

**TESTIMONY BY  
U.S. SECRETARY OF LABOR THOMAS E. PEREZ  
BEFORE THE  
COMMITTEE ON EDUCATION AND THE WORKFORCE  
U.S. HOUSE OF REPRESENTATIVES  
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Introduction

Good morning, Chairman Kline, Ranking Member Scott, Members of the Committee. Thank you for this invitation and opportunity to testify before you today. In 20 months as Labor Secretary, it has been my pleasure to get to know many of you, and to work together constructively on important issues facing our nation's workers and employers.

I appear before you today with a great sense of optimism – about the direction of our economy and the role that the Labor Department can play in sustaining and further accelerating this recovery.

We've come a long way in the last six years. In the few months before President Obama took office, the economy was in free fall -- we had lost roughly two million jobs. Today, we have had five years – 60 consecutive uninterrupted months – of private sector job growth, to the tune of 12 million new jobs over that time. That's the longest such streak on record, and 2014 was the best year for job creation in the United States since 1999.

The wind is clearly at our back. The economic indicators are promising across the board. The current unemployment rate is 5.5 percent, down from 10 percent in the fall of 2009. 2014 was the first year in 30 years that the unemployment rate declined in every state in the nation. Consumer confidence is near a seven-year high. The deficit hasn't fallen this fast since the end of World War II. We're exporting more in American goods and services than ever before. The auto industry was almost left for dead in 2008, but today sales are high again. All of these factors are leading finally to a strengthening labor market – coming out of the Great Recession, there were nearly seven job seekers for each available position; today that ratio is less than two-to-one.

However, this isn't a time to celebrate, but rather to muster the resolve and find the common ground to do even better. We must do more to ensure that the fruits of this recovery are enjoyed by more people and more working families.

The President's FY 2016 Budget makes important investments in our nation's workers, recognizing that our economic success is directly linked to the well-being of our workers and their ability to compete in the global marketplace. The Budget invests in successful job training models, including apprenticeship, which can create pathways to good jobs and is used successfully by many of our global competitors. The Budget includes new resources for reemployment and eligibility assessments and services for workers who are likely to be out of

work for long periods, based on evidence that these services can shorten periods of unemployment and help workers get back on their feet more quickly. It also provides a 10 percent increase for the Department's enforcement agencies, giving them the staff and tools they need to protect the wages, safety and health, and retirement benefits of the Nation's workers.

The Budget builds on the bipartisan deal struck at the end of 2013, when policymakers came together to partially reverse sequestration and to pay for higher discretionary funding levels for both defense and non-defense areas with long-term reforms. The President's Budget reverses sequestration, paid for with a balanced mix of commonsense spending cuts and tax loophole closers, while also proposing additional deficit reduction that would put debt on a downward path as a share of the economy.

The President has made clear that he will not accept a budget that locks in sequestration going forward, which would bring real defense and non-defense funding to the lowest levels in a decade. As the Joint Chiefs and others have outlined, that would damage our national security. It would also damage our economy in the near-term and long-term by preventing us from making pro-growth investments in many areas, including efforts to upskill our workforce and help those still out of work find jobs, a key to our long-term prosperity.

### Preparing People for 21<sup>st</sup> Century Jobs

It starts with helping individuals acquire the skills and training they need to succeed in 21<sup>st</sup> century jobs. Last July, both parties in Congress came together to pass the Workforce Innovation and Opportunity Act (WIOA), the most significant reform of the workforce system since the late 1990s. I'm grateful to so many Members of this Committee for their leadership in crafting WIOA. It's further proof that cultivating and growing our human capital is not a Democratic or Republican idea; it's simply the smart thing to do in a complex and competitive global economy.

WIOA modernizes and streamlines workforce development, by building a more integrated system that links job seekers and workers with local and regional employers, education, and training services across core programs covered by the law. As I see it, the workforce system has two sets of customers – workers looking to move up the economic ladder and businesses who need talented workers in order to stay on the competitive cutting edge. WIOA recognizes and reinforces those two complementary roles. WIOA strengthens the partnerships that sustain the workforce system and the American Job Center network; fosters regional collaboration and sector strategies; provides access to proven training strategies, such as on-the-job training and apprenticeship; enhances services for individuals with barriers to employment, including individuals with disabilities, disconnected youth, and other vulnerable populations; provide common outcome measures for the core Federal programs covered by the law; and strengthens program evaluation and accountability to promote continuous improvement. There is a lot of work to be done before the majority of WIOA's requirements take effect in July,

and I look forward to working with all of you to ensure successful implementation of this landmark law.

WIOA is part of a fundamental transformation in the way we prepare people for the careers of today and tomorrow. More than ever before, we're taking a job-driven approach, building unprecedented partnerships with employers and making sure training programs connect ready-to-work Americans with ready-to-be-filled jobs. Guided by this principle of job-driven training, in 2014 the Labor Department invested aggressively in our workers and their potential. We put hundreds of millions in grant money on the street to help individuals upskill in a way that will allow them to move into jobs that are available right now, or will be available soon.

Among the Labor Department's investments were funds for community colleges, to help them enhance their capacity to provide adult learners with the credentials and certifications required to launch middle-class careers. Community colleges are a key piece of the workforce system, and that's why we invested nearly \$2 billion in the Trade Adjustment Assistance Community College and Career Training (TAACCCT) program, a program that we have implemented in partnership with the Department of Education. The two Departments believe that the TAACCCT program plays a major role in helping America's community colleges and other higher education institutions drive changes in designing and delivering programs that provide career pathways to good jobs for adult workers and meet employer needs for highly skilled workers in growth industries. I've been around the country visiting these campuses and seen this program at work. From aviation instruction in Tucson, to critical infrastructure training in rural North Carolina, to mechatronics programs in San Antonio, I've seen how these schools are using federal dollars to align their curricula with employers' needs and give their students the best shot at success in the job market. The President's FY2016 Budget includes \$200 million for an American Technical Training Fund that will be housed at the Department of Education and jointly administered by the Departments of Education and Labor and will build on much of the work of the TAACCCT program.

Even as the economy has recovered, long-term unemployment has remained stubbornly and unacceptably high. A little more than a year ago, I met Katherine Hackett, a single mother of two from Connecticut who found herself out of work for more than a year after a long and successful career in the health care field. She represents everything that's right about America – hard work, personal responsibility, contribution to community. But she was forced to wear a hat and coat around the house last winter because she couldn't afford to turn the thermostat above 58 degrees. Thanks to unemployment benefits, the Affordable Care Act, and the workforce system, Katherine turned things around, and now she puts on her coat every morning and heads to her new job at an orthopedic practice.

Long-term unemployment is one of those issues that keeps me up at night. There are so many individuals like Katherine out there who were just in the wrong place at the wrong time. Last summer in Cleveland, I met with a group of long-term unemployed workers. One has an MBA, but has been laid off several times since 2007 through no fault of her own. Her situation has

grown increasingly dire since her husband was diagnosed with Alzheimer's and had to close his business.

"I've got no quit in me," another Cleveland worker told me. So we're not quitting on him either. The President identified long-term unemployment as an important priority last year, and we invested \$170 million in a new grant program called Ready-to-Work, which supports innovative projects in 20 states and Puerto Rico connecting the long-term unemployed with training that leads to a skilled job in growing fields like IT, advanced manufacturing, health care, engineering and more. All of our efforts have begun to pay off – long-term unemployment, while still a major challenge, has fallen considerably. In April 2010, 6.8 million people had been out of work for 27 weeks or more; today, it's down to 2.7 million.

The President's FY2016 Budget includes \$16 billion over 10 years for High-Growth Sector Training and Credentialing Grants to provide more resources for training, which due to resource limitations is currently provided to only a small share of people who come into American Job Centers. This additional funding would double the number of recently unemployed individuals who can access training, up from 10 percent now, and help regions with high unemployment serve the long-term unemployed in times of recession. The proposal also includes dedicated funding to develop sector-specific credentials and assessments to more easily connect workers with jobs and ensure that training meets employers' actual skill needs.

We are also doing more to promote apprenticeship, a tried-and-true workforce investment model that for too long we have devalued in the United States, especially relative to global competitors. With the headwinds of the improving economy and the Department's efforts to reach more companies to start apprenticeships – we're already moving the needle, with the addition of 40,000 apprenticeships over the last year.

The fact is you don't need to start with a four-year college degree to find good, middle-class work. We need a renewed focus on the learn-while-you-earn apprenticeship approach, in which Registered Apprenticeship programs pair on-the-job training with classroom instruction provided by technical schools and community colleges. In fact, through our Registered Apprenticeship College Consortium, or RACC, co-managed with the Department of Education, graduates of Registered Apprenticeship programs can turn their years of on-the-job and classroom training into college credits toward an associate or bachelor's degree. I've seen Registered Apprenticeship programs prepare young people to be construction workers in Los Angeles, sheet metal workers in Boston, and commercial painters in inner-city Philadelphia. But apprenticeship isn't just for the building trades. In South Carolina, for example, tax credits and state-led investments are growing apprenticeships in all kinds of industries – health care, manufacturing and hospitality. Companies like CVS, BlueCross BlueShield and UPS have apprenticeship programs because they know it's a cost-effective way to build a top-notch workforce.

Later this year, we will award \$100 million in American Apprenticeship Grants, a new program designed to kick start new apprenticeship programs and take successful Registered

Apprenticeship models to scale through public-private partnerships. Among other things, we'll be looking to support efforts that expand apprenticeship in emerging fields and those designed to serve underrepresented populations, including minority communities, workers with disabilities, and women. We consider that \$100 million just a down payment. The President wants to double the number of Registered Apprenticeships over the next five years; and to that end his budget calls for an additional \$100 million in grants that would help states invest in strategies needed to expand apprenticeships and assist companies to start new apprenticeships, as well as a 4-year, \$2 billion proposal to expand and support innovative apprenticeship strategies.

### Giving Workers a Raise

Even as the economy has recovered impressively, it has not reversed a decades-long trend in wage stagnation among middle- and low-income families. To create opportunity and shared prosperity – to advance the President's middle-class economics agenda -- we have to help more people increase their incomes and make their paychecks go further.

It starts with a long-overdue increase in the Federal minimum wage for all workers, including tipped workers. The President first called on Congress to take this step more than two years ago, because he believes that no one who works full-time in the wealthiest nation on earth should have to raise their family in poverty. In the 1960s, you could actually support a family on one minimum wage salary, but over time inflation has eroded its value and purchasing power. While the minimum wage hasn't budged, the price of everything from a dozen eggs to a month's rent keeps going up.

Across the country, I have met with low-wage workers for whom every day is a struggle to get by. They are diligent and resilient. They take responsibility for themselves and their families. But no matter how hard they work, they fall further and further behind. Many of them need SNAP (formerly known as food stamps) or other forms of public assistance to get by. Often, they are one setback away from complete desperation. For you or me, car trouble and a trip to the repair shop are inconvenient; for many of them, it's a financial catastrophe

But in my travels, I don't just meet with low-wage workers; I meet with the men and women who sign their checks. And I've found that so many forward-looking employers are embracing higher wages, paying more even although the law doesn't require it, doing so as a matter of enlightened self-interest. From Costco to the Gap to Shake Shack, and the Ace Hardware store a few miles from here, businesses of all kinds have found that an investment in their workers is an investment in their own bottom line. They recognize that it translates into improved morale and greater productivity. It increases retention rates, thus cutting turnover and training costs. Besides, many of them recognize that in an economy driven by consumer demand, better paid workers mean more people with more money in their pockets to spend on all kinds of goods and services, which leads to stronger business growth and more jobs – a virtuous cycle. But we cannot rely on all employers to do the right thing – we know that there are some who will try any way they can to raise their profits at the expense of their workers.

Historically, increasing the minimum wage has been a bipartisan project. President Clinton worked with Speaker Gingrich to do it in the 1990s. President Bush came together with Speaker Pelosi to do it a decade later. Public opinion today clearly and convincingly favors increasing the minimum wage. Grassroots energy and momentum nationwide have moved states, counties and local governments to take action where Congress so far has not. Over the last two years, 17 states plus the District of Columbia have raised their own minimum wages, thus benefitting a total of seven million workers nationwide. On Election Day last November, Nebraska, South Dakota, Alaska, and Arkansas all passed ballot measures to increase their states' minimum wage. That is why we have to raise the national minimum wage even though a lot of states are raising their minimum wages, because whether a full time job lifts you out of poverty shouldn't depend on whether you've won the geographic lottery or not.

Absent Congress taking action, the Obama Administration has acted within its authority to increase the minimum wage for as many workers as possible. In February of last year, the President signed an executive order mandating a \$10.10 minimum wage for workers on new federal construction and service contracts, which will give a boost to those workers. It will also give a boost to taxpayers in the form of more effective and efficient service on government contracts that result from better paid workers on those contracts. The Department issued a final rule in October 2014 implementing the Executive Order, and the new rule took effect on the first of this year for all new covered contracts and replacements for expiring contracts with the Federal Government.

The Department is also using its regulatory authority, at the President's direction, to modernize the nation's rules on overtime pay, which have not kept up with inflation or with changes in the economy. The overtime rules have only been updated once since 1975. The basic premise of the overtime law that Congress enacted more than 75 years ago is pretty straightforward: if you work more, you should get paid more. But that basic principle is undermined in too many cases. The assistant manager at a fast food restaurant who puts in 60-70 hours a week for \$455 and spends almost all of their time performing the same work as the employees they supervise and who does not get overtime is getting a raw deal. We are updating the rule to prevent this situation. In so doing, we have conducted unprecedented levels of outreach, holding multiple listening sessions with employers and workers in a wide array of industries. We want to make sure that our proposal, which we expect to release in the coming months, is informed by as many stakeholder views as possible.

### Leading on Leave

Too many families nationwide see their income depleted – and their quality of life damaged – because of a medical emergency, or even something as joyous as the arrival of a new baby. Too many workers must make the painful choice between caring for themselves or their families and a paycheck they desperately need. These hard choices sap earning power from working families, tear at the family fabric, take workers—and let's face it, mostly women—out of the workforce, and hurt the growth potential of our entire economy.

All this is because, shockingly, we are the only industrialized nation on earth where paid family leave is not the law of the land. Countries from Canada to Australia, the UK to Japan— both progressive and conservative governments—are all leading on leave, while we're falling behind. They all recognize that paid family leave is good economic policy *and* good family policy. These other nations have figured out that robust paid leave policies can strengthen families, businesses and the overall economy. We can and should do the same.

When I was in Germany in October last year, I met a man named Jason. He's an American, raised in Ohio, but he's living and working in Germany. And he wants to stay there because he and his wife are planning to have their second child and they can't afford to give up the paid leave benefits that everyone working in Germany enjoys. Thousands of families from across the country have written to us at the Labor Department, and I have talked to many more, expressing their frustration that they are financially punished for taking home a new baby, that they have to jeopardize their economic security in order to give an elderly parent the care they need, or care for a husband or wife wounded in the military. I have also met with business leaders who see the positive effect on their bottom lines of having paid leave policies. They know it's not just the right thing to do, it's the smart thing to do.

How can we say we're for family values when so many mothers and fathers have to jeopardize their economic security to take a few weeks off from work after the birth of their child -- when we make it a luxury, reserved for the well-off, to care for a seriously ill loved one?

Workers covered by the Family and Medical Leave Act can take up to 12 weeks of unpaid time off without losing their jobs, but many cannot afford to lose income. A handful of States have enacted policies to offer paid leave. And The President has proposed more than \$2 billion in new funds to encourage states to develop paid leave programs, following the example of California, New Jersey and Rhode Island. This proposal will help these programs get off the ground by paying the administrative costs and up to half of benefits in up to five states for three years, as well as provide technical assistance and support to states that are still building the infrastructure they need to launch paid leave programs in the future. The Department will also use existing money to offer \$1 million for states to conduct paid leave feasibility studies. Last year, we awarded a total of \$500,000 in such grants to Massachusetts, Montana, Rhode Island and the District of Columbia.

Sick days laws are a sign of healthy governance—they lead to positive outcomes for the economy, for the health of workers, their families and for public health. We also have strong evidence that they do not lead workers to take unnecessary time off or impose harmful costs on employers. President Obama recently signed a Presidential Memorandum directing federal agencies to advance their employees up to 240 hours of sick leave for parents following the birth of placement of a child. Moreover, he's calling on Congress to pass legislation that would provide federal employees with six weeks of paid parental leave, and allow parents to use sick days to care for a healthy child following birth or adoption. Like any other employer, this can

help the federal workforce recruit and retain the top talent we need, and lower turnover and retraining costs.

The economy, the workforce and family needs have all changed dramatically in recent decades. More than 60 percent of mothers with kids under the age of 6 participate in the labor force, compared to less than 40 percent in 1975, and we are increasingly seeing folks caught in a “sandwich generation,” having to care for both their parents and their kids at the same time. We’re in the second decade of the 21<sup>st</sup> century, but our laws are stuck in a *Leave it to Beaver* era. We need to do much more to lead on leave.

### Creating Opportunity for Our Veterans

Helping our working families means doing everything we can for our veterans and their families who have sacrificed so much for our nation. The Labor Department’s collective resources and expertise are integrated with state workforce agencies and local communities to meet the employment and training needs of all Americans, including veterans, transitioning service members, members of the National Guard and Reserve, and their families. As the Federal government’s leader on veteran employment, the Veterans Employment and Training Service (VETS) ensures that the full resources of the Department are readily available for veterans and service members seeking to transition into the civilian labor force.

Our partnerships throughout the Labor Department extend VETS’ ability to achieve its mission, and bring all of its resources to bear for America’s veterans, separating service members, and their families. VETS’s mission is focused on four key areas: (1) preparing veterans for meaningful careers; (2) providing them with employment resources and expertise; (3) protecting their employment rights; and (4) promoting the employment of veterans and related training opportunities to employers across the country.

The Labor Department’s Employment and Training Administration administers the national workforce system – a system that supports economic growth and provides workers and employers with critical resources and support to maximize employment opportunities. Each year, more than 16.9 million Americans, including 1.2 million veterans, receive employment assistance through the workforce system at nearly 2,500 American Job Centers across the country. ETA and VETS fund the counselors in the American Job Centers (AJCs) who work directly with veterans on their employment and training needs. The Labor Department’s connection with state workforce agencies across the nation facilitates veterans’ employment with large national employers as well as small and medium sized businesses that do most of the hiring. Our long-established relationship with State Workforce Agencies is a partnership that delivers proven and positive results.

VETS contributes to the Administration’s commitment through the redesigned Transition Assistance Program (TAP). TAP is a collaborative effort led by the Departments of Labor, Veterans Affairs, and Defense, aimed at providing separating service members and their spouses with the training and support they need to transition successfully to the civilian



workforce. Through TAP, the Labor Department brings its extensive expertise in employment services to bear to provide a comprehensive three-day employment workshop at U.S. military installations around the world. Since the inception of the TAP program over 20 years ago, the Labor Department has provided training and services through Employment Workshops to over 2.6 million separating or retiring service members and their spouses. Last year, we conducted more than 6,600 Employment Workshops for over 207,000 participants at 206 military installations worldwide. Of the 207,000 participants, more than 9,000 were members of the National Guard and Reserve. In a recent survey for the TAP Employment Workshop, 91 percent of participants reported that they would use what they learned in their own transition planning and 89 percent reported that the Employment Workshop enhanced their confidence in transition planning.

VETS programs also provide training and facilitate placements for veteran job seekers. For Program Year 2013, 52.9 percent of veterans who received services through the Wagner-Peyser or Jobs for Veterans State Grants programs started employment during the first quarter after leaving the service. Of those job seekers, 81 percent retained employment in the second and third quarters and earned an average of \$17,243 during that six month period.

Additionally, a GAO study last year on the handling of federal veterans' discrimination and reemployment cases under the Uniformed Services Employment and Reemployment Rights Act (USERRA) indicates that our claimants are satisfied with our service throughout the investigation process, even for cases that are not resolved in their favor. VETS' investigators are trained to keep the claimant involved throughout the investigation, explaining the status, process, and critical issues. We concurred with GAO's recommendations regarding the customer satisfaction survey and VETS plans to conduct a customer satisfaction survey for USERRA claimants in FY 2015.

Our debt to our veterans means that every day we must support their successful transition into the civilian workforce through effective, targeted policies and programs that serve them as dutifully as they have served us. I trust that our team at the Labor Department feels that in their core, and that we will remain relentless in the pursuit of opportunity for our veterans.

#### New Tools and a New Approach to Enforce Wage Laws

The Labor Department is one of the federal government's largest law enforcement agencies. It is critical that we use our enforcement resources efficiently and effectively to achieve our mission of ensuring that workers receive the fair wages that they deserve. Enforcement matters, because the laws that you pass and the regulations that we promulgate to implement those laws, are only as good and as meaningful as our ability to make those words on a page a reality for American workers. Enforcement also levels the playing field for employers who play by the rules.

This has been a top priority from the beginning of the Obama Administration. The President has provided the Labor Department's Wage and Hour Division with the resources it needs to

hire and train hundreds of new enforcement personnel. We have increased our investigation force by more than one-third. But these important increases only bring us back to 1970s staffing levels when the labor force was significantly smaller. The President's FY 2016 budget continues this commitment, requesting \$277 million overall for the Wage and Hour Division, including a \$31.7 million increase for additional enforcement staff and support.

We have equipped our investigators with the modern tools they need to do their work. We've used data and evidence-based strategies to deploy them strategically. And we've also shifted the focus of our enforcement efforts. Instead of a purely reactive approach where we respond to incoming complaints, we have targeted investigations in industries where we know workers are vulnerable, and where they are often reluctant to raise their voices and exercise their rights. Not only does strategic enforcement yield very real results for working families, but it's also a more efficient use of resources. We've directed our resources to where the data and evidence show wage violations are most likely to occur, where emerging business models lend themselves to such violations, and where workers are least likely to exercise their rights. And the numbers tell us that our strategic enforcement efforts are working. Since 2009 we have recovered over \$1.3 billion in back wages for 1.5 million workers since 2009. In data released last month, WHD noted that in FY 2014, it had collected an average of more than \$659,000 in back wages for workers *every day* last year. That's enough for more than 3,500 working families to buy a week's groceries.

One of our highest-impact enforcement actions came last year against a Philadelphia-based sports bar chain called Chickie's and Pete's. Tipped employees are some of the most susceptible to wage violations, and in this case Chickie's and Pete's management unlawfully took tips from their workers and at times failed to pay them even the \$2.13 cash wage per hour the law requires for tipped workers. In the settlement, we were able to secure more than \$6.8 million in back wages and damages for over 1,150 employees.

But wage violations are pervasive, especially for low-wage workers, and so we must continue to step up our efforts and take our enforcement to the next level. We want and need to create ripple effects that impact compliance far beyond the workplaces where we are actually on the ground investigating. The goal is to ensure our investigation of a single employer resonates throughout that sector and influences the behavior of many other similar employers. In this way, we send a message about our vigilance, which acts as a credible deterrent, encouraging compliance with the law and protecting the interests of the overwhelming majority of employers who play by the rules and cannot afford to compete against those employers who cut corners and evade the law.

One way to leverage our enforcement resources is to identify the supply chain. The idea is to cause those at the top of the chain to evaluate the compliance practices of those below them; and to get them to think twice about whether it is worth the risk to their good name, and possibly their bottom line, to do business with a supplier or subcontractor who skirts the law.

It is important to recognize that the overwhelming majority of employers are on the up and up, committed to doing the right thing by their workers. It is a few bad apples doing a disproportionate share of the damage. Wage violations, in fact, undermine the competitiveness of those who are playing by the rules. And we hear often from law-abiding employers, recognizing their stake in enforcement and urging us to crack down against those who are distorting the playing field.

It is important to understand that our ultimate goal is compliance, not harsh penalties. That's why education and outreach are an essential part of our strategy. Since 2009, the Wage and Hour Division has conducted more than 10,000 outreach events and presentations – providing information and distributing materials about what the rules are and how not to run afoul of them. At the end of the day, the idea is not to punish; the idea is to work with employers to help them get it right.

### Keeping Our Workers Safe

Our enforcement efforts at the Labor Department importantly extend to workplace safety. The Occupational Safety and Health Administration (OSHA) and the Mine Safety and Health Administration work hard to help ensure that workers return home safe and sound at the end of every shift. I believe that workplace safety promotes profit and business growth and reject the false choice that says an employer must look out either for the financial well-being of its shareholders or the physical well-being of its workers. It can and must do both, with one reinforcing the other.

A recent report released by OSHA shows that even with workers' compensation benefits, injured workers' incomes are, on average, almost \$31,000 lower over 10 years than if they had not been injured. To give just one example of our safety enforcement efforts, OSHA recently levied a \$1.76 million fine against Wisconsin-based Ashley Furniture for repeated and willful safety violations. The company had not taken the necessary steps to protect its workers from dangerous woodworking machines, leading to more than 1,000 workplace injuries, including several amputations, over roughly a three-year period.

OSHA continues its commitment to protecting the rights of America's workers, including those who report work-related injuries or engage in other activities protected by law. Last year, OSHA completed more than 3,000 whistleblower investigations and awarded over \$35 million in back wages and other remedies to complainants who blew the whistle on unsafe working conditions and other potential violations of the law. Earlier this year, for example, OSHA issued the maximum punitive damage award permitted by law (\$250,000), as well as other relief, against Metro-North Railroad for violating the Federal Railroad Safety Act when it retaliated against an employee after he reported a knee injury. The employee's supervisor had told him, while in route to the hospital that reporting the injury would "ruin" his chances for career advancement in the company.

OSHA is also in the process of crafting a new regulation to protect workers from exposure to crystalline silica dust, a serious hazard identified by Labor Secretary Frances Perkins more than 80 years ago. Inhalation of the dust can lead to deadly silicosis, as well as lung cancer, kidney ailments, and other respiratory diseases. A proposed rule, developed in consultation with all stakeholders and based on rigorous scientific analysis, was released in the summer of 2013. We held hearings last year, solicited comments at multiple stages of the rulemaking process, and continue to move toward a final rule.

Last year saw a huge breakthrough in safety for the nation's coal miners. In 2014, the Labor Department's Mine Safety and Health Administration reported the lowest annual number of coal mining deaths ever recorded. MSHA also took a historic step forward in the effort to end black lung disease by issuing a final, life-saving rule, decades in the making, to reduce miners' exposure to respirable coal mine dust. To help prepare the industry for this rule, MSHA crisscrossed the country to work with operators to provide technical assistance and ensure a smooth transition. As a result, 99 percent of the respirable dust samples taken in the first five months after implementation of phase one of the rule have been in compliance with its requirements. More than 70,000 coal miners in the United States will now be able to breathe easier thanks to this new rule. My visit to Morgantown, West Virginia, for the announcement of the final rule was one of my most moving experiences as Labor Secretary. I will never forget the sound – the *click-click-click* of oxygen tanks attached to so many miners in the room. The President's FY 2016 Budget provides MSHA with the resources it needs to conduct statutorily required mine inspections, as well as target the nation's most dangerous mines.

I want to be clear that I know enforcement alone is not sufficient to protect our nation's workers. We have had a strong focus on compliance assistance—especially for small businesses—through education and outreach to the employer community. For example, in FY 2014, OSHA conducted more than 5,000 outreach activities for workers and employers, the Office of Federal Contract Compliance Programs (OFCCP) conducted 580 compliance assistance events and WHD held nearly 2,300 outreach actions.

### Helping Americans Retire With Dignity

Middle-class economics means ensuring that individuals can enjoy economic security after their working years are over. The Labor Department's Employee Benefits Security Administration (EBSA) is charged with ensuring that workers receive the retirement, health and other workplace benefits that allow them to rely on their health care benefits and retire with dignity.

This is not your grandfather's retirement. At a time when defined benefit pension plans are becoming less and less common, individual workers have to take on more responsibility for their own retirement savings. To help them navigate a complicated menu of investment options, more and more individuals rely on professional advice.

How to prepare for retirement is one of the most important decisions you make in life, just like a health care or legal decisions. When you go to the doctor or consult an attorney, you expect those professionals will provide informed, unbiased advice that is best for you.

But the same does not hold true in retirement savings. While most financial advisers are doing the right thing, many receive back-door payments for steering their clients to bad investments with high fees and low returns. Too often, the corrosive power of fine print, along with hidden fees and conflicted advice, can eat away like a chronic illness at hard-earned retirement savings.

To fix this problem, the President has directed the Labor Department to issue a new rule designed to protect investors and prevent abuse. The proposed rule we will be publishing in the next few months will modernize a nearly 40-year-old regulation, the fiduciary rule. And it would require retirement advisers to put the best interests of the clients they advise above their own financial interests. As Arthur Levitt, the longest serving chair of the Securities and Exchange Commission put it recently: this proposed regulation is “long, long overdue.”

We formally transmitted a draft rule to the Office of Management and Budget last month. Until it is published, we cannot provide specific details on the rule. But it is the product of substantial, robust outreach to a wide range of stakeholders who have provided invaluable input. We have consulted extensively with the financial services industry as well as other key stakeholders, like some of the largest corporate plan sponsors, financial planners who already adhere to a fiduciary standard, current and former officials of the Treasury Department, and importantly, the SEC, from whom we received extensive technical assistance. The rule and the new proposed exemptions will permit common compensation practices while requiring a simple commitment that advisers put their clients’ interests first. In addition, the rule will allow financial advisers to continue providing general education on retirement saving.

Once the proposed rule is made public, we will embark on an open process seeking public comments and input. We urge all interested stakeholders to fully participate in this public process. The administration welcomes all perspectives as part of a collaborative process going forward. And we look forward to a constructive dialogue with you on this critical public policy matter.

### Fighting Discrimination

The Labor Department is charged with enforcing our nation’s laws to ensure that workers are able to earn a living free from discrimination on the job. As a civil rights attorney for many years, this aspect of DOL’s work is a top priority for me. For example, in 2014, investigators from OFCCP audited nearly 4,000 workplaces, recovering \$12.7 million for people subjected to unlawful employment discrimination. And we are bolstering that enforcement work with a robust regulatory agenda to make our workplaces fairer and our economy stronger.

A persistent pay gap continues to undermine the economic security of women and the families that depend on their income. To help remedy this injustice, while we wait for Congress to pass

the Paycheck Fairness Act, we have issued proposed regulations that will prohibit discrimination by federal contractors against workers who discuss their pay in the workplace. Eliminating this restriction will create greater transparency and allow workers to discover inequities that might exist, empowering them with the information they need to advocate for themselves and safeguard their rights.

Workers ought to be judged on one thing and one thing alone: their effectiveness at getting the job done. But unbelievably, there is no federal statute protecting LGBT individuals from being fired for no reason other than who they are and whom they love. In December, we took steps to ensure that, at least among those doing business with the federal government that would not be the case. At the President's direction, we issued a regulation prohibiting job discrimination by federal contractors based on sexual orientation or gender identity. And as recently as a few weeks ago, we extended the right of job-protected leave under the Family and Medical Leave Act to same-sex spouses, regardless of the state they live in, pursuant to the Supreme Court's 2013 *U.S. v. Windsor* decision, which overturned part of the Defense of Marriage Act.

The Labor Department helps individuals with disabilities, who continue to suffer high rates of unemployment and low labor force participation rates, to find job opportunities and live in the economic mainstream. The Labor Department's efforts in this regard are in addition to other programs administered by other Federal agencies. Last year, we completed the first and most significant portion of the implementation of our rulemaking under Section 503 and VEVRAA. Section 503 created, for federal contractors, a first-of-its-kind nationwide seven percent employment goal for qualified individuals with disabilities and VEVRAA created a benchmark for measuring progress toward the objective of increasing veterans hiring. Through our Employment First initiative, we've provided technical assistance to 35 states to help them promote integrated employment as the first choice for job-seekers and workers with disabilities. And in 2014, the Office of Disability Employment Policy provided technical assistance to more than 65,000 employers through its employer-focused technical assistance centers, the Job Accommodation Network and the Employer Assistance and Resource Network. In the next year, as we implement WIOA, the Labor Department will be working closely with the Department of Education to integrate the Vocational Rehabilitation program, as a core partner in the workforce development system, in order to provide a seamless and coordinated service delivery system for all workers and job-seekers, including those with disabilities. To that end, individuals with disabilities, including veterans with disabilities, will have access to all workforce development system services in order to prepare for and obtain competitive employment. We believe this coordination at the Federal level will increase job opportunities for individuals with disabilities at the State level.

As we prepare this summer to mark the 25<sup>th</sup> anniversary of the Americans with Disabilities Act, we must recommit ourselves to helping more individuals with disabilities experience the dignity of work; achieve economic self-sufficiency; and acquire the independence and confidence that comes with the ability to support your family and chart your own destiny.

Our civil rights and anti-discrimination work is a matter of the rule of law, and it is rooted in fundamental American values of fairness, tolerance and inclusion. But it is also driven by pragmatic considerations as well. It is both the right thing and the smart thing to do. When we protect employment rights, when we expand participation in the workplace, when we take advantage of the talents and embrace the contributions of all our people, it leads to greater economic growth and prosperity benefitting everyone. We don't have a person to spare in America. More than ever, in a complex and competitive 21<sup>st</sup> century economy, we can't afford to let any talent or human capital go to waste. America is always strongest when we field a full team -- everyone off the bench and in the game.

### Evidence and Data Based Decision-Making

In recent years, the Administration has been striving to increase the productivity and efficiency of its workforce. The President's FY 2016 Budget request includes a number of investments to improve the Labor Department's ability to serve the public, increase our workers' effectiveness, enhance our agencies' ability to target enforcement to those areas where violations are most likely to occur, and streamline processes.

The Department's Budget request includes a large investment in the IT infrastructure for the Department. Over the past six years, the Department has been working to streamline the nine separate IT infrastructure components into one consolidated system. Within this consolidated system, the Department is proposing to implement a Digital Government Integrated Platform, which will be used by agencies to support information sharing and improve the efficiency and effectiveness of the Department's workforce, transforming the way the Department can provide services to the American public. This includes such things as combining disparate email systems, data sharing, and voice over IP and video conferencing, which will reduce costs over time.

The Bureau of Labor Statistics (BLS) is the principal Federal statistical agency responsible for measuring labor market activity, working conditions, and price changes in the economy. The request for BLS is \$632.7 million and includes an increase of \$6.5 million to expand the Job Openings and Labor Turnover Survey (JOLTS). JOLTS provides critical information about the health of the labor market by tracking the number of job openings, hires, layoffs and quits in the economy. This is useful because weakness in some of these underlying sources, such as openings, are leading indicators of recessions. Earlier warning about recessions allows policymakers more time to respond. Similarly, increases in some of these underlying sources, such as quits, provide important signals as to the growing strength of the labor market. The expansion would allow JOLTS data to be released at the same time as the monthly unemployment numbers, thereby improving the analysis of both pieces of information. The JOLTS data would be expanded to add greater industry detail and state-level information.

The Labor Department is committed to an evidence-based and data-driven approach to management. An important part of the evidence-based approach is our evaluation system. The Chief Evaluation Office is a departmental unit that coordinates the Department's overall

evaluation plan, so we can expand or replicate what works, and improve or replace things that evaluations find do not work or do not work as well as they should. The Labor Department is recognized as a Federal evaluation leader and our evaluation efforts have been recognized as good models by OMB, GAO, and the “Investing in What Works Index” produced by the organization America Achieves.

The Chief Evaluation Office has between 50 and 70 evaluations underway at any given time, and they initiate about 30 new evaluations a year. Because some studies require a longer term follow-up period, it may be a few years before we have findings. In 2014, the Labor Department launched a new evidence-based clearinghouse called CLEAR—Clearinghouse for Labor Evaluation and Research, which reviews evaluations according to standards of quality of the design and methods—similar to what the Department of Education does through its What Works Clearinghouse. CLEAR has reviews and ratings of hundreds of evaluations on topics ranging from reemployment services and opportunities for youth, to behavioral economics and OSHA enforcement.

### Conclusion

Thanks to the resilience of the American people, the ingenuity of our businesses and workers, and leadership from the federal government, we have emerged successfully from the worst economic crisis of our lifetimes.

But the rising tide of this recovery is still not lifting all boats. We can’t settle for an economy that provides opportunity just for a few. America’s promise has always been that hard work and responsibility will be rewarded with a chance to succeed, the opportunity to do better than your parents and to leave something more for your children. Keeping that promise is what gets me out of bed every morning, and I am eager to work in partnership with this Committee to meet these important challenges. Thank you again, and I look forward to your questions.

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