</u>	<u>\$ 540,918</u>	<u>\$ 99,581,290</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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, 2023 are shown below.

(Dollars in thousands)	Unemployment	Black Lung Disability	Other	Total
Cost, net of earned revenues				
Benefits	\$ (28,381,256)	\$ (33,930)	\$ -	\$ (28,415,186)
Grants	(74,946)	-	(105,738)	(180,684)
Interest	(620,863)	(278,773)	-	(899,636)
Administrative and other	(1,048,303)	(2,124)	(76,824)	(1,127,251)
	<u>(30,125,368)</u>	<u>(314,827)</u>	<u>(182,562)</u>	<u>(30,622,757)</u>
Less: earned revenue	251,155	-	152	251,307
Net cost of operations	<u>(29,874,213)</u>	<u>(314,827)</u>	<u>(182,410)</u>	<u>(30,371,450)</u>
Cumulative results of operations				
Beginning balance	38,995,469	(6,261,393)	564,193	33,298,269
Corrections of errors	-	-	-	-
Beginning balance, as adjusted	<u>38,995,469</u>	<u>(6,261,393)</u>	<u>564,193</u>	<u>33,298,269</u>
Non-exchange revenue				
Non-exchange revenue with the public				
Employment Taxes	39,327,813	-	-	39,327,813
Interest	440,654	2,216	-	442,870
Reimbursement of unemployment benefits and other	1,202,994	-	-	1,202,994
Total Non-exchange revenue with the public	<u>40,971,461</u>	<u>2,216</u>	<u>-</u>	<u>40,973,677</u>
Intragovernmental Non-exchange revenue				
Employment Taxes	7,784,548	-	-	7,784,548
Excise tax and customs	-	294,734	-	294,734
Interest	1,592,848	-	492	1,593,340
Reimbursement of unemployment benefits and other	-	-	(5,135)	(5,135)
Total Intragovernmental Non-exchange revenue	<u>9,377,396</u>	<u>294,734</u>	<u>(4,643)</u>	<u>9,667,487</u>
Total Non-exchange revenue	<u>50,348,857</u>	<u>296,950</u>	<u>(4,643)</u>	<u>50,641,164</u>
Imputed financing	-	-	2,579	2,579
Transfers-in				
Department of Homeland Security	-	-	249,524	249,524
DOL entities	149,706	-	152	149,858
Transfers-out				
Department of Homeland Security	-	-	(155,179)	(155,179)
DOL entities	(5,187,656)	(76,339)	(152)	(5,264,147)
Other	-	-	(128)	(128)
	<u>45,310,907</u>	<u>220,611</u>	<u>92,153</u>	<u>45,623,671</u>
Change in net position	<u>15,436,694</u>	<u>(94,216)</u>	<u>(90,257)</u>	<u>15,252,221</u>
Net position, end of year	<u>\$ 54,432,163</u>	<u>\$ (6,355,609)</u>	<u>\$ 473,936</u>	<u>\$ 48,550,490</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 21 - FUNDS FROM DEDICATED COLLECTIONS - Continued

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>
ASSETS				
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
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>
Total assets	<u>\$ 91,265,194</u>	<u>\$ 304,571</u>	<u>\$ 639,484</u>	<u>\$ 92,209,249</u>
LIABILITIES AND NET POSITION				
Liabilities				
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>
Total liabilities	<u>52,269,725</u>	<u>6,565,964</u>	<u>75,291</u>	<u>58,910,980</u>
Net position				
Cumulative results of operations	<u>38,995,469</u>	<u>(6,261,393)</u>	<u>564,193</u>	<u>33,298,269</u>
Total liabilities and net position	<u>\$ 91,265,194</u>	<u>\$ 304,571</u>	<u>\$ 639,484</u>	<u>\$ 92,209,249</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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.

(Dollars in thousands)	Unemployment	Black Lung Disability	Other	Total
Cost, net of earned revenues				
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)
	(29,504,912)	(290,102)	(163,786)	(29,958,800)
Less: earned revenue	307,811	-	144	307,955
Net cost of operations	(29,197,101)	(290,102)	(163,642)	(29,650,845)
Cumulative results of operations				
Beginning balance	14,127,371	(6,078,761)	477,774	8,526,384
Corrections of errors	7,347,030	-	-	7,347,030
Beginning balance, as adjusted	21,474,401	(6,078,761)	477,774	15,873,414
Non-exchange revenue				
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	59,160,711	2,028	-	59,162,739
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	7,989,324	180,320	(678)	8,168,966
Total Non-exchange revenue	67,150,035	182,348	(678)	67,331,705
Imputed financing				
Transfers-in	-	-	1,468	1,468
Department of Homeland Security	-	-	340,332	340,332
DOL entities	-	-	144	144
Transfers-out	-	-	(90,315)	(90,315)
Department of Homeland Security	-	-	(90,315)	(90,315)
DOL entities	(20,431,866)	(74,878)	(144)	(20,506,888)
Other	-	-	(746)	(746)
	46,718,169	107,470	250,061	47,075,700
Change in net position	17,521,068	(182,632)	86,419	17,424,855
Net position, end of year	\$ 38,995,469	\$ (6,261,393)	\$ 564,193	\$ 33,298,269

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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, 2023 is shown below.

(Dollars in thousands)	Wage and Hour and Public Contracts Restitution Fund	Longshore and Harbor Workers' Compensation Act Trust Fund	District of Columbia Workmen's Compensation Act Trust Fund	Davis-Bacon Act Trust Fund	Total Fiduciary Funds
Fiduciary net assets, beginning of year	\$ 190,908	\$ 32,586	\$ 2,132	\$ -	\$ 225,626
Assessments	141,859	83,933	4,170	-	229,962
Investment earnings	-	1,699	70	1	1,770
Administrative and other expenses	-	(2,190)	3	-	(2,187)
Transfer of funds	(21,347)	-	-	(1)	(21,348)
Disbursements to and on behalf of beneficiaries	(96,856)	(83,499)	(4,809)	-	(185,164)
Increase (decrease) in fiduciary net assets	23,656	(57)	(566)	-	23,033
Fiduciary net assets, end of year	\$ 214,564	\$ 32,529	\$ 1,566	\$ -	\$ 248,659
Fiduciary assets					
Fund Balance with Treasury	\$ 211,803	\$ 3,250	\$ 666	\$ 5,207	\$ 220,926
Investments in Treasury Securities	-	70,011	2,000	-	72,011
Other assets	2,761	4,770	250	-	7,781
Less: liabilities	-	(45,501)	(1,351)	(5,207)	(52,059)
Total fiduciary net assets	\$ 214,564	\$ 32,530	\$ 1,565	\$ -	\$ 248,659

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.

(Dollars in thousands)	Wage and Hour and Public Contracts Restitution Fund	Longshore and Harbor Workers' Compensation Act Trust Fund	District of Columbia Workmen's Compensation Act Trust Fund	Davis-Bacon Act Trust Fund	Total Fiduciary Funds
Fiduciary net assets, beginning of year	\$ 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
Fiduciary net assets, end of year	\$ 190,908	\$ 32,586	\$ 2,132	\$ -	\$ 225,626
Fiduciary assets					
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)
Total fiduciary net assets	\$ 190,908	\$ 32,586	\$ 2,132	\$ -	\$ 225,626

The FY 2022 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 23 - SUBSEQUENT EVENTS

Management has determined that there are no subsequent events requiring accrual or disclosure through November 14, 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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, 2023; the adjusted trial balance is a listing of amounts by U.S. Standard General Ledger account that appear in DOL's FY 2023 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 Reclassified Statement of Operations and Changes in Net Position for the year ended September 30, 2023 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 2023 governmentwide financial statements in the FRUSG.

As required by OMB Circular A-136, this note discloses DOL's FY 2023 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 2023 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, tribal, and foreign governments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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

A. Reclassification of Consolidated Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost for the Year Ended September 30, 2023

FY 2023 DOL SNC		Line Items Used to Prepare FY 2023 Government-wide SNC						
(Dollars in thousands)								
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	Other than Dedicated Collections (with Eliminations)	Eliminations Between Dedicated and Other than Dedicated	Total	Reclassified Financial Statement Line	
Non-Federal Costs								
Gross cost	\$ 71,233,396	\$ 29,553,719	\$ -	\$ 39,489,876	\$ -	\$ 69,043,595	Non-Federal Gross Cost	
		29,553,719	-	39,489,876	-	69,043,595	Total Non-Federal Costs	
		Intragovernmental Costs						
		8,895	-	470,621	2,752	476,764	Benefit Program Costs	
		2,579	-	172,953	-	175,532	Imputed Costs	
		156,311	-	384,745	30,342	510,714	Buy/Sell Costs	
		5,054	-	-	-	5,054	Federal Securities Interest Expense	
		894,581	-	-	-	894,581	Borrowing and Other Interest Expense	
		1,618	-	125,538	-	127,156	Other Expenses (w/o Reciprocals)	
		1,069,038	-	1,153,857	33,094	2,189,801	Total Intragovernmental Costs	
Total gross cost	71,233,396	30,622,757	-	40,643,733	33,094	71,233,396	Total Reclassified Gross Costs	
Non-Federal Earned Revenue								
Less: earned revenue	3,276,931	3,139	-	7,692	-	10,831	Non-Federal Earned Revenue	
		Intragovernmental Revenue						
		246,940	-	2,865,450	2,752	3,109,638	Benefit Program Revenue (exchange)	
		-	-	169,748	30,342	139,406	Buy/Sell Revenue (exchange)	
		-	-	16,210	-	16,210	Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)	
		1,228	-	-	-	1,228	Borrowing and Other Interest Revenue (exchange)	
248,168	-	3,051,408	33,094	3,266,482	Total Intragovernmental Earned Revenue			
Total earned revenue	3,276,931	251,307	-	3,059,100	33,094	3,277,313	Total Reclassified Earned Revenue	
Net cost of operations	\$ 67,956,465	\$ 30,371,450	\$ -	\$ 37,584,633	\$ -	\$ 67,956,083	Net Cost	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended September 30, 2023 and 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 Operations and Changes in Net Position for the Year Ended September 30, 2023

FY 2023 DOL SCNP		Line Items Used to Prepare FY 2023 Government-wide SCNP					
(Dollars in thousands)							
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	Other than Dedicated Collections (with Eliminations)	Eliminations Between Dedicated and Other than Dedicated	Total	Reclassified Financial Statement Line
UNEXPENDED APPROPRIATIONS							
Unexpended appropriations, beginning balance	\$ 17,390,986	-	-	\$ 17,374,718	-	\$ 17,374,718	Net position, Beginning of Year (1 of 2)
Appropriations received	13,084,606	-	-	13,084,606	-	13,084,606	Appropriations received as adjusted (rescissions and other adjustments) (1 of 2)
Appropriations transferred In/Out	3,737	-	-	3,737	-	3,737	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources (Federal)
Other adjustments	(4,130,121)	-	-	(4,130,121)	-	(4,130,121)	Appropriations received as adjusted (rescissions and other adjustments) (2 of 2)
Appropriations used	(11,386,053)	-	-	(11,386,053)	-	(11,386,053)	Appropriations used
Net Change in unexpended appropriations	(2,427,831)	-	-	(2,427,831)	-	(2,427,831)	
Total unexpended appropriations	14,963,155	-	-	14,946,887	-	14,946,887	Total unexpended appropriations
CUMULATIVE RESULTS OF OPERATIONS							
Cumulative results of operations, beginning balance	(8,297,479)	33,298,269	-	(41,595,748)	-	(8,297,479)	Net Position, Beginning of Year (2 of 2)
Other Adjustments	(220)	(128)	-	(92)	-	(220)	Revenue and Other Financing Sources - Cancellations
Appropriations used	11,386,053	-	-	11,386,053	-	11,386,053	Appropriations expended
Non-Federal Non-Exchange Revenues							
Non-exchange revenues	50,641,165	39,327,813	-	-	-	39,327,813	Unemployment Taxes
		1,645,864	-	296,017	-	1,941,881	Other Taxes and Receipts (1 of 2)
		40,973,677	-	296,017	-	41,269,694	Total Non-Federal Non-Exchange Revenue
		1,593,340	-	-	-	1,593,340	Federal Non-Exchange Revenue
		8,079,282	-	-	-	8,079,282	Federal Securities Interest Revenue, including Associated Gains and Losses (Non-Exchange)
		(5,135)	-	-	-	(5,135)	Other Taxes and Receipts
9,667,487	-	-	-	9,667,487	Accruals for Entity amounts to be collected in a TAS Other Than the General Fund of the U.S. Government - Nonexchange		
Total Non-exchange revenues	50,641,165	50,641,164	-	296,017	-	50,937,181	Total Reclassified Non-Exchange Revenues
Transfers In/Out without Reimbursement	236,345	249,676	152	-	-	249,524	Appropriation of Unavailable Special/Trust Fund Receipts Transfers-In
		(13,331)	(152)	-	-	(13,179)	Appropriation of Unavailable Special/Trust Fund Receipts Transfers-Out
		-	-	142,000	142,000	-	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
		(12,817,929)	-	12,675,929	(142,000)	-	Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing Sources
		149,706	-	4,964,582	5,114,288	-	Expenditure Transfers-In of Financing Sources
		(5,263,996)	-	149,708	(5,114,288)	-	Expenditure Transfers-Out of Financing Sources
Total Transfers In/Out without Reimbursement	236,345	(17,695,874)	-	17,932,219	-	236,345	Total Reclassified Transfers-In/Out without Reimbursement
Imputed financing	175,532	2,579	-	172,953	-	175,532	Imputed Financing Sources
Other	(151,100)	-	-	9,988	-	9,988	Other Taxes and Receipts (2 of 2)
		-	-	(419,636)	-	(419,636)	Non-Entity collections transferred to the General Fund of the U.S. Government
		-	-	(37,850)	-	(37,850)	Accruals for Non-Entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government
Total other	(151,100)	-	-	(447,498)	-	(447,498)	Total Reclassified Other
Net Cost of Operations	(67,956,465)	(30,371,450)	-	(37,584,633)	-	(67,956,083)	Net Cost of Operations
Net Change in Cumulative Results of Operations	(5,668,690)	2,576,291	-	(8,244,981)	-	(5,668,690)	
Ending Balance - Cumulative Results of Operations	(13,966,169)	35,874,560	-	(49,840,729)	-	(13,966,169)	Cumulative Results of Operations
Total Net Position	\$ 996,986	\$ 35,874,560	\$ -	\$ (34,893,842)	\$ -	\$ 980,718	Net Position

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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
- DEFC Code "V": American Rescue Plan Act of 2021 (Pub. L. No. 117-2), Nonemergency

The Emergency Unemployment Insurance Stabilization and Access (EUISA) 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:

- EUISA 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 2023, the Department did not receive funding to cover advances to states for benefit expenses. As of September 30, 2023, the FUA owed \$23 billion of repayable advances to Treasury; the FUA incurred the debt in order to provide advances to the states. In FY 2022, the Department was authorized to receive funding of \$7 billion to cover advances to states for benefit expenses. 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 EUISA Act, as amended by the CAUW and ARP Acts. In FY 2023, the Department did not receive any funding to cover advances for the payment of EB. As of September 30, 2023, the EUCA owed \$8.5 billion of repayable advances to Treasury; the EUCA incurred the debt in order to pay the Federal share 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 \$8.3 million from FY 2022, SUIESO which is funded by indefinite authority, and short-time compensation which carried forward an unobligated balance of \$0.3 million from FY 2022. (See Note 1-A.3)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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 the areas impacted significantly below.

Assets

As of September 30, 2023 and 2022, DOL's Fund Balance with Treasury includes \$5.4 billion and \$7.6 billion, respectively; primarily in the UTF and FPUC programs due to obligated balances not yet disbursed related to accrued unemployment benefits. As of September 30, 2023 and 2022, accounts receivable, net with the public include \$3.4 billion and \$2.2 billion, respectively, 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, 2023 and 2022, advances and prepayments with the public include \$5.4 billion and \$4.5 billion, respectively, in advances to states directly related to COVID-19 unemployment benefit programs.

Liabilities

As of September 30, 2023 and 2022, benefits due and payable include \$3.9 billion and \$3.8 billion, respectively, related to COVID-19 unemployment benefit programs. These liabilities represent unemployment benefits in excess of state draws. The FY 2023 increase is attributed to additional accruals booked for a backlog of benefits payments for expired COVID-19 programs. (See Note 10).

Net Cost

The Department's net cost of operations for COVID-19 programs for the years ended September 30, 2023 and 2022 were \$(2.3) billion and \$9.7 billion, respectively, comprised mostly of unemployment benefit expenses for programs implemented in FY 2020 and ending in FY 2021.

Recoveries from De-obligations

The Department had significant recoveries from de-obligations of \$2.6 billion and \$39.4 billion for the years ended September 30, 2023 and 2022, respectively. These de-obligations are primarily for changes in estimated unpaid obligations of backlogged COVID-19 benefits, along with recoveries from ongoing state reconciliation efforts. These funds with indefinite authority were returned to Treasury at year-end. (See Note 18-B)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

NOTE 25 - COVID-19 ACTIVITY - Continued

Budgetary balances and activity as of and for the year ended September 30, 2023 are shown below.

<u>(Dollars in thousands)</u>	<u>Funding (New Plus Carryforward)</u>	<u>Obligations Incurred</u>	<u>Outlays</u>
Program			
EUISA Act Grants	\$ -	\$ 441	\$ 74,946
UI State Administration	-	-	190,015
Federal Pandemic Unemployment Compensation (FPUC)*			
FPUC Benefits	-	(497,715)	(502,239)
FPUC Administration	70,725	18,246	38,629
Mixed Earner Unemployment Compensation (MEUC)*			
MEUC Benefits	-	(3,208)	1,301
MEUC Administration	23,575	1,948	5,465
Pandemic Unemployment Assistance (PUA)*			
PUA Benefits	-	28,707	(87,876)
PUA Administration	212,175	197,259	169,802
PUA Territories	-	-	4,778
Pandemic Emergency Unemployment Compensation (PEUC)*			
PEUC Benefits	-	140,130	45,905
PEUC Administration	94,300	27,029	58,190
Reimbursements to governmental entities and non-profit organizations	-	-	-
Temporary Full Funding of the First Week of Compensable UC*			
First Week Benefits	-	-	102,667
First Week Administration	-	-	28
Short-time Compensation (STC)*			
STC CARES Act Full Benefits	-	(12,992)	(12,246)
STC CARES Act Grants	250	-	-
UI Integrity			
UI Integrity Grants	-	-	48,141
UI Integrity Contract and Staff	1,603,105	553,039	107,286
Other Programs	91,751	61,938	116,361
Total	<u>\$ 2,095,881</u>	<u>\$ 514,822</u>	<u>\$ 361,153</u>

(*) Funded by indefinite authority

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 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>
Program			
EUISA Act Grants	\$ -	\$ -	\$ 66,082
UI State Administration	87,007	87,007	579,050
Federal Pandemic Unemployment Compensation (FPUC)*			
FPUC Benefits	-	(19,747,258)	3,565,622
FPUC Administration	117,875	84,390	23,078
Mixed Earner Unemployment Compensation (MEUC)*			
MEUC Benefits	-	(1,192,066)	14,632
MEUC Administration	23,575	23,239	10,144
Pandemic Unemployment Assistance (PUA)*			
PUA Benefits	-	(8,751,189)	1,276,826
PUA Administration	565,800	435,693	1,007,063
PUA Territories	-	-	41,963
Pandemic Emergency Unemployment Compensation (PEUC)*			
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
Temporary Full Funding of the First Week of Compensable UC*			
First Week Benefits	-	-	713,660
First Week Administration	-	-	5
Short-time Compensation (STC)*			
STC CARES Act Full Benefits	-	(11,352)	217,654
STC CARES Act Grants	250	-	-
UI Integrity			
UI Integrity Grants	-	(1)	34,123
UI Integrity Contract and Staff	773,011	248,780	51,347
Other Programs	239,088	147,337	166,954
Total	<u>\$ 2,160,231</u>	<u>\$ (33,156,009)</u>	<u>\$ 10,684,833</u>

(*) Funded by indefinite authority

Required Supplementary Information
(Unaudited)

DEFERRED MAINTENANCE AND REPAIRS (DM&R)

DOL reports as general-purpose property, plant and equipment (PP&E), Structures, facilities and improvements on which maintenance and repair activities may be deferred. Over 98.1 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 1.9 percent is owned by the Department's MSHA. Periodic maintenance is performed to keep these properties in acceptable condition, as determined by DOL management. It is DOL policy to evaluate PP&E regardless of recorded values and the asset management system does not make any distinction between capitalized and non-capitalized PP&E when it comes to maintenance and repairs. Therefore, DM&R estimates reported relate to PP&E, whether capitalized or not or fully depreciated. Management has not noted any PP&E, which is not included in the DM&R estimates reported below.

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

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

Ranking and Prioritizing M&R Activities

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

Factors Considered in Setting Acceptable Condition

Condition assessment surveys are used to estimate the current plant replacement value and DM&R backlog for each constructed asset. Plant replacement value and repair backlog are used to calculate an FCI score for each building and structure. These FCI scores determine the asset condition and contribute to the overall FCI score for the portfolio. Job Corps and MSHA have set the goal of achieving and maintaining an FCI score of 90 percent or greater for its portfolio of constructed assets (the standard used by the National Association of College and University Business Offices) as a level of acceptable condition for the periods reported. In 2022, the portfolio's aggregate FCI score for 4,650 constructed assets was 90 percent, and deferred maintenance and repair costs to return the portfolio to an acceptable condition were estimated at \$481.0 million, as adjusted for SFFAS 42, *Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32*. In FY 2023, the portfolio's aggregate FCI score for 4,660 constructed assets was 90 percent, and DM&R costs to return the portfolio to an acceptable condition are estimated at \$578.9 million. Factors considered in determining acceptable condition standards include health and life safety aspects, as well as certain environmental and building code compliance elements. These deficiencies are prioritized and corrected first as they lead to unacceptable conditions.

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

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Deferred Maintenance and Repairs Costs

(Dollars in Thousands)

Asset Category	FY 2023 Ending Balance	FY 2023 Beginning Balance
Funded:		
Structures, facilities and improvements		
Active	\$90,487	\$67,113
Inactive	440	31
Subtotal, funded	<u>90,927</u>	<u>67,144</u>
Unfunded:		
Structures, facilities and improvements		
Active	479,797	411,618
Inactive	8,185	2,238
Subtotal, unfunded	<u>487,982</u>	<u>413,856</u>
Total	<u>\$578,909</u>	<u>\$481,000</u>

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 \$68.2 million in unfunded/active assets 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. Additionally, the building square foot cost estimates, as well as the repair backlog and replacement values, were updated to reflect the significant inflation in construction and equipment costs that occurred in FY 2023.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

LAND

Effective for FY 2022 reporting, DOL has 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 Sheets as of September 30, 2023, and 2022. Consistent with the second year of implementation, disclosures are provided as of the beginning and end of FY 2023 and FY 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	
Employment and Training Administration (ETA)/Office of Job Corps (OJC)						
ETA (OJC Land)	4,081.33	-	4,081.33	-	4,081.33	
OJC	157.63	-	157.63	-	157.63	
Total ETA/OJC	4,238.96	-	4,238.96	-	4,238.96	1
Mine Safety and Health Administration (MSHA)						
Approval and Certification Center Triadelphia, WV ⁽¹⁾	95.91	-	95.91	-	95.91	2
National MSHA Academy Beaver, WV ⁽¹⁾	74.12	-	74.12	-	74.12	3
Total MSHA	170.03	-	170.03	-	170.03	
Total DOL	4,408.99	-	4,408.99	-	4,408.99	

(1) Revised acreage.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Explanatory Comments

1 - The OJC has 68 land holdings totaling 4,238.96 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	
Employment and Training Administration (ETA)/Office of Job Corps (OJC)						
ETA (OJC Land)	3,879.96	-	3,879.96	-	3,879.96	
OJC	157.63	-	157.63	-	157.63	
Total ETA/OJC	4,037.59	-	4,037.59	-	4,037.59	1
Mine Safety and Health Administration (MSHA)						
Approval and Certification Center Triadelphia, WV	95.91	-	95.91	-	95.91	2
National MSHA Academy Beaver, WV	74.12	-	74.12	-	74.12	3
Total MSHA	170.03	-	170.03	-	170.03	
Total DOL	4,207.62	-	4,207.62	-	4,207.62	

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Explanatory Comments

1 - The Office of Job Corps has 69 land holdings totaling 4,037.59 acres located in six 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)

SFFAS 59 Accounting and Reporting of Government Land, Estimated Acreage by Predominant Use as of October 1, 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	
Employment and Training Administration (ETA)/Office of Job Corps (OJC)						
ETA (OJC Land)	3,879.96	-	3,879.96	-	3,879.96	
OJC	157.63	-	157.63	-	157.63	
Total ETA/OJC	4,037.59	-	4,037.59	-	4,037.59	1
Mine Safety and Health Administration (MSHA)						
Approval and Certification Center Triadelphia, WV	95.91	-	95.91	-	95.91	2
National MSHA Academy Beaver, WV	74.12	-	74.12	-	74.12	3
Total MSHA	170.03	-	170.03	-	170.03	
Total DOL	4,207.62	-	4,207.62	-	4,207.62	

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Explanatory Comments

1 - The Office of Job Corps has 69 land holdings totaling 4,037.59 acres located in six 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)

SFFAS 59 Accounting and Reporting of Government Land, Estimated Acreage by Predominant Use as of September 30, 2023	Categorized by Purpose or Intent at Acquisition	Sub-Categorized by Predominant Use			Explanatory Comments	
		Conservation and Preservation	Operational	Commercial Use		Total Land Acres
Employment and Training Administration (ETA)/Office of Job Corps (OJC)						
ETA (OJC Land)	3,879.96	-	3,879.96	-	3,879.96	
OJC	157.63	-	157.63	-	157.63	
Total ETA/OJC	4,037.59	-	4,037.59	-	4,037.59	1
Mine Safety and Health Administration (MSHA)						
Approval and Certification Center Triadelphia, WV	95.91	-	95.91	-	95.91	2
National MSHA Academy Beaver, WV	74.12	-	74.12	-	74.12	3
Total MSHA	170.03	-	170.03	-	170.03	
Total DOL	4,207.62	-	4,207.62	-	4,207.62	

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Explanatory Comments

1 - The Office of Job Corps has 69 land holdings totaling 4,037.59 acres located in six 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)

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)

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)

P.L. 116-127, the Emergency Unemployment Insurance Stabilization and Access (EUIA) Act, P.L. 116-260, Continued Assistance to Unemployed Workers Act of 2020 (CAUW Act), and P.L. 117-2, American Rescue Plan Act of 2021 (ARP Act) waived accrued interest and interest payments from March 18, 2020 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 FYs 2022 and 2023, and was due on September 30, 2022 and 2023, respectively.

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)

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)

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)

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 through September 6, 2021.

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)

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 and temporary pandemic-related 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)

Program Finances and Sustainability

As of September 30, 2023, total assets within the UTF exceeded total liabilities by \$54.4 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, 2023 was \$82.4 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 2023 was \$2.0 billion. Federal and state UI tax and reimbursable revenues of \$48.3 billion and regular, extended, emergency, and disaster unemployment benefit payment expense of \$28.4 billion were recognized for the year ended September 30, 2023.

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, 2023 were \$8.8 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 FYs 2022 or 2023. As of September 30, 2023, the FUA's outstanding advances totaled \$23.0 billion at rates of 1.625 and 1.75 percent and the EUCA's outstanding advances totaled \$8.5 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 November 14, 2023.

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)

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 2023 as the base year. The valuation date for the projections is September 30, 2023. 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.

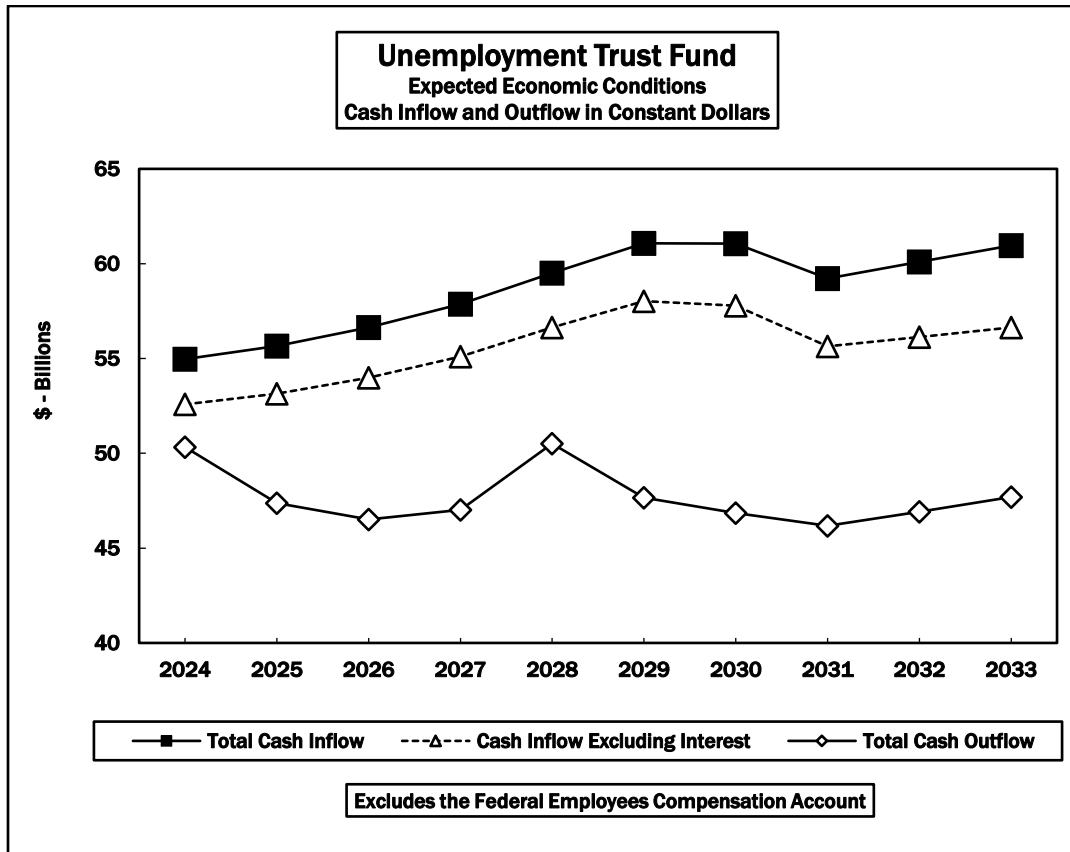
Expected Economic Conditions

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 outflows excluding interest earnings are displayed. Current estimates by the Department are based on expected unemployment rates of between 4.05 and 4.35 percent in FYs 2024 through 2029, 3.93 percent in FY 2030, and 3.80 percent for FYs 2030 through 2033. 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) increases from \$2.3 billion in FY 2024 to a peak of \$10.9 billion in FY 2030 and then to \$8.9 billion in FY 2033. During the projection period, state unemployment tax collections remain steady between \$42.8 billion and \$46.1 billion during the ten-year projection period. The level unemployment rate between 3.8 and 4.35 percent leads to stable cash flows for total cash inflow (excluding interest) between \$52.6 and \$58.0 billion, total cash inflows between \$55.0 and \$61.0 billion, and total cash outflows between \$46.2 and \$55.0 billion during the ten-year projection period.

Chart I



Effect of Expected Cash Flows on UTF Assets in Constant Dollars

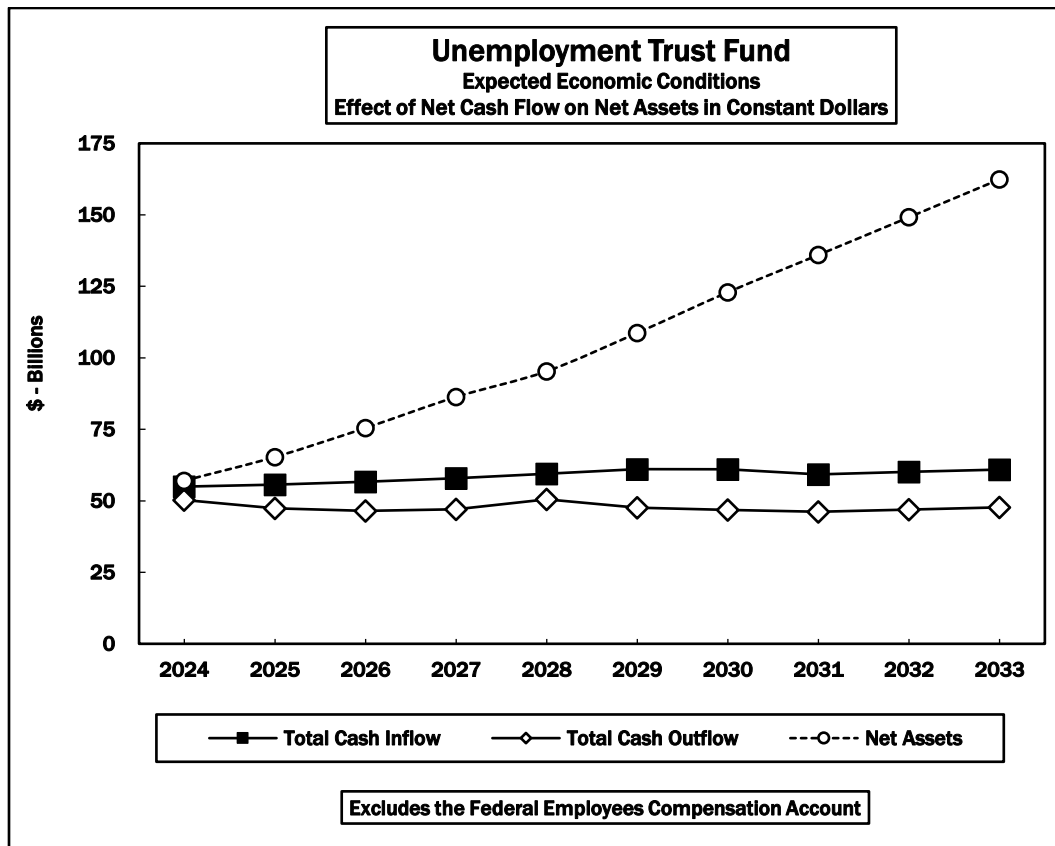
Chart II demonstrates the effect of these expected cash inflows and outflows on the net assets of the UTF, in constant dollars, over the ten-year projection period ending September 30, 2033. Yearly projected total cash inflows, including interest earnings, and total cash outflows, including interest 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 increases between \$4.6 billion and \$14.2 billion for FYs 2024 through 2033. As presented in table (1) Expected Economic Conditions, starting at a \$52.4 billion fund balance at the beginning of FY 2024, net UTF assets increase \$110.0 billion to more than \$162.4 billion fund net assets balance by the end of FY 2033. 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 projection period ending September 30, 2033, 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, 2033										
Conditions	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Expected	4.35%	4.25%	4.10%	4.10%	4.10%	4.05%	3.93%	3.80%	3.80%	3.80%
Sensitivity Analysis I	4.75%	5.78%	5.99%	5.52%	5.04%	4.39%	3.92%	3.80%	3.80%	3.80%
Sensitivity Analysis II	5.70%	9.27%	9.62%	8.94%	8.07%	7.38%	6.16%	5.28%	4.62%	3.80%

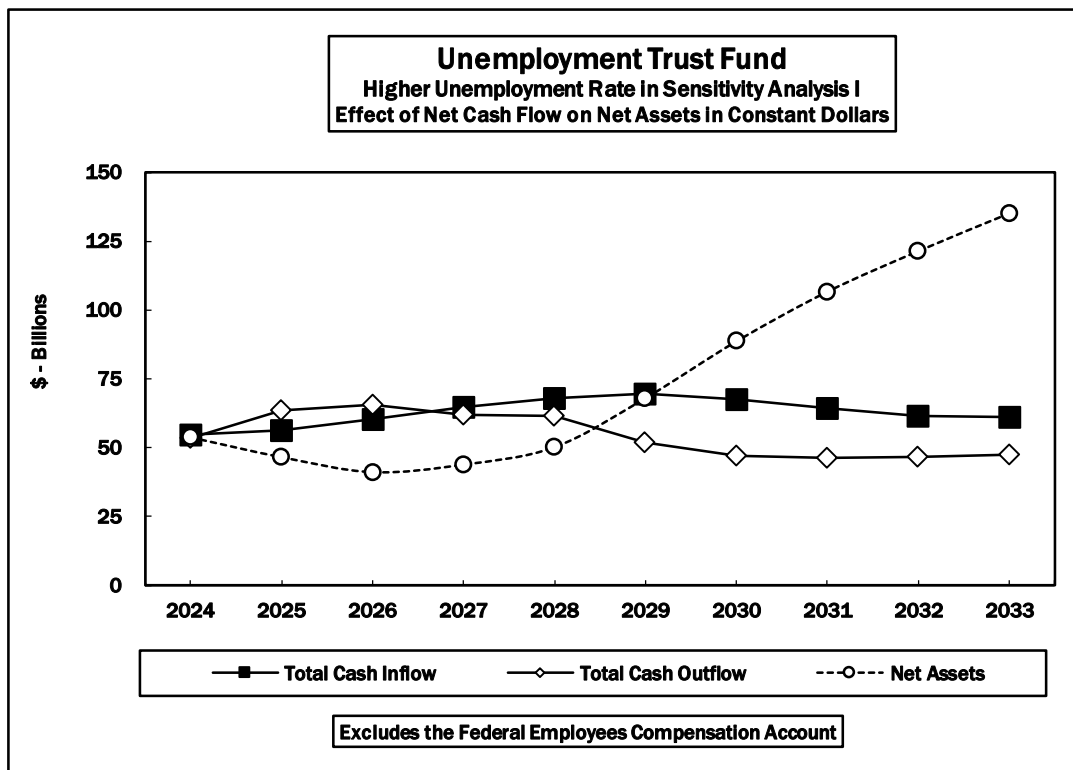
REQUIRED SUPPLEMENTARY INFORMATION

(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 2024, reaching a high of 5.99 percent in FY 2026, then gradually decreasing to 3.92 percent in FY 2030 and stabilizing at 3.80 percent in FYs 2031 through 2033. As presented in table (2) Sensitivity Analysis I Higher Unemployment Rate, there is a net cash inflow in FY 2024, net cash outflows in FYs 2025 and 2026, and then net cash inflows again in FYs 2027 through 2033. 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 \$52.4 billion fund balance at the beginning of FY 2024, net UTF assets first increase by \$1.4 billion in FY 2024, then decrease by \$7.2 billion and \$5.4 billion in FYs 2025 and 2026, respectively. Net UTF assets increase steadily in FYs 2027 through 2029 and the largest increase occurs in FY 2030 for \$20.6 billion and remain as increases to net UTF assets through FY 2033. Chart III depicts the change in net assets of more than \$82.8 billion from \$52.4 billion at the beginning of FY 2024 to \$135.2 billion at the end of FY 2033.

Chart III



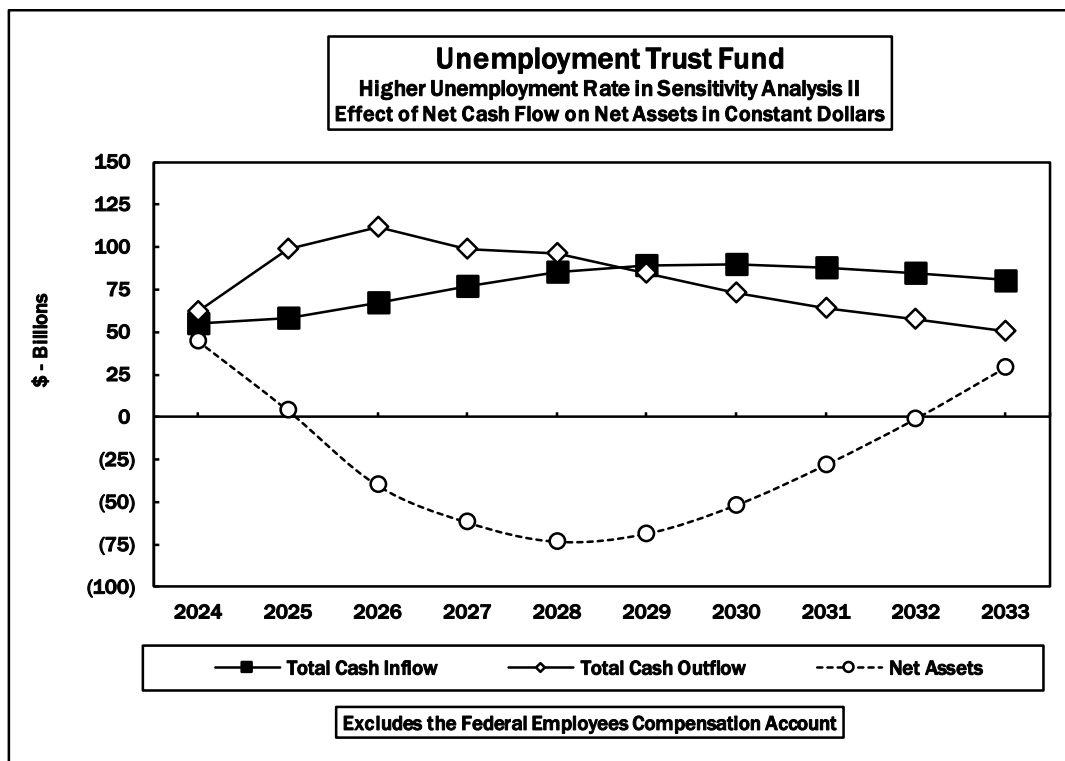
REQUIRED SUPPLEMENTARY INFORMATION

(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 2024 through 2028 by amounts between \$(7.5) billion and \$(44.2) billion, but inflows exceed outflows in FYs 2029 through 2033 by amounts between \$4.6 billion and \$30.1 billion. Net cash inflows are reestablished in FY 2029 and peak in FY 2033 with a decrease in the unemployment rate to 3.80 percent in FY 2033. Chart IV depicts the cross-over points where outflows exceed inflows until FY 2029 and inflows exceed outflows until FY 2033. The fund net assets decrease about \$125.6 billion from a \$52.4 billion fund balance at the beginning of FY 2024 to a more than \$(73.2) billion fund net assets deficit in FY 2028. Chart IV depicts the low point in the fund’s financial position at a fund net assets deficit of \$(73.2) billion in FY 2028 and then the steadily decreasing fund net assets deficit through 2032 before reestablishing a net assets surplus in FY 2033. At the end of the projection period of Sensitivity Analysis II, the fund net assets surplus is \$29.0 billion. There is a difference of nearly \$133.4 billion in net assets between expected economic conditions net assets of more than \$162.4 billion in FY 2033 and sensitivity analysis II fund net assets of \$29.0 billion in FY 2033.

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, 2033 (1) EXPECTED ECONOMIC CONDITIONS										
(Dollars in millions)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Balance, start of year	\$ 52,410	\$ 57,054	\$ 65,340	\$ 75,474	\$ 86,325	\$ 95,314	\$ 108,735	\$ 122,941	\$ 135,988	\$ 149,170
Cash inflow										
State unemployment taxes	42,777	43,332	43,902	44,679	45,825	46,072	46,152	45,472	45,814	46,142
Federal unemployment taxes	8,288	8,755	9,230	9,662	10,077	11,276	11,077	9,710	9,918	10,116
General revenue appropriation	625	291	139	68	33	17	8	4	2	-
Interest on loans	731	727	679	617	553	461	380	332	280	218
Deposits by the Railroad Retirement Board	160	41	47	72	141	201	174	118	113	159
Total cash inflow excluding interest	52,581	53,146	53,997	55,098	56,629	58,027	57,791	55,636	56,127	56,635
Interest on Federal securities	2,385	2,507	2,647	2,771	2,870	3,048	3,268	3,591	3,973	4,323
Total cash inflow	54,966	55,653	56,644	57,869	59,499	61,075	61,059	59,227	60,100	60,958
Cash outflow										
State unemployment benefits	44,636	41,716	40,903	41,546	45,250	42,568	41,916	41,309	42,056	42,857
State administrative costs	4,396	4,478	4,532	4,537	4,521	4,499	4,474	4,452	4,433	4,414
Federal administrative costs	285	284	284	285	285	285	285	285	286	286
Interest on tax refunds	17	18	19	20	21	24	23	21	21	22
Interest on advances	903	768	658	516	319	165	42	-	-	-
Railroad Retirement Board withdrawals	85	103	114	114	114	113	113	113	122	122
Total cash outflow	50,322	47,367	46,510	47,018	50,510	47,654	46,853	46,180	46,918	47,701
Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow	2,259	5,779	7,487	8,080	6,119	10,373	10,938	9,456	9,209	8,934
Excess (deficiency) of total cash inflow over (under) total cash outflow	4,644	8,286	10,134	10,851	8,989	13,421	14,206	13,047	13,182	13,257
Balance, end of year	\$ 57,054	\$ 65,340	\$ 75,474	\$ 86,325	\$ 95,314	\$ 108,735	\$ 122,941	\$ 135,988	\$ 149,170	\$ 162,427
Total unemployment rate	4.35%	4.25%	4.10%	4.10%	4.10%	4.05%	3.93%	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, 2033 (2) SENSITIVITY ANALYSIS I HIGHER UNEMPLOYMENT RATE										
(Dollars in millions)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Balance, start of year	\$ 52,410	\$ 53,828	\$ 46,644	\$ 41,216	\$ 43,957	\$ 50,311	\$ 68,141	\$ 88,765	\$ 106,776	\$ 121,529
Cash inflow										
State unemployment taxes	42,734	44,291	47,897	51,205	53,235	53,515	51,893	49,110	47,404	46,466
Federal unemployment taxes	8,229	8,623	9,132	10,264	11,360	12,592	12,225	11,407	10,133	10,375
General revenue appropriation	625	301	139	68	33	17	8	4	2	-
Interest on loans	738	819	978	1,099	1,075	923	713	574	481	404
Deposits by the Railroad Retirement Board	160	41	47	72	141	201	174	118	113	159
Total cash inflow excluding interest	52,486	54,075	58,193	62,708	65,844	67,248	65,013	61,213	58,133	57,404
Interest on Federal securities	2,372	2,298	2,173	2,132	2,152	2,337	2,642	3,058	3,493	3,867
Total cash inflow	54,858	56,373	60,366	64,840	67,996	69,585	67,655	64,271	61,626	61,271
Cash outflow										
State unemployment benefits	47,722	57,706	59,774	56,020	55,741	46,142	41,720	41,145	41,887	42,671
State administrative costs	4,428	4,640	4,741	4,707	4,636	4,548	4,481	4,453	4,435	4,415
Federal administrative costs	285	284	284	285	285	285	285	285	286	286
Interest on tax refunds	17	18	19	22	24	26	26	24	22	23
Interest on advances	903	806	862	951	842	641	406	240	121	47
Railroad Retirement Board withdrawals	85	103	114	114	114	113	113	113	122	122
Total cash outflow	53,440	63,557	65,794	62,099	61,642	51,755	47,031	46,260	46,873	47,564
Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow	(954)	(9,482)	(7,601)	609	4,202	15,493	17,982	14,953	11,260	9,840
Excess (deficiency) of total cash inflow over (under) total cash outflow	1,418	(7,184)	(5,428)	2,741	6,354	17,830	20,624	18,011	14,753	13,707
Balance, end of year	\$ 53,828	\$ 46,644	\$ 41,216	\$ 43,957	\$ 50,311	\$ 68,141	\$ 88,765	\$ 106,776	\$ 121,529	\$ 135,236
Total unemployment rate	4.75%	5.78%	5.99%	5.52%	5.04%	4.39%	3.92%	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, 2033 (3) SENSITIVITY ANALYSIS II HIGHER UNEMPLOYMENT RATE										
(Dollars in millions)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Balance, start of year	\$ 52,410	\$ 44,955	\$ 4,183	\$ (39,978)	\$ (61,831)	\$ (73,211)	\$ (68,579)	\$ (51,773)	\$ (28,074)	\$ (1,040)
Cash inflow										
State unemployment taxes	42,910	46,486	54,745	62,482	68,655	70,877	70,023	66,937	63,108	58,599
Federal unemployment taxes	8,125	8,269	9,001	10,337	11,915	13,610	14,974	16,270	17,179	17,453
General revenue appropriation	630	318	161	68	33	17	8	4	2	-
Interest on loans	766	1,150	2,013	2,736	3,107	3,190	3,000	2,662	2,201	1,686
Deposits by the Railroad Retirement Board	160	41	47	72	141	201	174	118	113	159
Total cash inflow excluding interest	52,591	56,264	65,967	75,695	83,851	87,895	88,179	85,991	82,603	77,897
Interest on Federal securities	2,309	1,948	1,509	1,300	1,209	1,288	1,449	1,749	2,141	2,620
Total cash inflow	54,900	58,212	67,476	76,995	85,060	89,183	89,628	87,740	84,744	80,517
Cash outflow										
State unemployment benefits	56,529	92,408	104,046	90,598	88,015	76,165	64,735	56,347	50,625	43,976
State administrative costs	4,517	4,987	5,190	5,075	4,953	4,850	4,714	4,606	4,521	4,434
Federal administrative costs	285	284	284	285	285	285	285	285	286	286
Interest on tax refunds	17	17	19	22	25	29	31	35	36	38
Interest on advances	922	1,185	1,984	2,754	3,048	3,109	2,944	2,655	2,120	1,558
Railroad Retirement Board withdrawals	85	103	114	114	114	113	113	113	122	122
Total cash outflow	62,355	98,984	111,637	98,848	96,440	84,551	72,822	64,041	57,710	50,414
Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow	(9,764)	(42,720)	(45,670)	(23,153)	(12,589)	3,344	15,357	21,950	24,893	27,483
Excess (deficiency) of total cash inflow over (under) total cash outflow	(7,455)	(40,772)	(44,161)	(21,853)	(11,380)	4,632	16,806	23,699	27,034	30,103
Balance, end of year	\$ 44,955	\$ 4,183	\$ (39,978)	\$ (61,831)	\$ (73,211)	\$ (68,579)	\$ (51,773)	\$ (28,074)	\$ (1,040)	\$ 29,063
Total unemployment rate	5.70%	9.27%	9.62%	8.94%	8.07%	7.38%	6.16%	5.28%	4.62%	3.80%

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, 2023, the FUA and EUCA outstanding advances were \$23.0 billion and \$8.5 billion, respectively.

Chart V presents the state by state results of this analysis at September 30, 2023 in descending order by ratio. As the chart below illustrates, 36 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, 2023. Some states borrow from the FUA and then issue bonds to repay their FUA borrowings; the ratios do not reflect a state's debt to bondholders.

Chart V

Minimally Solvent		Not Minimally Solvent		Not Minimally Solvent	
State	Ratio	State	Ratio	State	Ratio
Wyoming	2.13	South Carolina	0.98	Missouri	0.51
Oregon	1.92	Alabama	0.92	Kentucky	0.41
Alaska	1.72	North Carolina	0.91	Oklahoma	0.40
South Dakota	1.70	North Dakota	0.91	District of Columbia	0.37
Maine	1.67	Maryland	0.89	Florida	0.37
Nebraska	1.39	Arizona	0.81	Georgia	0.37
Idaho	1.35	New Hampshire	0.80	Michigan	0.33
Kansas	1.31	Vermont	0.79	Nevada	0.32
Iowa	1.26	Virginia	0.78	Ohio	0.31
Montana	1.26	West Virginia	0.78	Texas	0.23
Delaware	1.24	Massachusetts	0.72	Hawaii	0.18
Mississippi	1.17	Tennessee	0.68	New Jersey	0.06
Arkansas	1.08	Louisiana	0.66	Pennsylvania	0.04
Utah	1.07	Rhode Island	0.63	Colorado	0.00
		New Mexico	0.60	Connecticut	0.00
		Puerto Rico	0.56	Illinois	0.00
		Washington	0.56	California	0.00
		Indiana	0.55	New York	0.00
		Minnesota	0.54	Virgin Islands	0.00
		Wisconsin	0.53		

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

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

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

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).

Program Finances and Sustainability

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, 2023.

As of September 30, 2023, total liabilities of the BLDTF exceeded assets by \$6.36 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, 2023 was \$6.66 billion, bearing interest rates ranging from 4.194 percent to 5.532 percent. (See Notes 1.J and 8)

Excise tax revenues of \$294.7 million, benefit payment expense of \$33.9 million, and interest expense of \$278.8 million were recognized for the year ended September 30, 2023. 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, 2023 the BLDTF issued debt in the amount of \$2.73 billion, bearing interest at 5.532 percent and maturing on September 30, 2024. At September 30, 2023, there were 18 debt instruments with a total carrying value of \$6.66 billion and a total face value at maturity of \$8.67 billion. Of these 18 debt instruments, 17 are from the October 2008 refinancing authorized by P.L. 110-343 and have staggered maturities of September 30 for years 2024 through 2040 and one is a one-year debt instrument that was issued on September 30, 2023 and matures on September 30, 2024. (See Notes 1.J, 8, and 21)

In FY 2023, the BLDTF received \$72 million from a mine operator and the fund assumed responsibility for paying basic benefits (monthly disability benefits, medical benefits, and diagnostic expenses) for certain active claims and future claims of certain classes of claimants; these claims are included in the model's projections. The \$72 million receipt was treated as an offset to FY 2023 benefit costs and decreased total benefit costs in FY 2023.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

In FY 2023, the DOL reviewed a claim from the U.S. Department of Health and Human Services (HHS), Centers for Medicare and Medicaid Services (CMS), issued to the BLDTF a claim for reimbursement of black lung medical treatments paid by CMS from October 2018 through February 2021; DOL expects to receive an updated claim that covers reimbursement through approximately September 30, 2023. As of September 30, 2023, CMS and DOL continue negotiating a memorandum of understanding with regard to the reimbursement.

Subsequent Events

As of November 14, 2023, 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 2023 as the base year. In FY 2023, the source of the CPI-U factors was OMB. The valuation date for the projections is September 30, 2023.

DOL's projection period is a rolling 25-year period beginning on the valuation date. The 25-year projection period ends on September 30, 2048. In making the projections, management's assumptions include a small increase in the number of new participants. Management's projections of future medical benefits were refined to distinguish between diagnostic costs and treatment costs.

DOL's estimates of future excise tax income were based on, among other things, Energy Information Administration (EIA) projections. These projections included assumptions based on energy-related tax credits and incentives—as authorized by P.L. 117-169, IRA—that support, in general, energy industries that compete with the coal industry; however, the effects of these tax credits and incentives were limited in scope because EIA excluded tax credits and incentives from their models for various reasons (e.g., time constraints and lack of guidance on how the Federal government would implement the tax credits and incentives). The EIA projections, which were published in March 2023, reflect long-term economic and demographic trends. To reflect the effects of events after March 2023, management used short-term EIA projections published in September 2023 for the 2023 and 2024 coal production and exports.

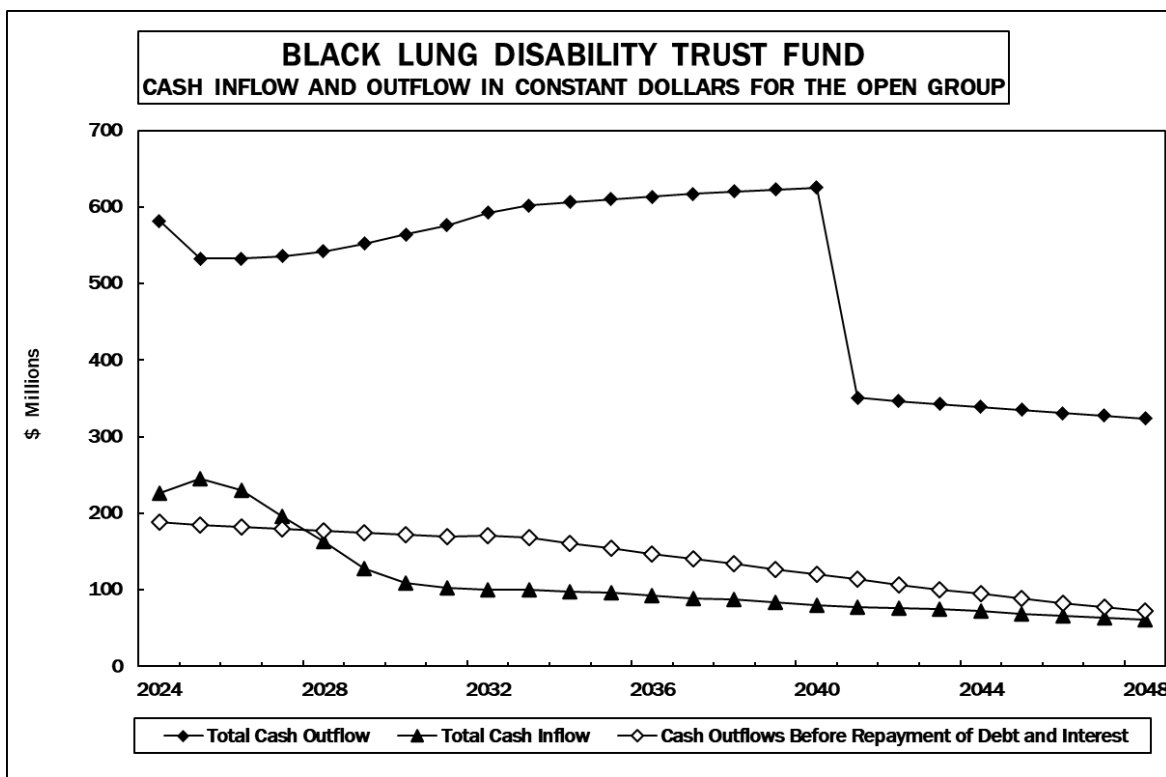
The effects of the Inflation Reduction Act's tax credits and incentives caused a decrease in projections of domestic coal production, which in turn would decrease projections of coal excise tax collections, even though there was a permanent increase in the coal excise tax rates from the Inflation Reduction Act.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

The projections, in constant dollars for the open group, made over the 25-year period ending September 30, 2048, indicate that cash inflows from excise taxes will exceed cash outflows for benefit payments and administrative expenses for only the first four years in the projection period and in FYs 2028 through 2040, the cash outflows for benefit payments and administrative expenses will exceed cash inflows from excise taxes. Chart I demonstrates the cross-over point between FY 2027 and FY 2028 where cash outflows for benefit payments and administrative expenses—which are the cash outflows before repayment of debt and interest—exceed cash inflows from excise taxes. Cumulative net cash outflows before repayment of debt and interest are projected as \$702.1 million by FY 2048. Furthermore, 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 more than \$9.83 billion by the end of FY 2048, resulting in a projected deficit of nearly \$12.64 billion at September 30, 2048. 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, 2023, 2022, 2021, 2020, and 2019 are presented in the SOSI.

Chart I



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

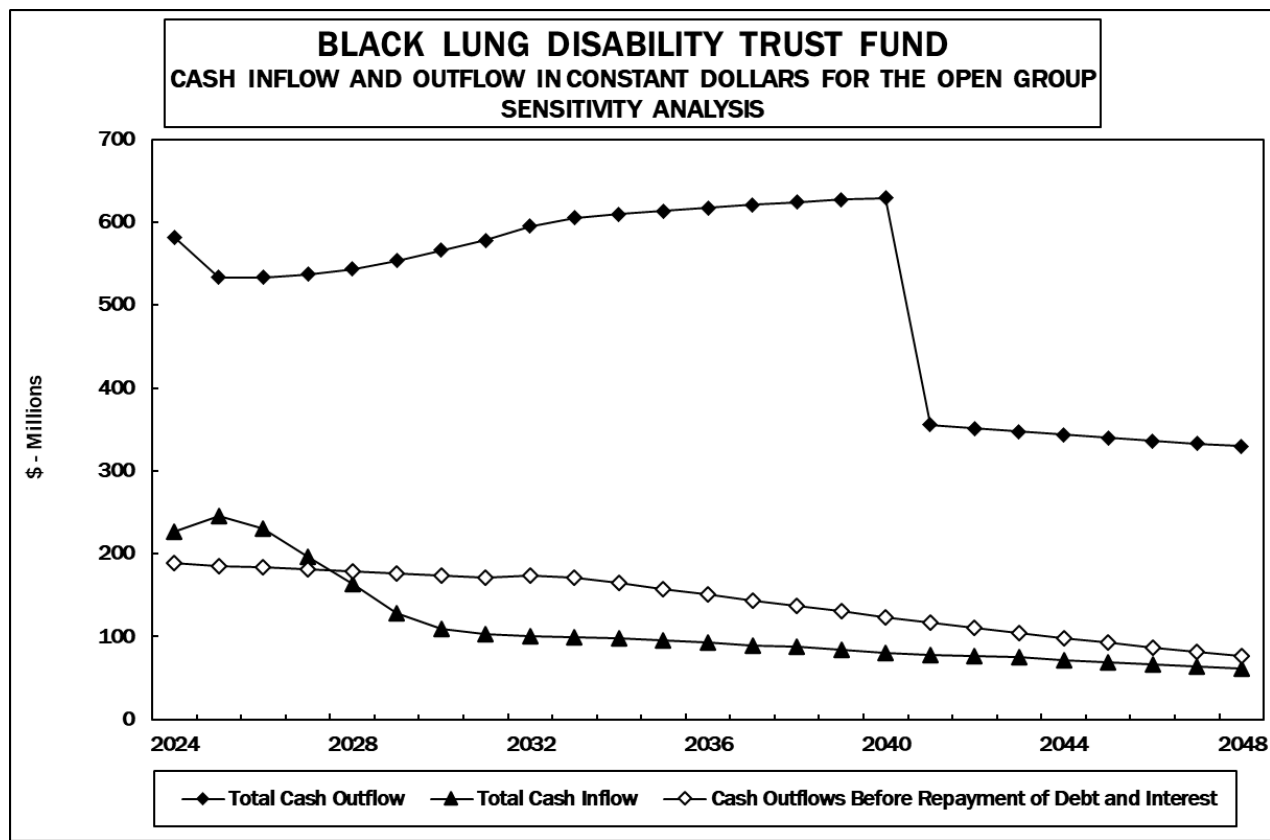
For the projected cash inflows and outflows with sensitivity analysis, in constant dollars for the open group, the significant assumption for medical cost inflation was increased 1.00 percent for each year in the projection period. For the sensitivity analysis, the other significant assumptions (coal 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.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

These projections with sensitivity analysis, in constant dollars for the open group, made over the 25-year period ending September 30, 2048, indicate that cash outflows for benefit payments and administrative expenses will exceed cash inflows from excise taxes for all years in the projection period except for the first four years, FYs 2024 through 2027. Cumulative net cash outflows before repayment of debt and interest would be projected to reach \$767.8 million by the year 2048. Furthermore, when payments from the BLDTF's maturing debt are added to the net cash outflows before repayment of debt and interest, the BLDTF's net cash outflows after payments on maturing debt would be projected to reach \$9.92 billion by the end of the year 2048, and would result in a projected deficit of \$112.72 billion at September 30, 2048. 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.

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):

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

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

- (1) the present value of estimated future excise tax income during the projection period would decrease \$23,489 from \$1,338,835 to \$1,315,346;
- (2) the present value of estimated future administrative costs during the projection period would decrease \$13,757 from \$784,171 to \$770,414;
- (3) the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period would increase \$8,377 from \$849,625 to \$858,002; and
- (4) the closed group measure would decrease \$18,109 from \$(294,961) to \$(313,070).

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

- (1) the present value of estimated future excise tax income during the projection period would increase \$23,489 from \$1,009,998 to \$1,033,487;
- (2) the present value of estimated future administrative costs during the projection period would increase \$13,757 from \$591,568 to \$605,325;
- (3) the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period would increase \$35,660 from \$651,201 to \$686,861; and
- (4) the excess (deficiency) of present value of estimated future excise tax income over (below) present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period would decrease \$25,928 from \$(232,771) to \$(258,699).

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

- (1) the present value of estimated future excise tax income during the projection period of \$2,348,833 would remain unchanged;
- (2) the present value of estimated future administrative costs during the projection period of \$1,375,739 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 \$44,037 from \$1,500,826 to \$1,544,863; and
- (4) the open group measure would decrease \$44,037 from \$(527,732) to \$(571,769).

(d) In the SOSI, the trust fund net position deficit at start of the projection period of \$(6,355,609) would remain unchanged.**(e) In the SOSI Summary Section, for the closed group:**

- (1) the closed group measure would decrease \$18,109 from \$(294,961) to \$(313,070);
- (2) the Fund Balance with Treasury and receivables from benefit overpayments of \$311,498 would remain unchanged; and
- (3) the total of closed group measure plus fund assets would decrease \$18,109 from \$16,537 to \$(1,572).

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

- (1) the open group measure would decrease \$44,037 from \$(527,732) to \$(571,769);
- (2) the Fund Balance with Treasury and receivables from benefit overpayments of \$311,498 would remain unchanged; and
- (3) the total of open group measure plus fund assets would decrease \$44,037 from \$(216,234) to \$(260,271).

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, 2048
OPEN GROUP

(Dollars in thousands)	2024	2025	2026	2027	2028	2029 - 2048	Total
Balance, start of year	\$ (4,490,087)	\$ (4,724,076)	\$ (4,892,061)	\$ (5,077,070)	\$ (5,302,294)	\$ (5,570,077)	\$ (4,490,087)
Cash inflow							
Excise taxes	226,243	245,532	230,823	196,602	163,024	1,728,029	2,790,253
Total cash inflow	226,243	245,532	230,823	196,602	163,024	1,728,029	2,790,253
Cash outflow							
Disabled coal miners benefits	109,153	105,448	103,455	100,853	98,139	1,292,362	1,809,410
Administrative costs	78,845	78,940	79,162	79,346	79,578	1,287,076	1,682,947
Cash outflows before repayment of debt and interest	187,998	184,388	182,617	180,199	177,717	2,579,438	3,492,357
Cash inflow over cash outflow (cash outflow over cash inflow) before repayment of debt and interest	38,245	61,144	48,206	16,403	(14,693)	(851,409)	(702,104)
Maturity of obligations refinanced October 2008	246,980	253,888	260,070	265,121	269,445	3,347,121	4,642,625
Interest on annual borrowings	146,555	94,393	89,960	90,582	94,924	3,972,002	4,488,416
Total cash outflow	581,533	532,669	532,647	535,902	542,086	9,898,561	12,623,398
Total cash outflow over total cash inflow	(355,290)	(287,137)	(301,824)	(339,300)	(379,062)	(8,170,532)	(9,833,145)
Reduction of debt refinanced October 2008	121,301	119,152	116,815	114,076	111,279	1,103,886	1,686,509
Balance, end of year	\$ (4,724,076)	\$ (4,892,061)	\$ (5,077,070)	\$ (5,302,294)	\$ (5,570,077)	\$ (12,636,723)	\$ (12,636,723)

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, 2048
OPEN GROUP

(Dollars in thousands)	2024	2025	2026	2027	2028	2029 - 2048	Total
Balance, start of year	\$ (4,490,087)	\$ (4,724,320)	\$ (4,892,847)	\$ (5,078,706)	\$ (5,305,092)	\$ (5,574,352)	\$ (4,490,087)
Cash Inflow							
Excise taxes	<u>226,243</u>	<u>245,532</u>	<u>230,823</u>	<u>196,602</u>	<u>163,024</u>	<u>1,728,029</u>	<u>2,790,253</u>
Total cash Inflow	<u>226,243</u>	<u>245,532</u>	<u>230,823</u>	<u>196,602</u>	<u>163,024</u>	<u>1,728,029</u>	<u>2,790,253</u>
Cash outflow							
Disabled coal miners benefits	109,397	105,982	104,284	101,973	99,546	1,353,950	1,875,132
Administrative costs	<u>78,845</u>	<u>78,940</u>	<u>79,162</u>	<u>79,346</u>	<u>79,578</u>	<u>1,287,076</u>	<u>1,682,947</u>
Cash outflows before repayment of debt and interest	<u>188,242</u>	<u>184,922</u>	<u>183,446</u>	<u>181,319</u>	<u>179,124</u>	<u>2,641,026</u>	<u>3,558,079</u>
Cash inflow over cash outflow (cash outflow over cash inflow) before repayment of debt and interest	<u>38,001</u>	<u>60,610</u>	<u>47,377</u>	<u>15,283</u>	<u>(16,100)</u>	<u>(912,997)</u>	<u>(767,826)</u>
Maturity of obligations refinanced October 2008	246,980	253,888	260,070	265,121	269,445	3,347,120	4,642,624
Interest on annual borrowings	146,555	94,401	89,981	90,624	94,994	3,989,707	4,506,262
Total cash outflow	<u>581,777</u>	<u>533,211</u>	<u>533,497</u>	<u>537,064</u>	<u>543,563</u>	<u>9,977,853</u>	<u>12,706,965</u>
Total cash outflow over total cash Inflow	<u>(355,534)</u>	<u>(287,679)</u>	<u>(302,674)</u>	<u>(340,462)</u>	<u>(380,539)</u>	<u>(8,249,824)</u>	<u>(9,916,712)</u>
Reduction of debt refinanced October 2008	121,301	119,152	116,815	114,076	111,279	1,103,886	1,686,509
Balance, end of year	\$ (4,724,320)	\$ (4,892,847)	\$ (5,078,706)	\$ (5,305,092)	\$ (5,574,352)	\$ (12,720,290)	\$ (12,720,290)

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

COMBINING STATEMENTS OF BUDGETARY RESOURCES

The principal Combined Statements of Budgetary Resources present the budgetary resources available to DOL and net outlays of budgetary resources for the years ended September 30, 2023 and 2022; and the status of these resources as of September 30, 2023 and 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 Statements of Budgetary Resources for the years ended September 30, 2023 and 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 years ended September 30, 2023 and 2022.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

COMBINING STATEMENT OF BUDGETARY RESOURCES

For the Year Ended September 30, 2023

<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>
BUDGETARY RESOURCES				
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 5,325,359	\$ 1,498,287	\$ 1,597,766	\$ 56,987
Appropriations (discretionary and mandatory)	38,947,906	3,014,872	1,760,154	608,144
Borrowing Authority (discretionary and mandatory)	-	56,216	-	-
Spending authority from offsetting collections (discretionary and mandatory)	4,373,695	2,687,673	-	3,380
Total budgetary resources	<u>\$ 48,646,960</u>	<u>\$ 7,257,048</u>	<u>\$ 3,357,920</u>	<u>\$ 668,511</u>
STATUS OF BUDGETARY RESOURCES				
New obligations and upward adjustments (total)	\$ 45,664,369	\$ 6,292,906	\$ 2,059,270	\$ 658,929
Unobligated balance, end of year				
Apportioned, unexpired accounts	1,539,213	918,686	937,559	2,853
Exempt from apportionment, unexpired accounts	-	12,044	-	-
Unapportioned, unexpired accounts	537	30,769	937	49
Unexpired unobligated balance, end of year	1,539,750	961,499	938,496	2,902
Expired unobligated balance, end of year	1,442,841	2,643	360,154	6,680
Unobligated balance, end of year (total)	2,982,591	964,142	1,298,650	9,582
Total budgetary resources	<u>\$ 48,646,960</u>	<u>\$ 7,257,048</u>	<u>\$ 3,357,920</u>	<u>\$ 668,511</u>
OUTLAYS, NET				
Outlays, net (total) (discretionary and mandatory)	\$ 39,783,931	\$ 3,592,698	\$ 1,772,014	\$ 663,903
Distributed offsetting receipts	(857,025)	(3,015)	-	-
Agency outlays, net (discretionary and mandatory)	<u>\$ 38,926,906</u>	<u>\$ 3,589,683</u>	<u>\$ 1,772,014</u>	<u>\$ 663,903</u>

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>
\$ 32,106	\$ 14,395	\$ 4,149	\$ 13,954	\$ 32,246	\$ 404,947	\$ 8,980,196
629,952	385,275	191,100	65,652	310,523	726,401	46,639,979
-	-	-	-	-	-	56,216
106,744	1,127	6,691	269,841	2,800	807,187	8,259,138
<u>\$ 768,802</u>	<u>\$ 400,797</u>	<u>\$ 201,940</u>	<u>\$ 349,447</u>	<u>\$ 345,569</u>	<u>\$ 1,938,535</u>	<u>\$ 63,935,529</u>
\$ 760,262	\$ 396,901	\$ 198,612	\$ 336,197	\$ 314,199	\$ 1,616,024	\$ 58,297,669
2,941	189	1,203	153	29,816	283,296	3,715,909
-	-	-	-	-	145	12,189
-	-	648	152	22	16,527	49,641
2,941	189	1,851	305	29,838	299,968	3,777,739
5,599	3,707	1,477	12,945	1,532	22,543	1,860,121
8,540	3,896	3,328	13,250	31,370	322,511	5,637,860
<u>\$ 768,802</u>	<u>\$ 400,797</u>	<u>\$ 201,940</u>	<u>\$ 349,447</u>	<u>\$ 345,569</u>	<u>\$ 1,938,535</u>	<u>\$ 63,935,529</u>
\$ 602,921	\$ 396,881	\$ 190,953	\$ 50,959	\$ 311,393	\$ 785,796	\$ 48,151,449
-	-	-	-	-	(16,357)	(876,397)
<u>\$ 602,921</u>	<u>\$ 396,881</u>	<u>\$ 190,953</u>	<u>\$ 50,959</u>	<u>\$ 311,393</u>	<u>\$ 769,439</u>	<u>\$ 47,275,052</u>

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

COMBINING STATEMENT OF BUDGETARY RESOURCES

For the Year Ended September 30, 2022

<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>
BUDGETARY RESOURCES				
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
Total budgetary resources	<u>\$ 62,782,948</u>	<u>\$ 7,007,333</u>	<u>\$ 3,322,614</u>	<u>\$ 715,290</u>
STATUS OF BUDGETARY RESOURCES				
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
Total budgetary resources	<u>\$ 62,782,948</u>	<u>\$ 7,007,333</u>	<u>\$ 3,322,614</u>	<u>\$ 715,290</u>
OUTLAYS, NET				
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)	<u>\$ 41,932,109</u>	<u>\$ 2,862,871</u>	<u>\$ 1,640,401</u>	<u>\$ 634,556</u>

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Bureau of Labor Statistics	Mine Safety and Health Administration	Employee Benefits Security Administration	Veterans' Employment and Training Service	Wage and Hour Division	Other Program Agencies	TOTAL
\$ 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
23,972	9,446	2,296	177	30,082	315,929	5,843,487
8,627	6,784	2,278	20,839	1,801	23,407	1,590,424
32,599	16,230	4,574	21,016	31,883	339,336	7,433,911
<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



U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210



October 13, 2023

MEMORANDUM FOR THE ACTING 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:

- 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
- Managing and Securing Data and Information Systems

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

Attachment

cc: Allison L. Zelman, Chief of Staff
Kevin L. Brown, Deputy Chief Financial Officer

Working for America's Workforce

CHALLENGE: Reducing Unemployment Insurance Improper Payments

Background

The unemployment insurance (UI) program is a joint federal-state program with each state¹ administering a separate UI program under its own laws while following uniform guidelines established by federal law. The U.S. Department of Labor's (Department or DOL) Employment and Training Administration (ETA) 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. For over 20 years, the Office of Inspector General (OIG) has reported² on weaknesses in the Department's ability to measure, report, and reduce improper payments in the UI program. The UI program has experienced some of the highest improper payment rates across the federal government, with an estimated rate above 10 percent³ for 16 of the last 19 years.⁴ The long-standing challenge with UI improper payments can be further exacerbated in times of crisis, including natural disasters and economic downturns. Recent examples include hurricanes, the Great Recession, and the COVID-19 pandemic.⁵

UI benefits are generally funded by state employer taxes with administrative costs funded by the federal government. However, during emergencies or disasters, enhanced UI benefits have generally been funded by the federal government. According to ETA, in response to the COVID-19 pandemic, more than \$888 billion in total federal and state UI benefits were paid for benefit weeks during the UI pandemic period,⁶ including an unprecedented more than \$720 billion in federal UI funds. While rapid deployment of UI funds was critical to helping workers in need as the country shut down, it also led to increased improper payments, including fraud.⁷ ETA's estimated improper payment rate, exclusive of the Pandemic Unemployment Assistance (PUA) program, increased from 18.71 percent in Fiscal Year (FY) 2021 to 21.52 percent in FY 2022. A significant portion of pandemic-related improper payments went to fraudsters. Based on audit and investigative work, the improper payment rate for pandemic-related UI programs was likely higher than 21.52 percent.

¹ When referring to UI, this 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, the Commonwealth of Puerto Rico, and the District of Columbia, that administrative body is a state workforce agency. There are, therefore, 53 state workforce agencies. 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 they signed an agreement with the Department.

² To learn more about the UI program and our oversight in this area, please visit our UI Oversight webpage at: <https://www.oig.dol.gov/doloiguioversightwork.htm>.

³ To fully comply with the Payment Integrity Information Act of 2019, agencies must report an improper payment rate of less than 10 percent for each program and activity for which an estimate was published.

⁴ UI improper payments data for FY 2004 through FY 2022 as reported to the Office of Management and Budget

⁵ 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.

⁶ With the exception of Pandemic Unemployment Assistance, for which claims could be backdated to January 27, 2020, we define the UI pandemic period as March 27, 2020, through September 6, 2021.

⁷ Fraud is a type of improper payment. The Office of Management and Budget explains that, at a high level, a payment is "improper" if made in an incorrect amount or to the wrong recipient. Improper payments can result in a money loss that was either unintentional (accidental) or intentional (fraud). For more information, see Office of Management and Budget, Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, Memorandum (March 5, 2021), last accessed September 27, 2022, available at: <https://www.whitehouse.gov/wp-content/uploads/2021/03/M-21-19.pdf>.

WHAT IS AN IMPROPER PAYMENT?

A payment is improper if it should not have been made or was to the wrong recipient.

*

Examples include overpayments and underpayments.

*

An improper payment can be unintentional or intentional.

*

Intentional improper payments are more commonly referred to as financial fraud.

The OIG continues to review and evaluate improper payment rates. For example, in August 2023, ETA published a report⁸ that included a PUA improper payment rate of 35.9 percent. At the time of the publication of this Top Management and Performance Challenges report, the OIG has not audited the reported PUA improper payment rate. The OIG will assess that rate's compliance with the Payment Integrity Information Act of 2019 for FY 2023. That audit report will be available in Summer 2024.

Challenge for the Department

The Department continues to face challenges in ensuring UI improper payments are reduced—first and foremost through prevention. The Department has not, however, taken sufficient action to prevent excessive improper payments, including fraud. When prevention fails, timely and accurate detection and reporting—as well as recovery of all practicable funds—becomes essential. If ETA does not take sufficient action to course correct, improper payments within the UI program will likely remain high. Essentially, not enough has been done to ensure UI benefits are being deployed expeditiously and efficiently—concurrent with the reduction of improper payments—during regular times and during times of crisis.

Improper payments have largely resulted from a combination of four primary causes. First, some claimants fail to demonstrate that they meet their states' requirements for searching for new jobs (work search).⁹ Second, some claimants continue to claim UI benefits after returning to work or misreport earnings (benefit year earnings). Third, some employers, or their third-party administrators, fail to provide prompt and adequate information about why individuals left their employment (employee separation). Finally, some improper payments have been caused by fraud, such as those arising from schemes perpetrated during the pandemic.¹⁰

⁸ ETA, "Pandemic Unemployment Assistance Improper Payment Rate Report" (August 21, 2023), last accessed October 13, 2023, available at: https://oui.doleta.gov/unemploy/improp_pay.asp#

⁹ 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 comply with a state's required work search activities.

¹⁰ 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.

Prevention

One key challenge in preventing improper payments is ensuring UI benefits are paid to only those individuals eligible under program requirements. Accurate initial determinations of eligibility are critical to ensuring that benefits are granted only to those intended by the programs. Before the pandemic, even with historically low claim numbers, states struggled to determine eligibility accurately due to factors such as limited staff, outdated information technology (IT) systems, and complex program guidelines and regulations.

Then the pandemic worsened the challenge with its historic impact on the UI system. Following the start of the pandemic in the United States in early 2020, unemployment compensation claims rose exponentially to historically unprecedented levels. On March 14, 2020, the Department reported 282,000 initial unemployment claims. By early April 2020, initial claims rose to 10 times pre-pandemic levels, far higher than state systems were designed to handle.¹¹ Within 5 months, through August 15, 2020, the Department reported more than 57 million initial claims, the largest increase since the Department began tracking UI data in 1967. States were challenged by the volume of claims and also by the implementation of new UI programs under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Our April 2020 advisory report¹² outlined areas of concern that the Department and states should consider as they implemented the CARES Act UI programs. 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 issues of staffing and system capabilities. Our audit work has confirmed these issues persisted into the pandemic.¹³ For example, many states had not developed or implemented UI IT modernization plans that improved the timeliness or accuracy of UI benefits processing.¹⁴ Ensuring states have these plans in place—and are actively pursuing implementation—would be a strong step toward improving the administration of benefits, particularly during a future crisis.

In addition to the sheer volume of claims, states had to develop new systems to implement the new UI programs. For example, the expanded coverage from the PUA program, for a population of claimants who were traditionally ineligible to receive UI benefits,¹⁵ presented significant challenges to states. The CARES Act initially allowed reliance solely on claimant self-certifications without documentation substantiating the individual's prior employment or self-employment. This initial reliance, during PUA's first 9 months, rendered the program particularly susceptible to improper payments, including fraud. Notably, in the first 6 months after the CARES Act passed, we found four

¹¹ COVID-19: States Struggled to Implement CARES Act Unemployment Insurance Programs, Report No. 19-21-004-03-315 (May 28, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2021/19-21-004-03-315.pdf>

¹² CARES Act: Initial Areas of Concern Regarding Implementation of Unemployment Insurance Provisions, Report No. 19-20-001-03-315 (April 21, 2020), available at: <https://www.oig.dol.gov/public/reports/oa/2020/19-20-001-03-315.pdf>

¹³ COVID-19: States Struggled to Implement CARES Act Unemployment Insurance Programs, Report No. 19-21-004-03-315 (May 28, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2021/19-21-004-03-315.pdf>

¹⁴ COVID-19: Audit of State Workforce Agencies' Information Technology Systems Capability in Processing Unemployment Insurance Claims, Report No. 19-23-008-03-315 (September 19, 2023), available at: <https://www.oig.dol.gov/public/reports/oa/2023/19-23-008-03-315.pdf>

¹⁵ The new PUA program extended unemployment benefits to the self-employed, independent contractors, those with limited work history, and other individuals not traditionally eligible for unemployment benefits who were unable to work as a direct result of COVID-19.

states paid \$1 out of every \$5 in PUA benefits to likely fraudsters.¹⁶ Subsequent to our work identifying the fraud risks, Congress took action under the Continued Assistance for Unemployed Workers Act of 2020 to require supporting documentation from claimants to improve states' abilities to ensure proper claimant eligibility and to mitigate fraud. However, a significant amount of UI benefits had already been paid to likely fraudsters.

As we reported, ETA and states made significant efforts under extreme circumstances. For example, after the CARES Act passed, ETA worked quickly to obtain signed state agreements and ensure pandemic-related UI funds were available. Despite this and other efforts, ETA's guidance and oversight were not timely enough to prevent historic improper payments of UI benefits, including fraud. ETA also allowed states to suspend a primary oversight tool for the first 3 months of the CARES Act UI programs. In April 2022, ETA stated that a swift rollout of a new government benefit program would be 30 to 48 months. The OIG acknowledges ETA's statement that states' ability to provide benefit payments within 1 to 2 months for a new, temporary UI program is a very impressive achievement given the extensive, complex requirements and activities that were necessary for implementation.

However, we remain concerned that, given the nature of emergency situations, states would be unlikely to have a lengthy rollout period for emergency programs. ETA and states must include risk planning that would identify measures to facilitate the creation of new programs similar to the ones created in response to the pandemic.

Detection

Our April 2020 advisory report also advised that identity thieves and organized criminal groups had found ways to exploit program weaknesses. Over the past 3 years, our reporting has identified continuing program weaknesses in internal controls, reporting, and program monitoring. Because some states were not prepared to process the volume of claims under new UI programs, some controls were not initially implemented. Inspector General Larry D. Turner, during his March 2022 congressional testimony,¹⁷ reported that the unprecedented infusion of federal funds into the UI program, combined with continuing program weaknesses and easily attainable stolen personally identifiable information, provided a high-value target for fraudsters to exploit.

For example, an individual could make a fraudulent claim with relatively low risk of being caught and, as time went on, one fraudster could have been issued several UI debit cards, with tens of thousands of dollars on each card. In fact, in an audit, we found 1 claim that was filed from a 3-bedroom house shared the same physical address as 90 other claims and used the same email address as 145 other claims.¹⁸ In total, the likely fraudster(s) received more than \$1.5 million in UI benefits. In the same

¹⁶ COVID-19: ETA and States Did Not Protect Pandemic-Related UI Funds from Improper Payments including Fraud or from Payment Delays, Report No. 19-22-006-03-315 (September 30, 2022), available at: <https://www.oig.dol.gov/public/reports/oa/2022/19-22-006-03-315.pdf>

¹⁷ "Pandemic Response and Accountability: Reducing Fraud and Expanding Access to COVID-19 Relief through Effective Oversight," Hearing, Statement for the Record of Larry D. Turner, Inspector General, U.S. Department of Labor; Senate Committee on Homeland Security and Governmental Affairs (March 17, 2022), available at: <https://www.oig.dol.gov/public/testimony/20220317.pdf>

¹⁸ COVID-19: ETA and States Did Not Protect Pandemic-Related UI Funds from Improper Payments including Fraud or from Payment Delays, Report No. 19-22-006-03-315 (September 30, 2022), available at: <https://www.oig.dol.gov/public/reports/oa/2022/19-22-006-03-315.pdf>

audit, we found that, from March 28, 2020, to September 30, 2020, in four states, potentially fraudulent claims were paid more than 60 percent of the time.

Our investigators have identified crimes related to UI fraud both throughout the United States and by foreign bad actors, and our investigative work has resulted in the conviction of over 950 criminals, including:

- two members of the Robles Park criminal organization—whose members and associates engaged in acts involving murder, assault, narcotics trafficking, identity theft, and other crimes;
- a massive and sophisticated criminal enterprise targeting the State of Maryland’s UI system for more than \$500 million;
- former state or federal employees who targeted more than \$5 million;
- individuals using sham companies to obtain \$1.1 million;
- federal and state inmates who targeted more than \$2 million;
- a Nigerian national sentenced for both UI and elder fraud schemes; and even
- an individual who was sentenced to 77 months in prison and ordered to pay more than \$700,000 in restitution after bragging online about his efforts to defraud a state UI agency.

We have published four alert memoranda¹⁹ on specific high-risk areas. As of September 2023, our investigators, auditors, and data scientists have collaboratively identified \$46.9 billion in potentially fraudulent UI benefits paid from March 2020 to April 2022 in the now six specific high-risk areas, to individuals with Social Security numbers:

1. filed in multiple states,
2. of deceased persons,
3. of federal prisoners,
4. used to file UI claims with suspicious email accounts,
5. (NEW) belonging to individuals under 14 years of age, and
6. (NEW) belonging to individuals 100 years of age or older (see Figure 1).

¹⁹ (1) Alert Memorandum: The Employment and Training Administration (ETA) Needs to Ensure State Workforce Agencies (SWA) Implement Effective Unemployment Insurance Program Fraud Controls for High Risk Areas, Report No. 19-21-002-03-315 (February 22, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2021/19-21-002-03-315.pdf>;
(2) Alert Memorandum: The Employment and Training Administration Needs to Issue Guidance to Ensure State Workforce Agencies Provide Requested Unemployment Insurance Data to the Office of Inspector General, Report No. 19-21-005-03-315 (June 16, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2021/19-21-005-03-315.pdf>;
(3) Alert Memorandum: Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to \$45.6 Billion, Report No. 19-22-005-03-315 (September 21, 2022), available at: <https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf>; and
(4) Alert Memorandum: ETA Needs to Incorporate Data Analytics Capability to Improve Oversight of the Unemployment Insurance Program, Report No. 19-23-012-03-315 (September 25, 2023), available at: <https://www.oig.dol.gov/public/reports/oa/2023/19-23-012-03-315.pdf>

Figure 1: Six High-Risk Areas for Potential UI Fraud Identified by the OIG



Source: OIG data analysis of state UI claims data

The potential fraud we identified through the use of data analytics techniques shows how effective and beneficial this capability can be in providing program oversight and identifying trends to assist in combatting fraud. However, ETA currently does not have direct access to state UI claims data nor the capability to analyze said data.

In support of the OIG's oversight activities, the OIG also needs access to UI claimant data and wage records from state workforce agencies to verify claimants' eligibility for UI benefits, including both initial eligibility (and amounts) and continuing eligibility. Timely access to these records will facilitate the OIG's efforts to identify claimants who are part of large-scale fraud schemes or are receiving benefits improperly due to systemic program weaknesses.

Establishing a data analytics capability with a dedicated team of data scientists at the federal level would allow ETA to monitor and analyze UI claims data on an ongoing basis. ETA would then be able to identify high-risk areas across multiple states and quickly flag potentially fraudulent claims that can be referred to the OIG and states for further action, which could help prevent future losses to fraudsters. Likewise, incorporating a data analytics capability into its program oversight function would improve ETA's ability to detect trends and emerging issues that could negatively impact the timeliness or equity of UI payments—before the issues grow into critical problems.

During the pandemic, identity theft emerged as a significant problem. Specifically, the UI programs were vulnerable to imposter claims, such as those being filed with stolen or synthetic²⁰ 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.

²⁰ 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.

Reporting

In May 2021, we reported²¹ that, for the period of March 27, 2020, to September 30, 2020, 42 percent of states did not complete the required quarterly reporting for overpayments in “ETA 227 Overpayment Detection and Recovery Activity” and “ETA 902P Pandemic Unemployment Assistance Activities” reports (ETA 227 and ETA 902P reports), and 60 percent did not do so for fraudulent payments. In addition, during our audit of the Department’s financial statements for FY 2021, the issue of states’ non-reporting of overpayment activity in ETA 227 reports continued to exist. This was one of the two issues that ultimately resulted in the Department receiving its first qualified opinion on its consolidated financial statements in 25 years.²² Specifically, the \$4.4 billion reported in UI benefit overpayments could not be relied upon because certain states did not report UI overpayment activity. Furthermore, the Department’s financial statements for FY 2022²³ also received a qualified opinion due to unreliable estimates for overpayment receivables and UI obligations.

In August 2022, we issued an alert memorandum²⁴ about deficient reporting by states regarding the CARES Act UI programs. Our examination of required reports identified that some states did not submit reports to ETA or reported zero activity. For instance, seven states reported zero overpayments for the PUA program. This lack of accurate state performance information hinders Congress and ETA’s ability to: assess state activities, mitigate overpayments risks, identify program weaknesses, and improve future temporary programs.

Our recommendations have specifically included the need for the Department to estimate improper payments within federally funded temporary emergency programs. In August 2020, we recommended²⁵ 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 that ETA applied to two of the three key pandemic-related UI programs, Federal Pandemic Unemployment Compensation and Pandemic Emergency Unemployment Compensation. In December 2022, ETA reported an improper payment rate estimate of 21.52 percent, which it also applied to Federal Pandemic Unemployment Compensation and Pandemic Emergency Unemployment Compensation.²⁶ Based on audit and investigative work, the improper payment rate for pandemic-related UI programs was likely higher than 21.52 percent.

²¹ COVID-19: States Struggled to Implement CARES Act Unemployment Insurance Programs, Report No. 19-21-004-03-315 (May 28, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2021/19-21-004-03-315.pdf>

²² The Department received a qualified opinion on its FY 2021 financial statement audit. See FY 2021 Independent Auditor’s Report on the DOL Financial Statements, Report No. 22-22-003-13-001 (November 19, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2022/22-22-003-13-001.pdf>.

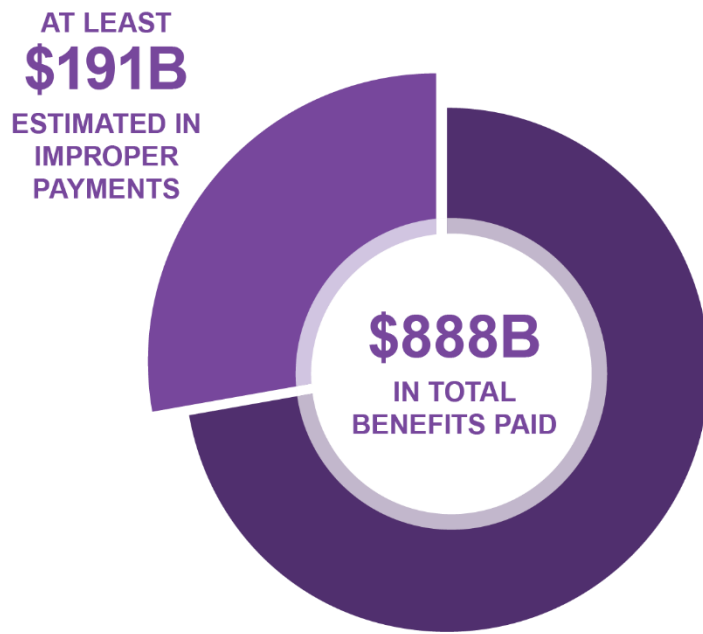
²³ FY 2022 Independent Auditor’s Report on the DOL Financial Statements, Report No. 22-23-002-13-001 (December 13, 2022), available at: <https://www.oig.dol.gov/public/reports/oa/2023/22-23-002-13-001.pdf>

²⁴ Alert Memorandum: Employment and Training Administration Needs to Ensure State Workforce Agencies Report Activities Related to CARES Act Unemployment Insurance Programs, Report No. 19-22-004-03-315 (August 2, 2022), available at: <https://www.oig.dol.gov/public/reports/oa/2022/19-22-004-03-315.pdf>

²⁵ COVID-19: More Can Be Done to Mitigate Risk to Unemployment Compensation under the CARES Act, Report No. 19-20-008-03-315 (August 7, 2020), available at: <https://www.oig.dol.gov/public/reports/oa/2020/19-20-008-03-315.pdf>

²⁶ In FY 2021, the Department found the PUA, Pandemic Emergency Unemployment Compensation, and Federal Pandemic Unemployment Compensation programs to be susceptible to significant improper payments. The Payment Integrity Information Act of 2019 and its implementing guidance in Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, requires the Department to produce an improper payment and unknown payment rate in the fiscal year following the fiscal year in which the risk assessment determination was made. ETA’s reported improper payment rate estimate of 21.52 percent does not include the PUA program.

In congressional testimony in February 2023,²⁷ we reported updated information, including reporting on actual expenditures²⁸ rather than on estimated funding. With those updates, more than \$888 billion in total federal and state UI benefits were paid for benefit weeks during the UI pandemic period. Applying the estimated 21.52 percent improper payment rate to the approximate \$888 billion in pandemic UI expenditures, at least \$191 billion in pandemic UI payments could have been improper payments, with a significant portion attributable to fraud.



To recover the improperly paid benefits and mitigate the impact of these losses, collaboration between ETA and the states is vital. These issues have persisted after the pandemic; the OIG is seeing, and ETA and states are still reporting, elevated levels of improper payments.

Further, ETA did not publish an improper payment rate estimate for PUA—the program identified as being particularly susceptible to improper payments including fraud²⁹—until nearly 2 years after the program ended. In August 2023, the Department reported that the PUA program had a total improper payment rate of 35.9 percent.³⁰ According to ETA officials, the small-scale review used to calculate the improper payment rate estimate for PUA cannot be used to estimate the PUA fraud rate. The

²⁷ “The Greatest Theft of American Tax Dollars: Unchecked Unemployment Fraud,” Hearing, Statement for the Record of Larry D. Turner, Inspector General, U.S. Department of Labor; House Committee on Ways and Means (February 8, 2023), available at: <https://www.oig.dol.gov/public/testimony/02082023.pdf>

²⁸ According to ETA, the data provided reflects CARES Act UI program activity through January 23, 2023, with the exception of the Temporary Full Federal Funding of the First Week of Compensable Regular Unemployment for States with No Waiting Week program, which was through December 31, 2022; data provided regarding the regular UI, Unemployment Compensation for Federal Employees, and Unemployment Compensation for Ex-Servicemembers programs reflect the monthly totals from April 2020 through September 2021.

²⁹ “Waste, Fraud, and Abuse Go Viral: Inspectors General on Curing the Disease,” Hearing, Statement for the Record of Larry D. Turner, Inspector General, U.S. Department of Labor; U.S. House of Representatives Committee on Oversight and Accountability, Subcommittee on Government Operations and the Federal Workforce (March 9, 2023), available at: <https://www.oig.dol.gov/public/testimony/03092023.pdf>

³⁰ This breakdown includes an overpayment rate of 17 percent, an underpayment rate of 1.5 percent, and a 17.4 percent rate for benefits whose classification—whether valid, overpaid, or underpaid—could not be determined. This information was reported in ETA’s report, “Pandemic Unemployment Assistance Improper Payment Rate Report” (August 21, 2023), last accessed October 13, 2023, available at: https://oui.doleta.gov/unemploy/improp_pay.asp#.

fraud rate—which is a subset of improper payments—for pandemic-related UI programs was likely higher than the fraud rate for regular UI programs. Notably, in the first 6 months after the CARES Act passed, we found 4 states paid \$1 out of every \$5 in PUA benefits to likely fraudsters. In 2023, the Government Accountability Office (GAO) estimated the pandemic-related fraud rate, including PUA, was 11 to 15 percent for the period April 2020 to May 2023, and estimated up to \$135 billion was lost to fraud.³¹

Estimating the improper payment rate for all emergency UI programs is critical for the efficient operation of the program. ETA and the states, under their program operating responsibilities, must determine the improper payment rate, including the fraud rate, for pandemic UI programs. The potential loss of at least \$191 billion of taxpayer money highlights the urgent need for systemic improvements.

Recovery

ETA and individual states are facing a daunting task in recovering the estimated \$191 billion of improper payments made through the UI programs. From April 1, 2020, to October 5, 2023, states have reported recovering approximately \$7.2 billion in UI program funds.

In terms of fraudulent activities, states reported that only \$1.3 billion of UI funds that ended up in the hands of criminals have been recovered so far. A critical timeline underpins this recovery effort; the statute of limitations pertaining to the majority of these UI cases will begin to expire in early 2025. Beyond this point, not only will the recovery of these UI funds become exceedingly difficult, but the ability to hold fraudsters accountable will also become increasingly unlikely. The importance of swift and effective action in these recovery efforts cannot be overstated.

In addition, we are concerned the ability of state workforce agencies to recover UI overpayments is negatively affected by the waiver authority granted by the CARES Act and blanket waivers processed under ETA's guidance. In Spring 2023, we started assessing the effects of waivers, including blanket waivers, on the recovery of UI overpayments, including fraud. While the Department has provided guidance stating recovery of fraudulent payments may not be waived, there is a risk that states—operating under weak program controls—may have waived or will waive fraudulent payments. As of October 2, 2023, states reported waiving recovery of more than \$4.8 billion in overpayments for the three key CARES Act programs: PUA, Federal Pandemic Unemployment Compensation, and Pandemic Emergency Unemployment Compensation.

Department's Progress

The Department has emphasized the progress it has made in addressing challenges with the UI program. According to DOL, one of the challenges associated with the pandemic-related UI programs was that the programs did not include an adequate preparation period. ETA officials stated a swift rollout of a new government benefit program, including policy formulation, product development, and operational procedures, typically requires a timeframe of 30 to 48 months. Unfortunately, the challenges associated with the pandemic-related UI programs had to be resolved in real-time while states grappled with an extraordinary tenfold increase in claims volume. The Department's statements reinforce the OIG's position that the Department must be prepared before disasters occur.

³¹ GAO, Unemployment Insurance: Estimated Amount of Fraud during Pandemic Likely Between \$100 Billion and \$135 Billion, GAO-23-106696 (September 2023), available at: <https://www.gao.gov/assets/gao-23-106696.pdf>

According to DOL, since the passage of the CARES Act, ETA and states have instituted efforts to focus on program integrity when implementing the pandemic-related UI programs. These efforts include measures like secure sign-in services, in-person identity verification, and a new identity fraud reporting website being introduced to mitigate fraud. Additionally, ETA made available up to \$765 million in fraud prevention grants, and expert Tiger Teams provided states with assessments and improvement recommendations for UI processes. ETA also facilitated the secure availability of incarceration data to cross-reference UI claims against prisoner information.

Further, ETA reported it continued to provide oversight and technical assistance through the State Quality Service Plans, the Integrity Action Plan, the UI Integrity Center, and through information provided by the OIG. ETA also stated it worked with the Office of the Chief Financial Officer to develop a UI fraud risk profile in line with GAO's Fraud Risk Framework. In addition, in its FY 2024 Congressional Budget Justification, the Department proposed provisions designed to provide new and expanded tools and controls for states to help ensure workers are properly paid and to prevent improper payments, including fraud, in the UI system.

The Department issued a policy granting the OIG's access to UI data for benefit weeks covered by CARES Act programs and related extensions. ETA also announced its intent to amend its regulations to facilitate the OIG's ongoing access by February 2025 and, in July 2023, requested public comment on potential revisions that would require states to disclose unemployment compensation to the OIG for oversight including audits. ETA has also required sharing of state UI data as a condition of the fraud prevention grants to provide such access through 2025 and recently issued guidance supporting additional grants that would provide access for potentially the next 2 to 5 years. According to ETA, 52 of 53 state workforce agencies received grants. The Inspector General is authorized to have timely access without such constraints to this data under the Inspector General Act of 1978, as amended, and needs access to all UI program data.

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. According to the Department, the Office of Unemployment Insurance Modernization will provide oversight and management of the \$1 billion³² allotted to UI initiatives by the American Rescue Plan Act of 2021 to prevent and detect fraud, promote equitable access, ensure timely benefits payments, and reduce backlogs. To achieve this, the Office of Unemployment Insurance Modernization has allocated targeted grants to states and territories, offered improved guidance, directed assistance, and tested technology-driven solutions.

The Department also noted it has announced and provided grant opportunities to states, including funds for pilot states to engage community-based organizations to help workers learn about UI benefits and related services. These opportunities also support state agencies in delivering timely and accurate benefits to workers. The Department has launched the UI IT Modernization Project - Claimant Experience Pilot, partnering with states for product development, with outcomes published online. Moreover, over \$200 million in IT modernization grants have been awarded to 19 states, aiming to foster the adoption of modular and evidence-driven strategies.

³² The American Rescue Plan Act of 2021 initially allotted \$2 billion to UI initiatives; however, \$1 billion was rescinded by the Fiscal Responsibility Act of 2023.

What Remains to Be Done

It is crucial that the Department take proactive steps to improve improper payment prevention and detection. These improvements are essential in ordinary circumstances, and their importance escalates during emergencies. For perspective, \$191 billion could have provided more than \$3.5 billion to each state workforce agency toward ensuring preparedness for emergencies, including modernizing UI IT systems, enhancing staffing levels, and formulating robust contingency plans.

For the UI program, the Department needs to:

- Obtain direct access to state UI data and wage records and develop a data analytics capability at the federal level to regularly monitor the data to proactively detect and prevent improper payments, including fraud, and to identify trends and emerging issues that could negatively impact the UI program.
- Amend 20 C.F.R. § 603.5 and § 603.6(a) to ensure and reinforce that state UI information must be provided to the OIG for all Inspector General engagements authorized under the Inspector General Act of 1978, as amended, including audits, evaluations, and investigations. This needs to be done by the end of 2025, when Integrity Grants expire and the OIG's direct access to state UI information would again be impeded.
- 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.
- 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 and estimate improper payments, including fraud, and methods to recover those federal funds, that will allow ETA to work toward recovering historic levels of improper payments while holding states accountable for billions of dollars of improper payments.
- Continue to work with states to modernize their UI systems and leverage technology and automated solutions to prevent and detect improper payments.
- Implement OIG recommendations on reporting, including by:
 - assisting states with claims, overpayment, and fraud reporting to create clear and accurate information, then using the overpayment and fraud reporting to prioritize and assist states with fraud detection and recovery;
 - developing policies and procedures to coordinate with state workforce agencies to obtain the necessary information needed to support related balances and assumptions and to perform benchmarking or other analyses to validate new assumptions or both; and

- designing and implementing controls over ETA's respective estimates to ensure management's review of the estimates are performed at a sufficient level of detail; maintaining documentation of the reviews performed; and providing additional training to the reviewers of the estimates to reinforce established policies and procedures, as necessary.

CHALLENGE: Protecting the Safety and Health of Workers

Background

Federal law entitles U.S. workers to a safe and healthful workplace. Failure to keep workplaces free of known safety and health hazards can lead to injuries, illnesses, fatalities, and serious legal consequences. The Occupational Safety and Health Act of 1970 and the Federal Mine Safety and Health Act of 1977 are federal laws administered by, respectively, the Occupational Safety and Health Administration (OSHA) and the Mine Safety and Health Administration (MSHA) to keep employees safe and healthy at work. OSHA is responsible for the safety and health of approximately 130 million workers employed at more than 8 million worksites while 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 significant challenges in completing their mandates to ensure the protection of American workers' safety and health, particularly in high-risk industries such as health care, meat packing, agriculture, construction, fishing, forestry, manufacturing, and underground and surface mining. We found OSHA had challenges verifying hazards were abated timely while MSHA had challenges with writing violations and verifying operators abated hazards timely. Additional worker safety challenges for the Department include completing inspections, employer reporting, reaching a sufficient number of worksites, standards on infectious diseases, workplace violence, and protecting workers from respirable crystalline silica.

OSHA faces difficulties in verifying hazard abatement at both general industry and construction worksites. As previously reported, the agency closed many construction worksite citations for safety violations, not because the employers corrected the hazards, but because the construction projects had ended.³³ As a result, OSHA received no assurances employers would improve safety and health practices at future construction worksites. For MSHA, we found thousands of violations did not comply with the Federal Mine Safety and Health Act of 1977 and MSHA handbook requirements.³⁴ Additionally, we found inspectors terminated nearly a third of violations after the abatement due date.

We also found both OSHA and MSHA have challenges performing inspections. The underreporting of injuries and reporting noncompliance by employers limits OSHA's ability to focus inspection and compliance efforts where they are most needed.³⁵ Additionally, GAO's written testimony released on

³³ OSHA Could Do More to Ensure Employers Correct Hazards Identified During Inspections, Report No. 02-17-201-10-105 (March 31, 2017), available at: <https://www.oig.dol.gov/public/reports/oa/2017/02-17-201-10-105.pdf>

³⁴ MSHA Can Improve How Violations Are Issued, Terminated, Modified, and Vacated, Report No. 05-21-002-06-001 (March 31, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2021/05-21-002-06-001.pdf>

³⁵ COVID-19: OSHA Needs to Do More to Address High Injury Rates of Warehouse Workers, Report No. 19-23-013-10-105 (September 27, 2023), available at: <https://www.oig.dol.gov/public/reports/oa/2023/19-23-013-10-105.pdf>

May 25, 2022,³⁶ found OSHA had limited procedures for encouraging compliance with the injury and illness reporting requirement and for penalizing employers for noncompliance.

MSHA has not completed mandatory inspections mostly due to the elimination of inspection requirements when a mine was initially inaccessible by an inspector.³⁷ This led to MSHA not inspecting 176 mines for at least 2—and, in some cases, 4—consecutive years. Additionally, MSHA is challenged with identifying when a mine needs a change in the mine’s operating status or verifying its status, which factors into how many inspections MSHA conducts at the mine. Not maintaining an accurate mine status in its system has also led to other significant issues. For example, MSHA’s system showed 6,070 underground coal mines that it had changed to “abandoned” status prior to FY 2018 but had not changed to “abandoned-sealed” status. This indicated the mine’s underground openings still had not been sealed in accordance with the Federal Mine Safety and Health Act of 1977 and potentially presented a danger to the public.

Employer reporting also presents a challenge when ensuring worker safety. A recent OIG audit identified, on average, between 2016 and 2020,³⁸ 59 percent of establishments in all industries failed to submit their mandatory annual injury and illness reports to OSHA. Additionally, OSHA could not identify if an establishment met the criteria for mandatory reporting and, therefore, could neither proactively remind specific establishments that they must report, nor effectively cite employers for non-compliance. Non-reporting continues to be a challenge for OSHA and results in an incomplete view of workplace injury and illness.

While OSHA has increased its number of inspectors—from 750 in 2021 to 931 as of March 31, 2023—it continues to be challenged with reaching the number of worksites for which it is responsible. Lack of available inspectors and time 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.

In March 2022, we reported that OSHA did not attempt to collaborate with external federal agencies’ enforcement and oversight personnel during the COVID-19 pandemic, which resulted in its failure to realize the potential benefits achieved through interagency collaboration to protect vulnerable workers.³⁹ 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.

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

³⁶ “Workplace Safety and Health: Data and Enforcement Challenges Limit OSHA’s Ability to Protect Workers during a Crisis,” Hearing, Statement for the Record of Thomas M. Costa, Director, Education, Workforce, and Income Security; Subcommittee on Workforce Protections, Committee on Education and Labor, House of Representatives, GAO-22-105711 (May 25, 2022), available at: <https://www.gao.gov/assets/gao-22-105711.pdf>

³⁷ COVID-19: MSHA Did Not Complete or Accurately Report Mandatory Inspections, Report No. 19-24-001-06-001 (October 17, 2023), available at: <https://www.oig.dol.gov/public/reports/oa/2024/19-24-001-06-001.pdf>

³⁸ At the time of our fieldwork, Calendar Year 2021 data for the “Summary of Work-Related Injuries and Illnesses” form was not available. This information was reported in COVID-19: OSHA Needs to Do More to Address High Injury Rates of Warehouse Workers, Report No. 19-23-013-10-105 (September 27, 2023), available at: <https://www.oig.dol.gov/public/reports/oa/2023/19-23-013-10-105.pdf>.

³⁹ COVID-19: To Protect Mission Critical Workers, OSHA Could Leverage Inspection Collaboration Opportunities with External Federal Agencies, Report No. 19-22-003-10-105 (March 31, 2022), available at: <https://www.oig.dol.gov/public/reports/oa/2022/19-22-003-10-105.pdf>

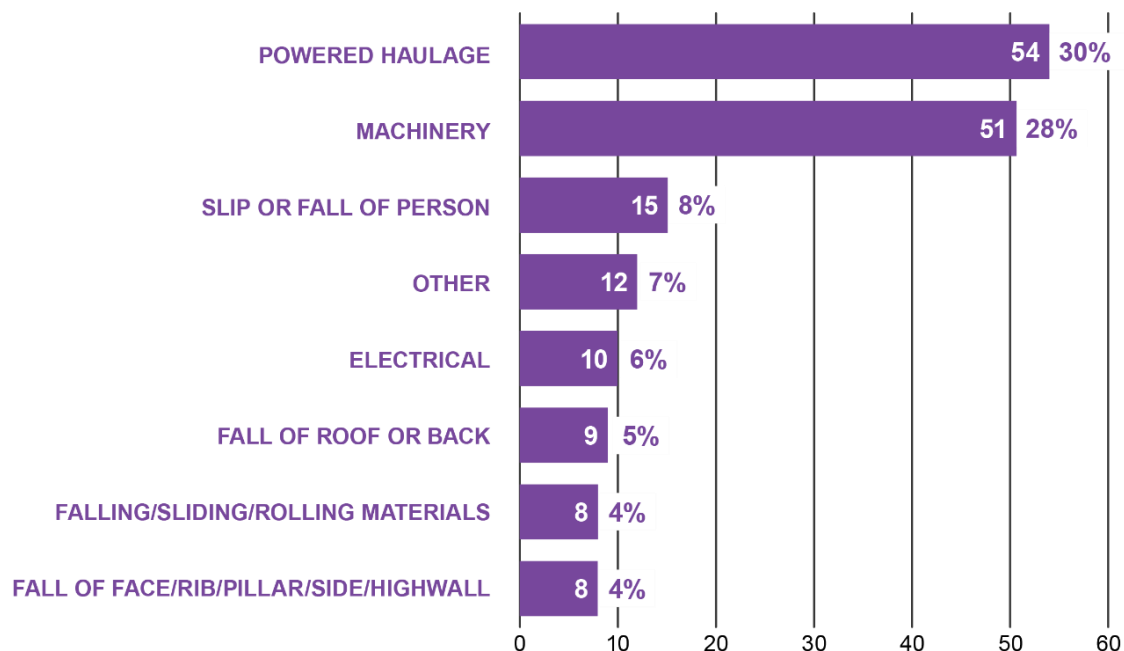
standard during the COVID-19 pandemic that covered the health care industry only, in December 2021, OSHA substantially withdrew the emergency temporary standard, retaining only its logging and recordkeeping provisions.⁴⁰ Without a permanent standard on infectious diseases, OSHA will not be in a position 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 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 2021, nearly 1 in every 7 work-related deaths were attributed to worksite violence for a total of 761—an increase from 705 in 2020—which exceeded the total number of reported fatalities resulting from exposure to harmful substances or environments, or fires and explosions.

In addition, while MSHA has issued its proposed rule on respirable crystalline silica, which is found in coal mine dust and various construction materials, the final rule has yet to be published. Therefore, miners are still susceptible to higher levels of exposure, 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.

Finally, for MSHA, reducing the number of powered haulage and machinery accidents needs to be a top priority as they are the leading causes of mine fatalities (see Figure 2 and Figure 3). Together, they accounted for half of all mine fatalities in 2022 and that percentage has already increased as of September 2023.

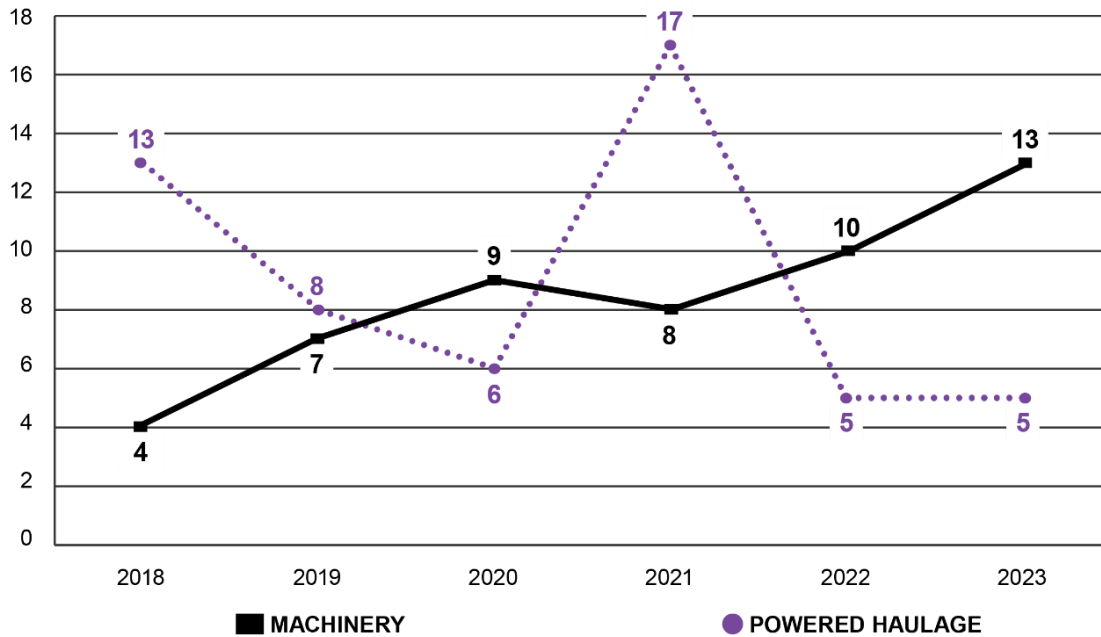
Figure 2: Number and Percentage of Top 8 Classes of Mining Fatalities, Calendar Years 2018–2023



Source: MSHA's Accident Injuries public dataset, as of September 8, 2023

⁴⁰ For more details, OSHA's webpage on "Statement on the Status of the OSHA COVID-19 Healthcare ETS" (December 27, 2021), last accessed October 12, 2022, is available at: <https://www.osha.gov/coronavirus/ETS>.

Figure 3: Comparison of Powered Haulage and Machinery Accidents by Calendar Year



Source: MSHA's Accident Injuries public dataset, as of September 8, 2023

Department's Progress

OSHA finalized a new injury and illness reporting rule that will go into effect January 1, 2024. The rule revises the injury and illness reporting requirements for employers by adding a new category of workplaces—establishments with 100 or more employees in industries designated as very high-risk. Specifically, the rule not only requires continued annual submission of the “Summary of Work-Related Injuries and Illnesses” form, which lacked details into those injuries and illnesses, but also requires annual submission of the “Log of Work-Related Injuries and Illnesses” form as well as the “Injury and Illness Incident Report” form.

On July 13, 2023, MSHA published its proposed rule for lowering miners’ exposure to respirable crystalline silica and improving respiratory protection. Specifically, this rule proposes to set permissible exposure limits of respirable crystalline silica in addition to other requirements designed to protect miner health, such as exposure sampling, corrective actions to be taken when miner exposure exceeds the permissible exposure limit, and medical surveillance for metal and nonmetal miners.

MSHA continues its initiative to lower powered haulage accidents through guidance on preventing accidents and meeting with mine personnel to emphasize best safety practices and training. On September 8, 2023, the Office of Management and Budget received MSHA’s final rule submission requiring mines to have written safety programs for surface mobile and powered haulage equipment.

What Remains to Be Done

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

- Create a permanent standard aimed at protecting workers in all high-risk industries from infectious diseases.
- 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.
- 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 safety and health of miners, MSHA needs to:

- Improve the internal control system for the mandatory inspections program.
- Provide additional training to inspectors and improve internal controls related to its violation process.
- Add machinery accidents to the initiative efforts to lower powered haulage accidents.
- Publish final rule lowering silica exposure limit for miners and increasing silica sampling and enforcement at mines.

CHALLENGE: Helping Adults and Youth Succeed in the Labor Market

Background

ETA manages programs that provide U.S. workers with job training services to enhance their employment opportunities primarily through state and local workforce development systems. In FY 2023, ETA received \$4.1 billion 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 more than \$1.7 billion for its Job Corps program, which provides education, training, and support services to disadvantaged, at-risk youth, ages 16 through 27, at more than 100 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: (1) effectively managing its workforce development grants, (2) ensuring its training investments align with employers' needs, and (3) ensuring Job Corps funding is used efficiently to help youth succeed in the labor market.

In March 2022, we issued an advisory report that highlighted three areas of concern where our body of work over the past decade identified weaknesses in DOL's management of its workforce development grants: (1) awarding grants, (2) reviewing grant recipients' use of funds, and (3) measuring grant recipients' performance.⁴¹ Although the Department has addressed many of the related recommendations from our prior reports, the Department needs to ensure these issues do not reoccur. In our September 2021 report,⁴² 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. Insufficiently designed grant goals and metrics make it difficult for ETA to determine if the goals and agency's expected outcomes are being achieved.

Most recently, we reported in September 2023⁴³ that ETA needs to improve its oversight of grant recipients and sub-recipients⁴⁴ in the State of New Jersey to ensure that grant funds serve their intended purposes. The State of New Jersey received statutory⁴⁵ and discretionary grant funds to provide training and supportive services to eligible job seekers, but ETA did not ensure these funds were consistently used for the grants' intended purposes. Specifically, we found ETA did not ensure grant recipients effectively: (1) used over \$100 million to serve the intended population; (2) enrolled eligible individuals, costing \$96,580 in training services; and (3) complied with federal requirements when paying \$168,460 for services. In addition, statutory grant sub-recipients did not have a system in place to account for \$6.9 million in grant funding, including how it was spent.

ETA is also challenged to ensure its training investments align with employers' needs. Our audit work from September 2020⁴⁶ 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. Similarly, in a 2018 audit⁴⁷ that followed up on the employment status of a sample of Job Corps students 5 years after they left the program, we found that ETA was unable to demonstrate the extent to which its training programs helped those participants obtain meaningful jobs appropriate to their training.

Another challenge for the Job Corps program is ensuring funds are used efficiently to help youth succeed in the labor market—particularly because enrollment has continued to decline while funding remains relatively the same. Prior to the pandemic, enrollment declined from a high of 53,862 in Program Year (PY)⁴⁸ 2013 to 46,969 in PY 2018. During the pandemic, enrollment dropped to as low

⁴¹ ETA's Management of Workforce Development Grants: Key Concerns, Report No. 09-22-001-03-001 (March 31, 2022), available at: <https://www.oig.dol.gov/public/reports/oa/2022/09-22-001-03-001.pdf>

⁴² ETA Did Not Sufficiently Plan and Execute the American Apprenticeship Initiative Grant Program, Report No. 05-21-004-03-375 (September 30, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2021/05-21-004-03-375.pdf>

⁴³ COVID-19: The Employment and Training Administration Needs to Improve Oversight of Grants Awarded in New Jersey, Report No. 19-23-016-03-391 (September 28, 2023), available at: <https://www.oig.dol.gov/public/reports/oa/2023/19-23-016-03-391.pdf>

⁴⁴ A sub-recipient is a non-federal entity that receives a sub-award from a pass-through entity to carry out part of a federal program. It does not include an individual who is a beneficiary of the program.

⁴⁵ Statutory grants are noncompetitive grants required by law to be given to the state or outlying area based on statistical criteria. Discretionary grants are awarded based on competitive selection and eligibility.

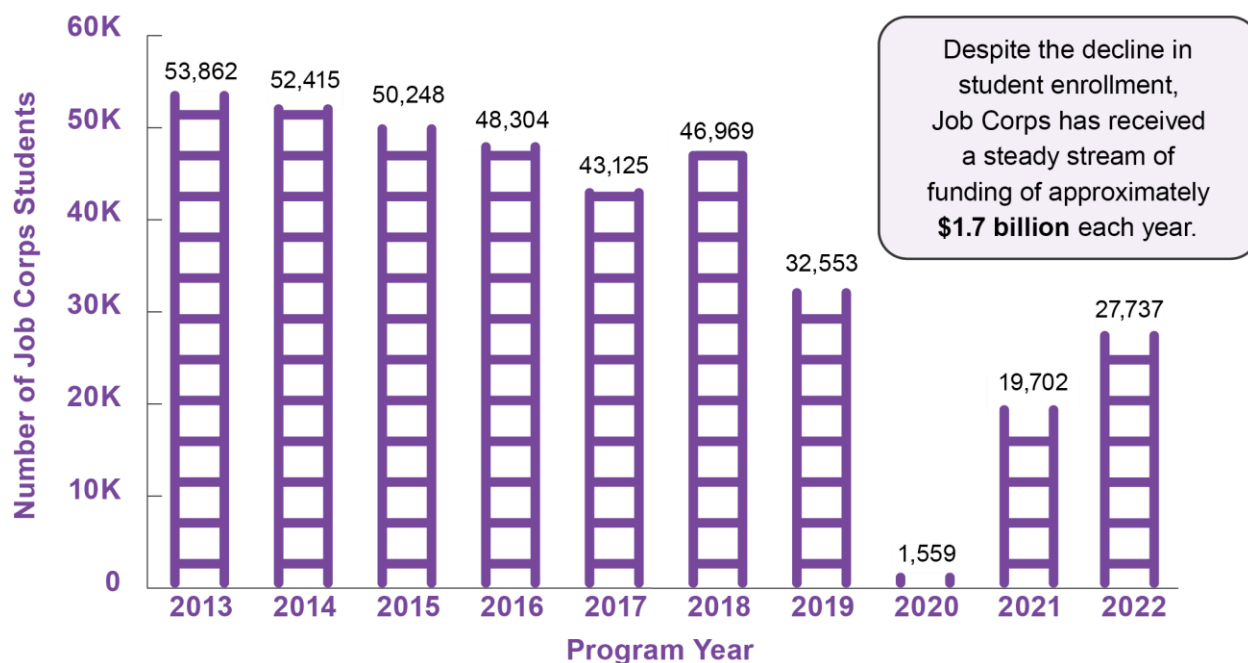
⁴⁶ ETA Could Not Demonstrate That Credentials Improved WIOA Participants' Employment Outcomes, Report No. 03-20-002-03-391 (September 30, 2020), available at: <https://www.oig.dol.gov/public/reports/oa/2020/03-20-002-03-391.pdf>

⁴⁷ Job Corps Could Not Demonstrate Beneficial Job Training Outcomes, Report No. 04-18-001-03-370 (March 30, 2018), available at: <https://www.oig.dol.gov/public/reports/oa/2018/04-18-001-03-370.pdf>

⁴⁸ Job Corps is operated on a program year basis, which runs from July 1 of a given year to June 30 of the following year. For example, PY 2022 ran from July 1, 2022, through June 30, 2023.

as 1,559 during PY 2020 due to suspending in-person instruction and new enrollments. In April 2021, Job Corps began to transition back to in-person instruction and started enrolling students again. However, student enrollment was still significantly below pre-pandemic levels in PY 2022. Despite the decline in enrollment, Job Corps has requested and received a constant level of similar funding of approximately \$1.7 billion each year (see Figure 4). The OIG plans to examine Job Corps funding, specifically center operations contracts, and how it impacts the program and students in future work.

Figure 4: Job Corps Student Enrollment from PY 2013 to PY 2022



Source: Data provided by ETA

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 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.

ETA has also taken actions to improve grant oversight of its Disaster National Dislocated Worker Program. A prior audit⁴⁹ found ETA needed to improve grant recipient oversight to ensure timely community restoration, expedited disaster relief assistance, and efficient use of grant funds for maximum employment outcomes. In June 2022, ETA issued Training and Employment Guidance

⁴⁹ ETA Needs to Improve Its Disaster National Dislocated Worker Program, Report No. 02-21-002-03-391 (January 29, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2021/02-21-002-03-391.pdf>

Letter 16-21,⁵⁰ which emphasizes the importance of quickly beginning services to support post-disaster employment and economic recovery. It clarifies self-attestation as an acceptable use of eligibility determination and the expectation for subsequent efforts at obtaining appropriate documentation. The guidance also provides additional information on allowable clean-up and recovery activities.

What Remains to Be Done

The Department needs to continue to:

- 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.
- Ensure it has appropriate data to allow the Department to make evidence-based and data-driven decisions about job training programs.
- Better identify and account for risks associated with grant fund use and confirm grant recipients can account for and report on federal awards.
- Develop programs supporting investments in training and education that lead to improved job skills and employment.
- Bolster Job Corps student enrollment while reassessing the program's budgetary needs as student enrollment remains significantly below capacity.

CHALLENGE: Maintaining the Integrity of Foreign Labor Certification Programs

Background

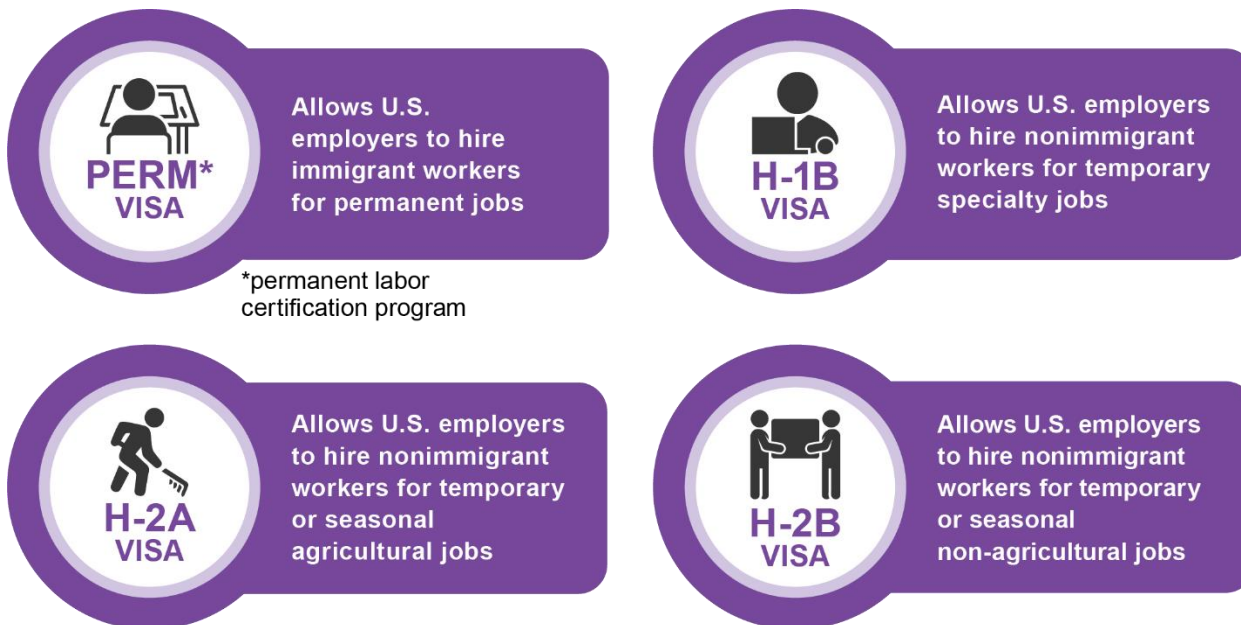
Foreign labor certification programs permit U.S. employers to hire foreign workers on a temporary or permanent basis to fill jobs essential to the U.S. economy. These programs are designed to assure that the admission of foreign workers into the United States on a permanent or temporary basis will not adversely affect the job opportunities, wages, and working conditions of U.S. workers.

The programs involve a number of government agencies within the Department, as well as the state workforce agencies, the U.S. Citizenship and Immigration Services, and the U.S. Department of State. The Immigration and Nationality Act and related laws assign specific responsibilities to the U.S. Secretary of Labor for employment-based immigration and guest worker programs.

The Department's responsibilities include certifying 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

⁵⁰ ETA, Training and Employment Guidance Letter 16-21, Updated National Dislocated Worker Grant Program Guidance (June 16, 2022), last accessed October 5, 2023, available at: https://www.dol.gov/sites/dolgov/files/ETA/advisories/TEGL/2021/TEGL_16-21.pdf

processing of prevailing wage⁵¹ determinations and reviewing the permanent labor certification program (PERM), H-1B, H-2A, and H-2B employer applications. In addition, the Department's Wage and Hour Division conducts civil investigations of employers issued Foreign Labor Certifications (FLC) to enforce certain worker protections that 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.



Challenge for the Department

The Department's primary challenge in ensuring the integrity of FLC programs is approving applications for all four FLC programs based on employers' attestations. Such attestations are the main criteria; meaning, employers agree to the conditions of employment without providing supporting documentation to validate their agreements. For example, a farmer may apply and state that, due to a lack of appropriate skilled local labor, the farm needs 50 foreign laborers for the upcoming season. The farmer attests that: the farm needs all those workers, will pay the proper wage, and will provide proper working conditions.

The Department is reliant on an employer's attestation that a given application meets its requirements for impacts on U.S. workers, including whether there might actually be local labor available or whether the hiring of a foreign worker might otherwise adversely affect wages and working conditions of similarly employed U.S. workers. In addition, DOL must balance a thorough review of FLC visa applications with the need to timely process these applications to meet 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 because of the upcoming spring and summer seasons.

⁵¹ 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 at: <https://www.dol.gov/agencies/eta/foreign-labor/wages>.

OIG investigations continue to reveal FLC program integrity challenges. Over the last decade, the OIG, along with other federal partners, have conducted more than 160 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. For example, in one recent OIG investigation, an employer was sentenced to 18 months in prison and ordered to pay more than \$1.1 million in restitution for fraudulently placing H-2B workers in jobs not approved by DOL and for exploiting workers by paying them significantly less than the wages required under the H-2B program.

Significantly, OIG investigations have also uncovered illegal activities of employers misusing FLC programs to engage in human trafficking—with victims being exploited for employers' economic gain. For example, an OIG criminal investigation found that certain defendants, affiliated with a transnational criminal organization allegedly responsible for sponsoring approximately 71,000 H-2A workers between 2015 and 2021, exploited H-2A workers. Certain members of this criminal organization were alleged to have exploited these H-2A workers by: demanding they pay unlawful fees; holding their immigration documents hostage; requiring them to perform physically demanding work for little or no pay; requiring them to live in crowded, unsanitary, and degrading living conditions; and threatening them with deportation and violence.

Also, each of the four FLC programs have unique rules and some resulting specific integrity challenges. In 2003, the OIG issued a white paper⁵² outlining vulnerabilities in the PERM, H-1B, H-2A, and H-2B visa programs. In 2020, we issued a similar report⁵³ that found rulemaking since 2003 had revamped the PERM, H-2A, and H-2B visa programs and addressed some of the vulnerabilities cited in audits and investigations by the OIG and GAO. Those same rules created challenges regarding DOL's responsibilities, specifically, implementing employer attestation programs. Additionally, DOL continues to have limited authority over the H-1B and PERM programs, which challenges the goal of protecting the welfare of the nation's workforce.

The statute limits DOL's ability to deny H-1B applications and to investigate potential violations. Specifically, DOL may only deny incomplete and obviously inaccurate H-1B applications and has only limited authority to conduct H-1B investigations in the absence of a complaint. DOL established a process for information-sharing between U.S. Citizenship and Immigration Services and the Wage and Hour Division related to Secretary-initiated H-1B investigations. The PERM program itself is persistently vulnerable to employers not complying with its qualifying criteria. Therefore, both the PERM and H-1B programs remain prone to fraud.

The H-1B visa program, which allows U.S. employers to temporarily hire foreign workers in specialty occupations such as software engineers, software developers, or systems analysts, has significant vulnerability. 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

⁵² Overview and Assessment of Vulnerabilities in the Department of Labor's Alien Labor Certification Programs, Report No. 06-03-007-03-321 (September 30, 2003), available at: <https://www.oig.dol.gov/public/reports/oa/2003/06-03-007-03-321.pdf>

⁵³ Overview of Vulnerabilities and Challenges in Foreign Labor Certification Programs, Report No. 06-21-001-03-321 (November 13, 2020), available at: <https://www.oig.dol.gov/public/reports/oa/2021/06-21-001-03-321.pdf>

obviously inaccurate.”⁵⁴ The OIG continues to investigate and discover various fraud schemes within the H-1B program, including labor leasing,⁵⁵ benching of foreign workers,⁵⁶ and wage kickbacks.⁵⁷ In addition, the Wage and Hour Division is generally limited by statute⁵⁸ to conducting investigations of alleged H-1B violations only when a complaint has been filed. That puts tremendous pressure on and increases the risk for vulnerable individuals as foreign workers are generally reluctant to file complaints in fear of retaliation and losing their jobs.

The H-2B program, which allows U.S. employers to hire foreign workers for temporary or seasonal jobs, has seen rising demand while the availability of visas remains limited. The increase in applications impacts DOL’s ability to process applications in a timely manner. These increases can temporarily overload FLC’s case processing and increase the risk of delays. DOL is challenged to balance a thorough review of H-2B visa applications with the need to timely process these applications to meet workforce demands.

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, unlike the H-2A and H-2B programs, to validate the integrity of employers’ attestations. On its end, the Wage and Hour Division 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. In addition to providing more search capabilities that tailor results to the geographic location of U.S. workers, the website was designed to

⁵⁴ According to 8 U.S.C. § 1182(n) and (t)

⁵⁵ Labor leasing is when workers are provided to a third party that usually offers limited or no benefits to the workers and for a limited time.

⁵⁶ Benching of foreign workers is when employers, during a period of low productivity or otherwise slow business, refuse to pay foreign workers their wages, also known as “benching” them.

⁵⁷ Wage kickbacks are 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 employer-employee relationship required by U.S. Citizenship and Immigration Services 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 the petitioning employer.

⁵⁸ Under the Immigration and Nationality Act, before the Secretary may investigate an employer of H-1B workers, the Secretary must either: (a) have already found an employer to have willfully failed to meet the statutory requirements or (b) receive specific credible information from a known source likely to have knowledge of an employer’s non-compliance or willful violations.

integrate employment postings with third-party job search websites to make these job opportunities more accessible to job seekers.

As of June 2023, ETA has transitioned the PERM application process to the FLAG system and updated the PERM application forms. According to the Wage and Hour Division, the Department has established a process to initiate Secretary-certified H-1B investigations and entered into a memorandum of agreement with DHS to allow the following information to be shared with the Wage and Hour Division: DHS data and U.S. Citizenship and Immigration Services referrals of suspected violations of the terms of H-1B 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 U.S. Department of State 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.
- 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.⁵⁹
- 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:

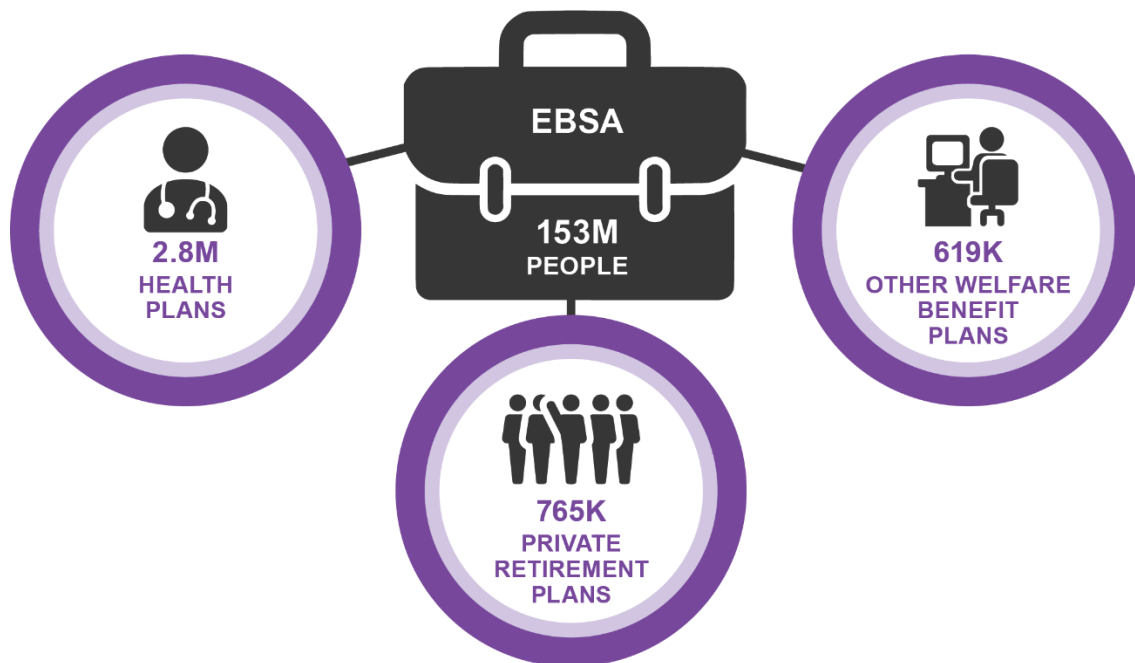
⁵⁹ As required of DOL and DHS, according to Executive Order 13940, Aligning Federal Contracting and Hiring Practices with the Interests of American Workers, issued on August 3, 2020

- 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.
- Investigate whether PERM workers are still working for the employers designated in the applications.

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 153 million workers, retirees, and their families under the Employee Retirement Income Security Act of 1974 (ERISA).⁶⁰ The agency's responsibilities include enforcement authority over approximately 2.8 million health plans, 765,000 private retirement plans, and 619,000 other welfare benefit plans, which altogether hold approximately \$12.8 trillion in assets. It also has interpretive and regulatory responsibilities for Individual Retirement Accounts, which hold about \$10.8 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 6.85 million federal employees and uniformed military service members participating and \$814 billion in assets according to EBSA as of July 31, 2023.⁶¹

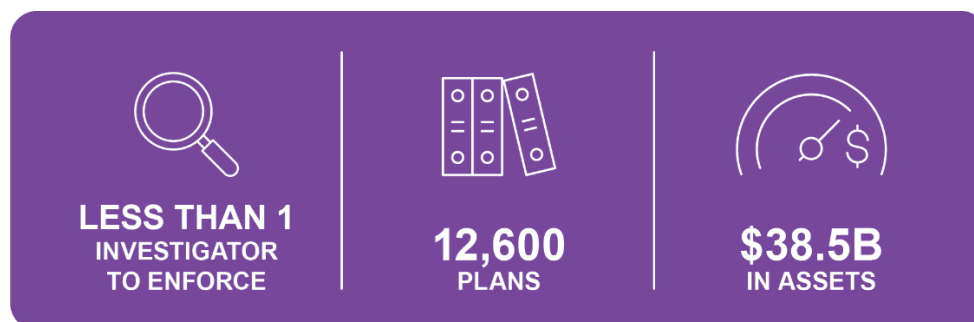
⁶⁰ ERISA is a federal law that sets minimum standards for most voluntarily established retirement and health plans in private industry to protect individuals in these plans.

⁶¹ The total value of TSP assets fluctuates over time and is affected by market volatility. For example, according to TSP financial statements, the asset value was \$726 billion as of December 31, 2022, as compared to \$814 billion as of July 31, 2023, according to EBSA.

Challenge for the Department

EBSA faces the challenge of how to allocate limited resources in a way that will maximize its efforts. For example, at current staffing levels, EBSA has the enforcement capacity of less than 1 investigator for every 12,600 plans and \$38.5 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' 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,
 - price transparency,
 - fee disclosure,
 - prescription drug coverage reporting,
 - air ambulance reporting, and
 - parity in the provision of mental health and substance use disorder benefits; and
- requirements mandated by the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE 2.0 Act of 2022).



EBSA also faces the challenge of ensuring that group health plans and insurance providers, affecting approximately 134.2 million workers and their families, comply with mental health parity requirements. The Mental Health Parity and Addiction Equity Act of 2008 requires most plans and health insurance companies to cover mental health and substance use disorder benefits in a similar way that they cover benefits for physical health. This is critical as workers suffering from mental health and substance use disorder conditions are often economically and socially disadvantaged with limited resources to access and pay for care when benefits have been improperly denied or limited.

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. Past OIG work⁶² revealed that as much as \$3 trillion in pension assets—including an estimated \$800 billion in

⁶² EBSA Needs to Provide Additional Guidance and Oversight to ERISA Plans Holding Hard-to-Value Alternative Investments, Report No. 09-13-001-12-121 (September 30, 2013), available at: <https://www.oig.dol.gov/public/reports/oa/2013/09-13-001-12-121.pdf>

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. In 2019, the American Institute of Certified Public Accountants replaced limited-scope audits with ERISA Section 103(a)(3)(C) audits and imposed new performance requirements on plan management and auditors. However, it is unclear how these changes impact EBSA’s oversight of the vast amount of pension assets it oversees. In FY 2024, the OIG plans to follow up on our previous work on EBSA’s oversight of limited-scope audits.

Additionally, EBSA has limited legal authority to enforce its oversight of \$814 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.

Department’s Progress

EBSA is currently reviewing plans for compliance, which includes using a service provider approach to correct violations. In addition, 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 ERISA-covered plans, such as 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:

- 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.
- 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.

- 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 more than 100 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. 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 2015⁶³ and 2017⁶⁴ 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.

Further, Job Corps' participants can range in age from 16 to 27 years old.⁶⁵ The significant age range poses a number of challenges. Given the occurrence of sexual assaults and harassment on center campuses, there is an inherent risk with having adults cohabitate with minors. The OIG is currently performing an audit focused on whether Job Corps ensured the safety of and mitigated program disruptions involving its minor students.

In addition to physical security protocols, part of establishing a safe, secure, and healthy learning environment entails Job Corps considering how the program can better serve students facing difficulties, such as those attributed to substance abuse and mental health—which frequently occur in tandem. Our audit from 2021⁶⁶ found that center staff reported a high prevalence of issues related to both mental health and substance abuse among students. We also found that center personnel frequently attributed student and staff safety issues with mental health or substance abuse or both. Moreover, the number of students experiencing these issues has steadily increased over time. The use of fentanyl, a highly dangerous drug, is also an emerging concern.

⁶³ Job Corps Needs to Improve Enforcement and Oversight of Student Disciplinary Policies to Better Protect Students and Staff at Centers, Report No. 26-15-001-03-370 (February 27, 2015), available at:

<https://www.oig.dol.gov/public/reports/oa/2015/26-15-001-03-370.pdf>

⁶⁴ Review of Job Corps Center Safety and Security, Report No. 26-17-001-03-370 (March 31, 2017), available at:

<https://www.oig.dol.gov/public/reports/oa/2017/26-17-001-03-370.pdf>

⁶⁵ Individuals aged 16 through 24 years are eligible to enroll in Job Corps and, once enrolled, can be in training for up to 3 years before finishing the program.

⁶⁶ Job Corps Should Improve Its Pre-Admission Evaluation Process, Report No. 05-21-001-03-370 (March 25, 2021), available at: <https://www.oig.dol.gov/public/reports/oa/2021/05-21-001-03-370.pdf>

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. As Job Corps attempts to adjust its operations to post-pandemic conditions, it must ensure the continued health and safety of students and staff on-site at its centers. Although Job Corps has resumed on-campus operations at its centers, it must ensure it is prepared to deal with future outbreaks or pandemics.



Department's Progress

Our follow-up work completed in December 2017⁶⁷ 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. Job Corps indicated that its center entry screening process has resulted in increasing reports of students being caught attempting to bring weapons into centers.

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:

- Ensure existing policies and procedures are periodically reviewed and monitored for compliance.
- 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:

⁶⁷ Job Corps Took Action to Mitigate Violence, Drugs, and Other Student Misconduct at Centers, But More Needs to Be Done, Report No. 26-18-001-03-370 (December 29, 2017), available at: <https://www.oig.dol.gov/public/reports/oa/2018/26-18-003-03-370.pdf>

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

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. Of key interest, during FY 2022, OWCP paid medical benefits in the amounts of \$716 million under the Federal Employees' Compensation Act (FECA) and more than \$1 billion under the Energy Employees Occupational Illness Compensation Program Act (Energy Workers).

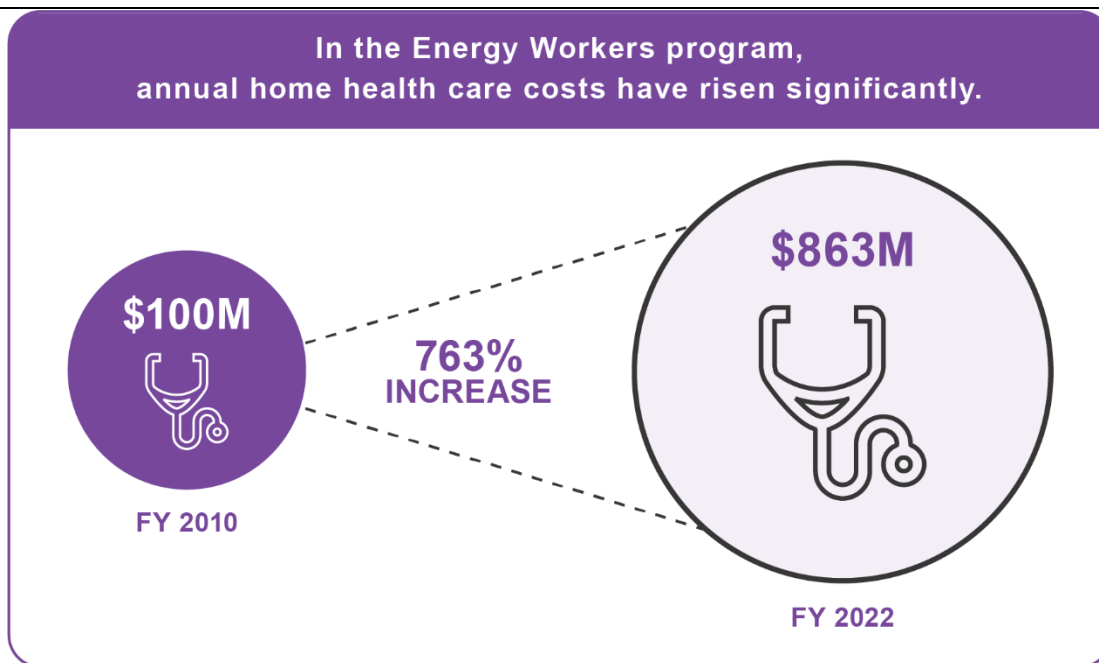
Challenge for the Department

OWCP is challenged to effectively manage medical benefits in its workers' compensation programs due to the high risk of fraud, waste, and abuse. These challenges include effectively managing the use and cost of pharmaceuticals in the FECA program and in ensuring the necessity and appropriateness of home health care costs in the Energy Workers program.

Our audit work in the FECA program continues to identify concerns with OWCP's management of pharmaceuticals. In March 2023,⁶⁸ we reported OWCP did not effectively manage pharmaceutical spending in the FECA program from FY 2015 through FY 2020. We found OWCP did not pay the best available prices for prescription drugs, which resulted in up to \$321 million in excess spending during the audit period. OWCP also did not effectively monitor pharmaceutical policy changes to ensure implementation, which resulted in claimants receiving thousands of inappropriate prescriptions and potentially lethal drugs, including 1,330 prescriptions for fast-acting fentanyl after issuing a policy that restricted its use. We also found OWCP did not timely identify and address emerging issues and did not perform sufficient oversight of prescription drugs that are highly scrutinized and rarely covered in workers' compensation programs. As a result, OWCP spent hundreds of millions of dollars on drugs that may not have been necessary or appropriate for FECA claimants.

In the Energy Workers program, annual home and residential health care costs have risen from almost \$100 million in FY 2010 to approximately \$863 million in FY 2022, comprising approximately 82 percent of all medical benefits paid by the program in FY 2022. 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.

⁶⁸ OWCP Did Not Ensure Best Prices and Allowed Inappropriate, Potentially Lethal Prescriptions in the FECA Program, Report No. 03-23-001-04-431 (March 31, 2023), available at: <https://www.oig.dol.gov/public/reports/oa/2023/03-23-001-04-431.pdf>



Department's Progress

OWCP has taken actions to better manage pharmaceuticals in the FECA program. In 2021, OWCP contracted with a pharmacy benefit manager⁶⁹ to be responsible for pharmaceutical transactions, including implementation of FECA eligibility determinations and pricing for prescription drugs, and implemented new prescription management policies and a drug formulary system. The new prescription management policies require prior authorizations for non-formulary medications, brand name drugs, opioids outside the established policy, and specialty and compounded drugs. OWCP also enhanced its opioid policies by requiring drug utilization reviews, setting quantity limits on initial fills and subsequent refills, and notifying claimants and prescribers of potential therapeutic concerns such as excessive doses. According to OWCP, use of the pharmacy benefit manager saved approximately \$87.9 million on medications in FY 2022.

In addition, 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 make referrals to the OIG for investigation.

What Remains to Be Done

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

⁶⁹ Pharmacy benefit managers are third-party administrators of prescription drug programs, primarily responsible for: developing and maintaining formularies, which include an approved listing of prescriptions; negotiating discounts and rebates with drug manufacturers; and processing and paying prescription drug claims.

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- 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 before they become critical issues.

For the FECA program, OWCP needs to:

- Analyze and monitor FECA costs to promptly detect and address problems given the high risk of fraud and abuse related to prescription payments.
- Evaluate alternate pricing methodologies and other sources regularly and update its pricing methodology as appropriate to ensure competitive prices.
- Monitor closely the performance of its pharmacy benefit manager contractor to ensure appropriate price and savings.
- Monitor the effectiveness of policy and process changes related to claimant prescriptions to ensure appropriate implementation.

For the Energy Workers program, OWCP needs to:

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

CHALLENGE: Managing and Securing Data and Information Systems

Background

The Department and its program agencies depend on reliable and secure 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 2023, the Department invested an estimated \$795 million in IT to implement services and functions needed to safeguard the U.S. workforce.

Between 2019 and 2021, the Department moved from its decentralized IT management and operations to an IT shared services model that centralized IT for approximately 70 percent of its information systems under the Office of the Assistant Secretary for Administration and Management. Currently, the information systems of the Bureau of Labor Statistics and the Office of Job Corps are the largest agencies not integrated into DOL's IT Shared Services.

Challenge for the Department

The Department continues to be challenged in securing and managing data and information systems, particularly in the following areas: (1) maintaining an effective information security program;

(2) implementing, utilizing, and securing emerging technologies; and (3) governing a vast IT portfolio to meet DOL and its program agencies' needs and expectations.

While the Department has moved its information systems to a centralized IT shared services model to improve management and security of its systems, DOL remains challenged to adequately implement information security controls and technology tools required to manage and monitor IT security. We continue to identify recurring deficiencies in the Department's efforts to manage and implement security controls throughout its information security program. In our 2023 audit of DOL's information security program,⁷⁰ we identified deficiencies in two of the five information security functional areas as defined by the National Institute of Standards and Technology (NIST) Cybersecurity Framework (Identify and Protect). We found DOL's security program had deficiencies in maintaining policies and procedures to comply with current federal requirements, oversight reviews, configuration management, insufficient vulnerability testing, and contingency testing. Additionally, the Department was unable to close 31 of its prior year FISMA recommendations. These deficiencies continue to hinder the Department in identifying security weaknesses; protecting its systems and data; and detecting, responding to, and recovering from incidents.

The Department will continue to be challenged to effectively implement, utilize, and secure new and emerging technologies, including artificial intelligence, advanced analytics, robotic process automation, quantum computing, low-code technology, and the Internet of Things. DOL struggles in its ability to implement new requirements into its IT practices and programs. The Department has not demonstrated the ability to effectively implement new standards for securing federal data and information systems, such as those applicable to zero trust architecture and supply chain.



We also have continuing concerns about the Department's IT governance 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

⁷⁰ Under the Federal Information Security Modernization Act of 2014 (FISMA), the OIG is required to perform annual independent evaluations of the Department's information security program and practices.

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 or Deputy Secretary as required by law.

Ultimately, 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. Further, we are still concerned the remaining systems and agencies that are not part of the IT Shared Services environment are not receiving the governance and oversight required to sufficiently secure all of DOL's data and information systems.

Department's Progress

The Department has shown improvement in managing and securing IT as part of its shared services model. DOL continues 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 shared services environment under the Office of the Assistant Secretary for Administration and Management, and this includes realigning information processes and personnel.

What Remains to Be Done

DOL needs to improve its governance and management over all of DOL agencies' IT and systems. To improve the security of its information systems, 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.
- 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 the Office of the Assistant Secretary for Administration and Management for its information technology, the Department needs to:

- Incorporate the remaining information systems into DOL's IT Shared Services model.

- 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 2023 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 financial reporting 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.		

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](#) (5/19/2023). For FY 2023 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

DOL 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, determining eligibility, establishing weekly benefit amounts, 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, after discussion with OMB, ETA has applied the regular UI improper payment rate to the FPUC and PEUC benefit outlays since FY 2021 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. The Department has continued to include PEUC in regular UI program reporting in FY 2023. PEUC net outlays of \$33 million consist of wind-down operations. DOL is including in its OMB Payment Integrity DataCall responses the negative amount of outlays in FPUC (negative \$82 million) to provide transparency for this high-profile pandemic program. The negative value reflects the impact of states recovering overpayments and reconciling accounts that exceed payouts for the reporting period for this expired pandemic-related benefit. These recovery audit recoveries will be reflected in the OMB DataCall’s Agencywide Survey per the guidance received. This negative net outlay was not used to artificially reduce normal UI program reported outlays or IP estimates.

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 2023 reporting (July 1, 2022 through June 30, 2023), were: Benefit Year Earnings (BYE), Separation Issues, and Work Search IP. The UI IP rate and amount will be published on [PaymentAccuracy.gov](#)

The UI program's reduction target for FY23 was 17.5%. For FY24, the reduction target remains at 15.0%.

Pandemic Unemployment Assistance Program

The PUA program was determined "susceptible" in FY 2021. DOL submitted a Sampling and Estimation Methodology Plan (S&EMP) for estimating the PUA program's improper payment rate and amount to the OMB on June 30, 2022. In October 2022, OMB requested that DOL conduct further analysis of the outcomes recorded through the PUA case review process. OMB and DOL agreed to collaborate in conducting this additional analysis. In direct collaboration with OMB, the Employment and Training Administration (ETA) updated the PUA S&EMP. OMB accepted the update and it was [published](#), along with the IP estimation, on August 21, 2023. The report on the S&EMP and resulting estimation is located at:

https://oui.doleta.gov/unemploy/pdf/Pandemic_Unemployment_Assistance_Improper_Payment_Rate_Report.pdf. This S&EMP covered payments made over the full span of the PUA program's existence in law. Since this methodology reflects a one-time review of claims for the full span of the program's existence, ongoing reporting in FY 2024 is neither possible nor appropriate.

The PUA program expired in law on September 6, 2021. There are no ongoing benefit payments for the current or future reporting periods, therefore a reduction target is not possible.

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 2023 efforts included providing 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 see the FY 2023 [UI Integrity Strategic Plan](#).

Payment integrity information and IP estimation plans for UI and PUA can be found at:

- **UI** - https://oui.doleta.gov/unemploy/improp_pay.asp
- **PUA** - https://oui.doleta.gov/unemploy/pdf/Pandemic_Unemployment_Assistance_Improper_Payment_Rate_Report.pdf

Recovery of UI Overpayments

The UI Integrity Strategic Plan also includes 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, 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. Overpayment recovery is critical to protect both state UI trust funds and federal funds and ETA has reminded states that overpayment recovery must be given the same priority as fraud prevention and detection activities. Many states may waive recovery of non-fraud overpayments when it is without fault of the individual and 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](#), and Section 5 of [UIPL No. 13- 20, Change 2](#));
- Treasury Offset Program (TOP) (Bipartisan Budget Act of 2013, [UIPL Nos. 02-19, 12-14](#), and 04-20);
- 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:

- Negotiating repayment plans;
- Accepting repayments through various methods (e.g., online, via debit/credit card);
- State Income Tax Offset Program;
- Wage garnishments;
- Property liens and assessments;
- Offsets of lottery winnings, homestead exemptions, and other benefits;
- Active participation in probate and/or bankruptcy proceedings regarding an individual with an outstanding overpayment;
- Skip tracing;
- Work proactively and collaboratively with banks and financial institutions to detect suspicious activity, ensure that accounts are not unduly suspended, and recover overpayments ([UIPL No. 19-21](#));
- Civil actions;
- Credit bureau referrals;
- State/federal prosecution;
- Penalties and interest on overpayments in compliance with state and federal law;
- Collection agency referrals when state staff is limited, or debt is uncollectable by other means;
- Implementing a voluntary fraud self-disclosure program; and
- Other recovery methods as determined by state law or policy.

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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, 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, 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 FYs 2023 and 2022**

Program	2023		2022	
	Cost	Part. Served	Cost	Part. Served
TAP ⁽¹⁾	\$ 41,966	272.7	\$ 35,987	271.2
JVSG ⁽²⁾	204,706	44.7	187,278	43.5
HVRP ⁽³⁾	83,793	17.4	71,457	16.9
USERRA ⁽⁴⁾	19,953	15.1	15,399	7.2
TOTAL (5), (6)	\$ 350,418	349.9	\$ 310,121	338.8

- (1) Source: TAP participants served includes participants from all instructor-led TAP courses and pilots from October 1st through September 30th of the corresponding fiscal year.
- (2) Source: Workforce Integrated Performance System (WIPS) JVSG participants served count from July 1st through June 30th of the corresponding fiscal year.
- (3) Source: Quarterly grantee Technical Performance Reports (TPRs) as of program year ending June 30th of the corresponding fiscal year.
- (4) 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.
- (5) Total costs for labor, employment, and pension standards are not reported.
- (6) Total costs reflect administrative costs.

Program Outcomes

Outcomes for the VETS programs will be presented in the Department's Annual Performance Report for FY 2023, available in February 2024 on the DOL website at: <https://www.dol.gov/general/aboutdol#budget>.

(Unaudited)

Table CMP 1: Civil Monetary Penalty Inflation Adjustment

Table CMP 1 below describes Department’s current civil monetary penalties, their authorities, year enacted, latest year of adjustments, current penalty level amounts, and additional details (88 FR 2210-2222, January 13, 2023).

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	2023	\$36 per employee per failure.	EBSA	govinfo.gov 88 FR 2219-2220 (January 13, 2023)
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	2023	Maximum \$2,586 per day per failure/refusal.	EBSA	govinfo.gov 88 FR 2219-2220 (January 13, 2023)
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	2023	Maximum \$2,046 per day per failure.	EBSA	govinfo.gov 88 FR 2219-2220 (January 13, 2023)

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>	1996	2023	Maximum \$1,881 per day per failure.	EBSA	<p>govinfo.gov</p> <p>88 FR 2219-2220 (January 13, 2023)</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>	1997	2023	Maximum \$184 per day not to exceed \$1,846 per request.	EBSA	<p>govinfo.gov</p> <p>88 FR 2219-2220 (January 13, 2023)</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>	2002	2023	Maximum \$164 per day per failure.	EBSA	<p>govinfo.gov</p> <p>88 FR 2219-2220 (January 13, 2023)</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>	2006	2023	Maximum \$1,624 per day per failure.	EBSA	<p>govinfo.gov</p> <p>88 FR 2219-2220 (January 13, 2023)</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>2023</p>	<p>Maximum \$137 per day per failure.</p>	<p>EBSA</p>	<p>govinfo.gov</p> <p>88 FR 2219-2220 (January 13, 2023)</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>2023</p>	<p>Maximum \$137 per day per failure.</p>	<p>EBSA</p>	<p>govinfo.gov</p> <p>88 FR 2219-2220 (January 13, 2023)</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>2023</p>	<p>\$137 per day per participant and beneficiary during noncompliance period.</p>	<p>EBSA</p>	<p>govinfo.gov</p> <p>88 FR 2219-2220 (January 13, 2023)</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>	2008	2023	Minimum \$3,439 per participant or beneficiary for de minimis failures not corrected prior to notice from Department of Labor.	EBSA	<p>govinfo.gov</p> <p>88 FR 2219-2220 (January 13, 2023)</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>	2008	2023	Minimum \$20,641 per participant or beneficiary for non- de minimis failures not corrected prior to notice from Department of Labor.	EBSA	<p>govinfo.gov</p> <p>88 FR 2219-2220 (January 13, 2023)</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>	2008	2023	Maximum \$688,012.	EBSA	<p>govinfo.gov</p> <p>88 FR 2219-2220 (January 13, 2023)</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>	2014	2023	Maximum \$126 per day, per failure.	EBSA	<p>govinfo.gov</p> <p>88 FR 2219-2220 (January 13, 2023)</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>2023</p>	<p>Maximum \$19,933 per distribution.</p>	<p>EBSA</p>	<p>govinfo.gov</p> <p>88 FR 2219-2220 (January 13, 2023)</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>2023</p>	<p>Maximum \$1,362 per failure.</p>	<p>EBSA</p>	<p>govinfo.gov</p> <p>88 FR 2219-2220 (January 13, 2023)</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>2023</p>	<p>Maximum \$85,580.</p>	<p>MSHA</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2219 (January 13, 2023)</p>

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<p>30 U.S.C. 801 et seq</p> <p>30 C.F.R. 100.3(g)</p>	<p><u>Federal Mine Safety and Health Act of 1977 (Mine Act).</u></p> <p>Regular assessment. Penalty conversion table. The penalty conversion table is used to convert the total penalty points to a dollar amount.</p>	<p>1978</p>	<p>2023</p>	<p>Minimum \$159, Maximum \$85,580.</p>	<p>MSHA</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2219 (January 13, 2023)</p>
<p>30 U.S.C. 801 et seq</p> <p>30 C.F.R. 100.4(a)</p>	<p><u>Federal Mine Safety and Health Act of 1977 (Mine Act).</u></p> <p>Unwarrantable failure and immediate notification. Penalty for any citation or order issued under section 104(d)(1) of the Mine Act.</p>	<p>2006</p>	<p>2023</p>	<p>Minimum \$2,853.</p>	<p>MSHA</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2219 (January 13, 2023)</p>
<p>30 U.S.C. 801 et seq</p> <p>30 C.F.R. 100.4(b)</p>	<p><u>Federal Mine Safety and Health Act of 1977 (Mine Act).</u></p> <p>Unwarrantable failure and immediate notification. Penalty for any order issued under section 104(d) (2) of the Mine Act.</p>	<p>2006</p>	<p>2023</p>	<p>Minimum \$5,703.</p>	<p>MSHA</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2219 (January 13, 2023)</p>
<p>30 U.S.C. 801 et seq</p> <p>30 C.F.R. 100.4(c)</p>	<p><u>Federal Mine Safety and Health Act of 1977 (Mine Act).</u></p> <p>Unwarrantable failure and immediate notification. Penalty for failure to provide timely notification to the Secretary under section 103(j) of the Mine Act.</p>	<p>2006</p>	<p>2023</p>	<p>Minimum \$7,133, Maximum \$85,580.</p>	<p>MSHA</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2219 (January 13, 2023)</p>

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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	2023	Maximum \$9,271.	MSHA	https://www.ecfr.gov 88 FR 2219 (January 13, 2023)
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 or carrying of smoking materials.	1977	2023	Maximum \$391 each occurrence.	MSHA	https://www.ecfr.gov 88 FR 2219 (January 13, 2023)
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	2023	Maximum \$313,790.	MSHA	https://www.ecfr.gov 88 FR 2219 (January 13, 2023)
29 U.S.C. 666(a) 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	2023	Minimum \$11,162, Maximum \$156,259.	OSHA	https://www.ecfr.gov 88 FR 2220 (January 13, 2023)

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29 U.S.C. 666(a) 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	2023	Maximum \$156,259.	OSHA	https://www.ecfr.gov 88 FR 2220 (January 13, 2023)
29 U.S.C. 666(b) 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	2023	Maximum \$15,625.	OSHA	https://www.ecfr.gov 88 FR 2220 (January 13, 2023)
29 U.S.C. 666(c) 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	2023	Maximum \$15,625.	OSHA	https://www.ecfr.gov 88 FR 2220 (January 13, 2023)
29 U.S.C. 666(d) 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	2023	Maximum \$15,625 per day.	OSHA	https://www.ecfr.gov 88 FR 2220 (January 13, 2023)
29 U.S.C. 666(i) 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	2023	Maximum \$15,625.	OSHA	https://www.ecfr.gov 88 FR 2220 (January 13, 2023)

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	2023	Maximum \$28,304 for each failure, refusal, false statement, or misrepresentation.	OWCP	https://www.ecfr.gov 88 FR 2221 - 2222 (January 13, 2023)
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	2023	\$345 for any violation.	OWCP	https://www.ecfr.gov 88 FR 2221 - 2222 (January 13, 2023)
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	2023	Minimum \$2,830, Maximum \$14,149.	OWCP	https://www.ecfr.gov 88 FR 2221 - 2222 (January 13, 2023)
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	2023	Maximum \$1,724 for each failure or refusal.	OWCP	https://www.ecfr.gov 88 FR 2221 - 2222 (January 13, 2023)

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<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	2023	\$169 per day.	OWCP	<p>https://www.ecfr.gov</p> <p>88 FR 2221 - 2222 (January 13, 2023)</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	2023	\$335 per day.	OWCP	<p>https://www.ecfr.gov</p> <p>88 FR 2221 - 2222 (January 13, 2023)</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	2023	\$504 per day.	OWCP	<p>https://www.ecfr.gov</p> <p>88 FR 2221 - 2222 (January 13, 2023)</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	2023	\$670 per day.	OWCP	<p>https://www.ecfr.gov</p> <p>88 FR 2221 - 2222 (January 13, 2023)</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	2023	\$169 per day.	OWCP	https://www.ecfr.gov 88 FR 2221 - 2222 (January 13, 2023)
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	2023	\$504 per day.	OWCP	https://www.ecfr.gov 88 FR 2221 - 2222 (January 13, 2023)
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	2023	Maximum \$3,446.	OWCP	https://www.ecfr.gov 88 FR 2221 - 2222 (January 13, 2023)
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	2023	\$31 for each calendar day.	WHD	https://www.ecfr.gov 88 FR 2220 - 2221 (January 13, 2023)

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<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>2023</p>	<p>Maximum \$24,793.</p>	<p>WHD</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</p>

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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	2023	Maximum \$1,240.	WHD	https://www.ecfr.gov 88 FR 2220 - 2221 (January 13, 2023)
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	2023	Minimum \$24, Maximum \$1,240.	WHD	https://www.ecfr.gov 88 FR 2220 - 2221 (January 13, 2023)
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	2023	Maximum \$15,138 for each employee.	WHD	https://www.ecfr.gov 88 FR 2220 - 2221 (January 13, 2023)
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	2023	Maximum \$68,801 for each such violation.	WHD	https://www.ecfr.gov 88 FR 2220 - 2221 (January 13, 2023)

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<p>29 U.S.C. 216(e)(2)</p> <p>29 C.F.R. 578.3(a)(2); 29 C.F.R. 579.1(a)(2)(i)</p>	<p><u>Fair Labor Standards Act (FLSA) Minimum Wage and Overtime.</u></p> <p>Repeated or willful violation of section 206 or 207 of FLSA, or section 6 (minimum wage) or section 7 (overtime) of the Act.</p>	1938	2023	Maximum \$2,374 for each such violation.	WHD	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</p>
<p>29 U.S.C. 216(e)</p> <p>29 C.F.R. 578.3(a)(1) 579.1(a)(2)(ii)</p>	<p><u>Fair Labor Standards Act (FLSA) Tipped Employees.</u></p> <p>Violation of the tip retention provisions of section 203(m)(2)(B).</p>	1938	2023	Maximum \$1,330 for each such violation.	WHD	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</p>
<p>29 U.S.C. 2619(b)</p> <p>29 C.F.R. 825.300(a)(1)</p>	<p><u>Family & Medical Leave Act (FMLA).</u></p> <p>Willful violation of posting requirement.</p>	1993	2023	Maximum \$204 for each separate offense.	WHD	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</p>
<p>8 U.S.C. 1288(c)(4)(E)(i)</p> <p>20 C.F.R. 655.620 (a)</p>	<p><u>Immigration & Nationality Act (D-1).</u></p> <p>Violation of the attestation or 20 CFR 655 subparts F or G related to utilizing alien crew for longshore activities in U.S. ports.</p>	1952	2023	Maximum \$11,162 for each alien crewmember.	WHD	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</p>

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<p>8 U.S.C. 1182(n)(2)(c)(i)</p> <p>20 C.F.R. 655.810(b)(1)</p>	<p><u>Immigration & 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>2023</p>	<p>Maximum \$2,232 per violation.</p>	<p>WHD</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</p>

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<p>8 U.S.C. 1182(n)(2)(c)(ii)</p> <p>20 C.F.R. 655.801(b)</p>	<p><u>Immigration & 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>2023</p>	<p>Maximum \$9,086.</p>	<p>WHD</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</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 & 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>2023</p>	<p>Maximum \$9,086 per violation.</p>	<p>WHD</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</p>

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<p>8 U.S.C. 1182(n)(2)(c)(iii)</p> <p>20 C.F.R. 655.810(b)(3)</p>	<p><u>Immigration & 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 § 655.805(a)(2) through (9) 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 (§ 655.805(a)(1)).</p>	1952	2023	Maximum \$63,600 per violation.	WHD	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</p>
<p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(c)</p>	<p><u>Immigration & 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	2023	Maximum \$2,045 per violation.	WHD	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</p>
<p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(c)(1)</p>	<p><u>Immigration & 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	2023	Maximum \$6,881.	WHD	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</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 & 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>2023</p>	<p>Maximum \$68,129 per worker.</p>	<p>WHD</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</p>
<p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(c)(4)</p>	<p><u>Immigration & 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>2023</p>	<p>Maximum \$136,258 per worker.</p>	<p>WHD</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</p>
<p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(d)</p>	<p><u>Immigration & Nationality Act (H-2A).</u></p> <p>Violation for failure to cooperate with a WHD investigation.</p>	<p>1952</p>	<p>2023</p>	<p>Maximum \$6,881 per investigation.</p>	<p>WHD</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</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. 1188(g)(2)</p> <p>29 C.F.R. 501.19(e)</p>	<p><u>Immigration & 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	2023	Maximum \$20,439 per violation per worker.	WHD	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</p>
<p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(f)</p>	<p><u>Immigration & 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	2023	Maximum \$20,439 per violation per worker.	WHD	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</p>
<p>8 U.S.C. 1184(c)(14)</p> <p>29 C.F.R. 503.23(b)</p>	<p><u>Immigration & 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	2023	Maximum \$14,960 per violation.	WHD	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</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 & 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>2023</p>	<p>Maximum \$14,960 per violation.</p>	<p>WHD</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</p>
<p>8 U.S.C. 1184(c)(14)</p> <p>29 C.F.R. 503.23(d)</p>	<p><u>Immigration & Nationality Act (H-2B).</u></p> <p>Any other violation that meets the standards described in section 503.19.</p>	<p>1952</p>	<p>2023</p>	<p>Maximum \$14,960 per violation.</p>	<p>WHD</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</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>2023</p>	<p>Maximum \$2,951 for each violation.</p>	<p>WHD</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</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>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>	<p>2020</p>	<p>2023</p>	<p>Maximum \$57,224 per violation, and/or any other remedies assessed.</p>	<p>WHD</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</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>	<p>1936</p>	<p>2023</p>	<p>\$31 per day for each person under 16 years of age or each convict laborer knowingly employed.</p>	<p>WHD</p>	<p>https://www.ecfr.gov</p> <p>88 FR 2220 - 2221 (January 13, 2023)</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, 2023 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, 2023.

Description	Awards with Zero Dollar and Undisbursed Balances as reported in PMS*							
	2-3 Years (FY 2021)		4-5 Years (FY 2019 -2020)		More than 5 Years (FY 2018 and Before)		Total	
	Awards	Amount	Awards	Amount	Awards	Amount	Awards	Amount
Total Zero Dollar Balances	42	-	81	-	83	-	206	-
Total Undisbursed Balances	25	\$ 1,204,313	43	\$ 4,300,235	86	\$ 8,243,314	154	\$ 13,747,863
Total Zero Dollar and Undisbursed Balances	67	\$ 1,204,313	124	\$ 4,300,235	169	\$ 8,243,314	360	\$ 13,747,863

*The expiration age is calculated based on the FY 2023 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 FY 2023 total number of awards and balances, for which closeout has not yet occurred, but for which the period of performance has elapsed by two years, or more was decreased by 10 percent and 26 percent respectively compared with FY 2022. The disconnection between grants management and payments systems was the primary challenge that delayed the closeout of awards. The Department has robust procedures and dedicated resources to ensure the timely closeout of awards after the period of performance. Accordingly, the Department is aggressively working with HHS to expedite the closeout of the period of performance for elapsed awards.

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.

- <https://www.dol.gov/open/sustainability>

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Julie A. Su – Acting Secretary of Labor

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- Mine Safety and Health Administration www.msha.gov
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- Veterans' Employment and Training Service www.dol.gov/vets/
- Wage and Hour Division www.dol.gov/whd/
- Women's Bureau www.dol.gov/wb/

DOL Regulations and Enforcement

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Acronyms

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

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

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



UNITED STATES DEPARTMENT OF LABOR