

# AGENCY FINANCIAL REPORT



**FISCAL YEAR 2021**



UNITED STATES DEPARTMENT OF LABOR

---

## TABLE OF CONTENTS

|  |            |
|--|------------|
| <b>Message from the Secretary of Labor</b> .....                     | <b>3</b>   |
| <b>Management’s Discussion and Analysis</b> .....                    | <b>5</b>   |
| Program Performance Overview .....                                   | 9          |
| Financial Performance Overview.....                                  | 14         |
| Management Assurances .....  | 26         |
| <b>Financial Section</b> .....                                       | <b>27</b>  |
| Message from the Chief Financial Officer .....                       | 28         |
| Independent Auditors’ Report .....                                   | 30         |
| Annual Financial Statements .....                                    | 42         |
| Principal Financial Statements and Notes .....                       | 43         |
| Required Supplementary Information .....                             | 131        |
| <b>Other Information</b> .....                                       | <b>163</b> |
| Inspector General’s Top Management and Performance Challenges.....   | 164        |
| Summary of Financial Statement Audit and Management Assurances ..... | 181        |
| Payment Integrity .....  | 182        |
| Veterans’ Employment and Training Service .....                      | 183        |
| Civil Monetary Penalty Inflation Adjustment .....                    | 185        |
| Grants Programs.....   | 207        |
| Open Government Links.....   | 208        |
| Acronyms.....  | 209        |

This report can be found on the Internet at:

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

If you have questions or comments regarding this report, contact:

[FinancialPolicy@dol.gov](mailto:FinancialPolicy@dol.gov)

Or by Postal mail, at:

Office of the Chief Financial Officer  
U.S. Department of Labor  
200 Constitution Avenue, NW, Room S-4030  
Washington, DC 20210  
202-693-6800

The photographs in this publication were furnished by numerous individuals. All photographs are proprietary and prior permission from the photographer is required for any use or reproduction of the photographs. All references to non-governmental companies or organizations, their services, products or resources in this report are offered for informational purposes and should not be construed as an endorsement by the U.S. Department of Labor of any of the companies or organizations, or their services, products, or resources. The U.S. Department of Labor does not endorse, takes no responsibility for, and exercises no control over non-governmental organizations’ websites mentioned in this report, or their views or contents; nor does it vouch for the accuracy of the information contained on other organizations’ websites.

## Message from the Secretary of Labor

As a lifelong member of the labor movement and someone who started my career working on a construction site, it has been deeply humbling for me to take on the role of Secretary of Labor in this time of struggle, change, and hope for working people in America.

The COVID-19 pandemic has shined a glaring light on the ways our economy rests on the backs of working people; the vulnerability of so many of those workers due to low wages, difficult working conditions, and tenuous job security; and the disproportionate, inequitable impacts of these challenges on people of color, women, those with disabilities, and other marginalized workers.

President Biden has made it clear that we cannot simply go back to life before the pandemic; we must build back better with a stronger, more sustainable, more inclusive economy that values the dignity of work for all. Our mission at the Department of Labor is central to this historic moment.

The President's [American Rescue Plan](#) (ARP) set a tone of bold action for America's workers. The ARP included not only direct relief to workers and retirees, but also funding for the Department and its state partners to bolster unemployment insurance systems; provide health premium assistance for unemployed workers in the [COBRA](#) program; increase OSHA's capacity to protect worker safety and health; provide workforce training investments for workers impacted by the pandemic; invest in the care economy that workers depend on; and more.

A large part of our efforts in 2021 have focused on implementing these programs and in other ways responding to the crisis conditions that the pandemic brought upon so many of our nation's workers. At the same time, we have been working to rebuild and expand the Department's capacity to protect, support, and empower America's workers and retirees every day.

My vision for the Department is to empower all workers, morning, noon and night. This means we will act boldly to put the Department's people and powers to work for America's workers throughout their lives.

- We will value the care infrastructure that working families need just to get to work in the morning, by advocating for crucial benefits like paid leave and investing in the workers who provide childcare and elder care.
- We will build an inclusive workforce, with access to good jobs, strong labor protections and high-quality training opportunities for all, prioritizing equity for marginalized workers in all that we do.
- We will partner with and support the unions that workers have formed to empower themselves, and promote the benefits of collective bargaining as well as the right of every worker to organize and join a union.
- And we will strive for a lifetime of worker empowerment, through access to physical and mental health care, a modern, effective unemployment insurance system for times of transition, and strong enforcement of benefit and retirement security.



Martin J. Walsh  
U.S. Secretary of Labor

### **The Department of Labor's Mission:**

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

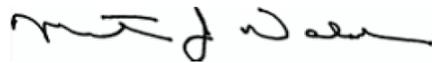
---

In order to make this vision a reality, the Department must deploy its resources with care, efficiency, equity – and a commitment to excellence. We aim to continually assess and improve our programs, and the 2021 Agency Financial Report is part of that process. The Report describes our accomplishments and provides metrics to help us strengthen successful initiatives and change programs that need improvement. Information on the evaluations of program effectiveness may be found in the “Program Performance Overview” section, within “Management’s Discussion and Analysis.” Additional in-depth performance information is available in the Department’s [Annual Performance Report and Budget](#) on DOL.gov.

In FY21, the Department has received a qualified opinion from an independent audit of our financial statements. This Report provides the auditors an unqualified statement of reasonable assurance in the Department’s internal controls, as required by the Federal Managers Financial Integrity Act (FMFIA) of 1982 and Office of Management and Budget Circular A-123, except for the material weakness identified by the auditors. DOL takes this issue very seriously and will work to resolve the matter in the coming year. For detailed information, please see Management’s Response in the Independent Auditor’s Report. The “Management’s Discussion and Analysis” section of this Report provides a further, detailed assessment of internal controls and compliance within the Department’s financial management systems. The financial data and summary performance results provided in the Report are reliable and complete in accordance with federal requirements.

At this crucial moment in history for America’s workers, we will continue to strive for excellence in all that we do. We will prioritize fiscal responsibility and program performance in the service of our mission, and we will always listen to the voices and needs of America’s workers. I’m grateful for the opportunity to lead this work in collaboration with my Department colleagues, all of our partners, and the American people.

Sincerely,



MARTIN J. WALSH  
U.S. Secretary of Labor  
November 19, 2021

# MANAGEMENT'S DISCUSSION AND ANALYSIS



## Our Mission:

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

U.S. Department of Labor's (DOL or the Department) annual Agency Financial Report (AFR) provides fiscal data and summary performance results that enable the President, Congress, and American people to assess the Department's accomplishments for each fiscal year (October 1 through September 30). This report provides an overview of programs, accomplishments, challenges, and management's accountability for the resources entrusted to the Department. The AFR is prepared in accordance with the requirements of Office of Management and Budget (OMB) [Circular A-136, Financial Reporting Requirements](#) (08/10/2021).

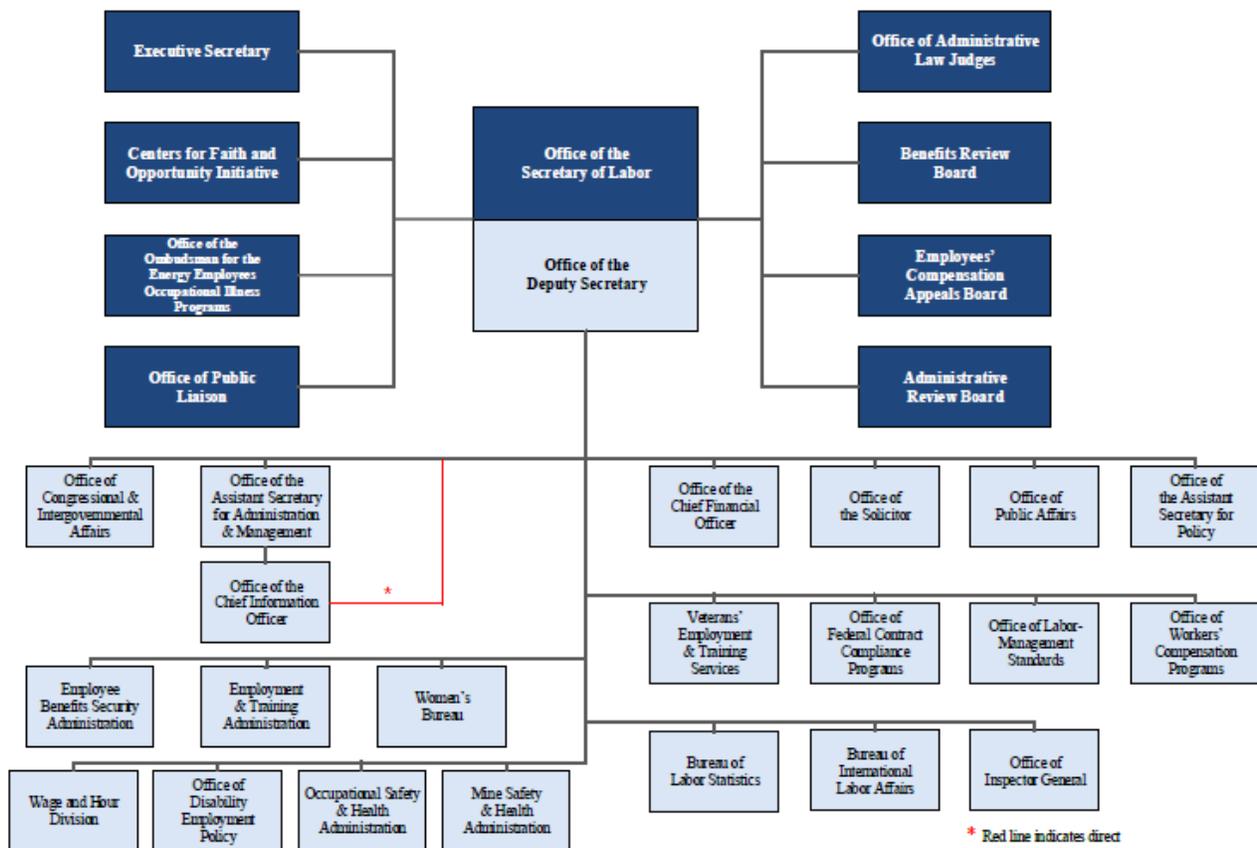
## Mission Statement and Organizational Structure

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

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

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

### US Department of Labor Organizational Chart



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

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



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

---

## Program Performance Overview

---

### 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). Fiscal Year (FY) 2021 performance results for outcome measures reported under GPRAMA are included in the *Annual Performance Report*, which is currently scheduled to be published by February 8, 2022 with the FY 2023 Congressional Budget Justification. This and previous reports can be found at <http://www.dol.gov/general/aboutdol/#budget>.

#### Strategic Planning

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

- **Goal 1: Build Opportunity and Equity for All**
  - Objective 1.1: Advance training, employment, and return-to-work opportunities that connect workers to higher-wage jobs, especially in ways that address systemic inequities.
- **Goal 2: Ensure Safe Jobs, Essential Protections, and Fair Workplaces**
  - Objective 2.1: Secure safe and healthful workplaces, particularly in high-risk industries.
  - Objective 2.2: Protect workers' rights.
  - Objective 2.3: Improve the security of retirement, health, and other workplace related benefits for America's workers and their families.
  - Objective 2.4: Strengthen labor rights, improve working conditions, promote racial and gender equity, and empower workers around the world.
- **Goal 3: Improve Administration of and Strengthen 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, 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 veterans, service members, and their 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 ensure 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 positions 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) supports public and private decision making by publishing measures of labor market activity, working conditions, price changes, and productivity in the U.S. economy. In the years ahead, BLS will continue to execute its mission with independence and strive 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 14,000 staff. The performance management process is led by the Performance Management Center in the Office of the Assistant Secretary for Administration and Management.

Through quarterly reviews with the Deputy Secretary, executives assess program performance, both quarterly and year-to-date, against targets established in each subagencies 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 2021 Annual Performance Report.

Highlighted measures:

| Measure   | FY21 Target | FY21 Result | Percent Achieved |
|---|-------------|-------------|------------------|
| Percent of wage-loss claims timely processed within 14 days: claims not requiring further development | 90%         | 94%         | 104%             |
| Number of New Apprentices   | 1,000,000   | 940,506     | 94%              |

**Looking Forward**

As the Department looks forward, the dual public health and economic crises are anticipated risks and uncertainties that could impact DOL subagency programs. As the Nation focuses efforts to combat injustices in race, gender, and

underserved communities; DOL is taking unprecedented steps to advance equity going beyond regular practices and siloed efforts to ensure equity is woven into every fabric of the Department and that communities most affected by poverty are prioritized. The Department will face challenges in assisting workers and employers. To address these anticipated risks, the Department will continue to effectively target resources, and use performance data to make evidence-based policy decisions and partnering with all levels of government and private employers to ensure the greatest possible impact and opportunities for all workers.

---

## Financial Performance Overview

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

DOL implemented the FY 2016 requirements of OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control (revised July 15, 2016)* and the Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government (published September 10, 2014)*. DOL's internal control program and centralized processes for reporting financial data help to ensure the relevance and reliability of financial performance data, including compliance with the Digital Accountability and Transparency Act of 2014 (the DATA Act) and Circular A-123's Appendix A, *Management and Reporting of Data Integrity Risk (revised June 6, 2018)*. Through its Data Quality Plan, DOL has tailored its control structure to address risks to data quality in Federal spending data and the system of controls that manage such risks. DOL's comprehensive internal control program has the objective of providing, on a continuing basis, reasonable assurance that all financial, non-financial, performance, statistical records, and related reports are reliable. DOL's internal control program helps ensure that appropriate internal controls are in place for financial performance management and that agencies institute sound, effective internal control policies and procedures for financial performance measurement and regular evaluation of their processes. Financial performance is evaluated during comprehensive ongoing financial management reviews and corrective actions are implemented as required to resolve audit findings and increase efficiency. One of these evaluations is DOL's assessment of its internal controls over reporting conducted in accordance with the requirements of Appendix A. As a result, management was able to provide reasonable assurance on the effectiveness of its internal controls over reporting as of September 30, 2021. These business processes help to ensure that reported financial performance information is relevant and reliable.

In FY 2021 and FY 2020, 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 Statements of Net Cost. Total Net Cost of DOL activities was \$405.5 billion for FY 2021 and \$506.2 billion for FY 2020.

### 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.

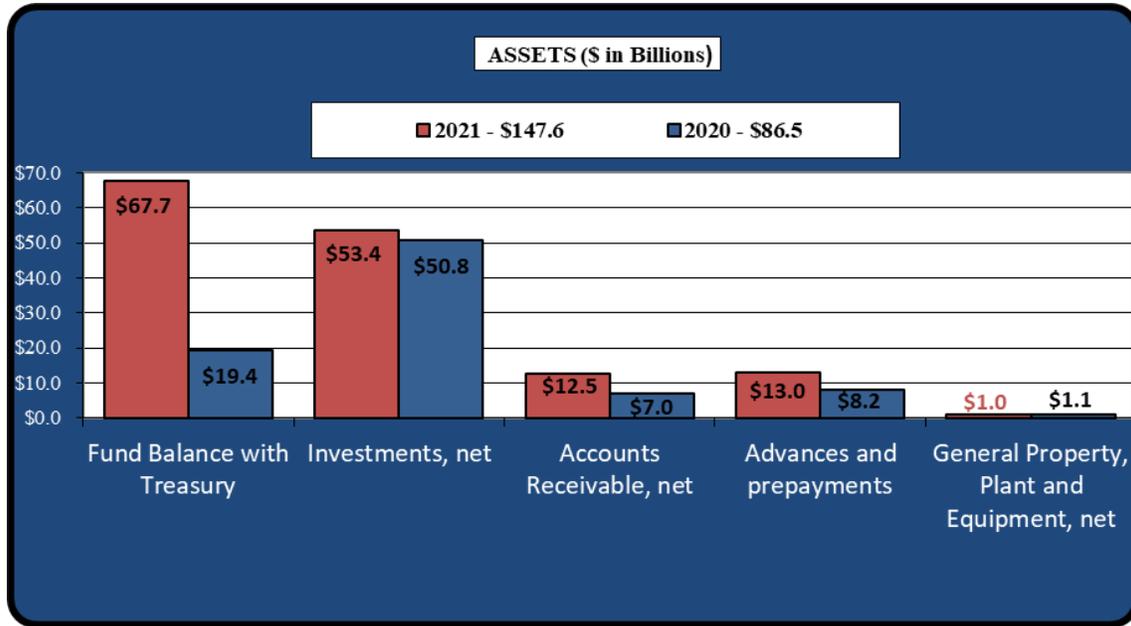
**Figure 1: Summary of Selected Financial Data for FY 2021 and FY 2020**

| (Dollars in billions)  | Summary of Selected Financial Data |          | Change     |         |
|--|------------------------------------|----------|------------|---------|
|  | 2021                               | 2020     | Amount     | Percent |
| <b>Financial position</b>  |                                    |          |            |         |
| Total assets   | \$ 147.6                           | \$ 86.5  | \$ 61.1    | 70.6%   |
| Fund Balance with Treasury   | 67.7                               | 19.4     | 48.3       | 249.0%  |
| Investments, net   | 53.4                               | 50.8     | 2.6        | 5.1%    |
| Accounts receivable, net   | 12.5                               | 7.0      | 5.5        | 78.6%   |
| Total liabilities  | \$ 130.5                           | \$ 101.8 | \$ 28.7    | 28.2%   |
| Debt   | 61.4                               | 42.4     | 19.0       | 44.8%   |
| Benefits due and payable   | 19.4                               | 16.8     | 2.6        | 15.5%   |
| Other liabilities: Energy employees<br>occupational illness<br>compensation benefits | 43.0                               | 37.5     | 5.5        | 14.7%   |
| <b>Net cost of operations</b>  |                                    |          |            |         |
| Net cost of operations   | \$ 405.5                           | \$ 506.2 | \$ (100.7) | (19.9)% |
| Income maintenance   | 396.8                              | 497.5    | (100.7)    | (20.2)% |
| Employment and training  | 6.1                                | 6.1      | -          | 0.0%    |
| <b>Budgetary resources</b>   |                                    |          |            |         |
| Total budgetary resources  | \$ 655.9                           | \$ 606.3 | \$ 49.6    | 8.2%    |
| New obligations and upward<br>adjustments (total)                                    | 648.5                              | 600.8    | 47.7       | 7.9%    |
| Appropriations (discretionary<br>and mandatory)                                      | 604.8                              | 555.3    | 49.5       | 8.9%    |
| Agency outlays, net<br>(discretionary and mandatory)                                 | 408.3                              | 486.4    | (78.1)     | (16.1)% |

**Financial Position**

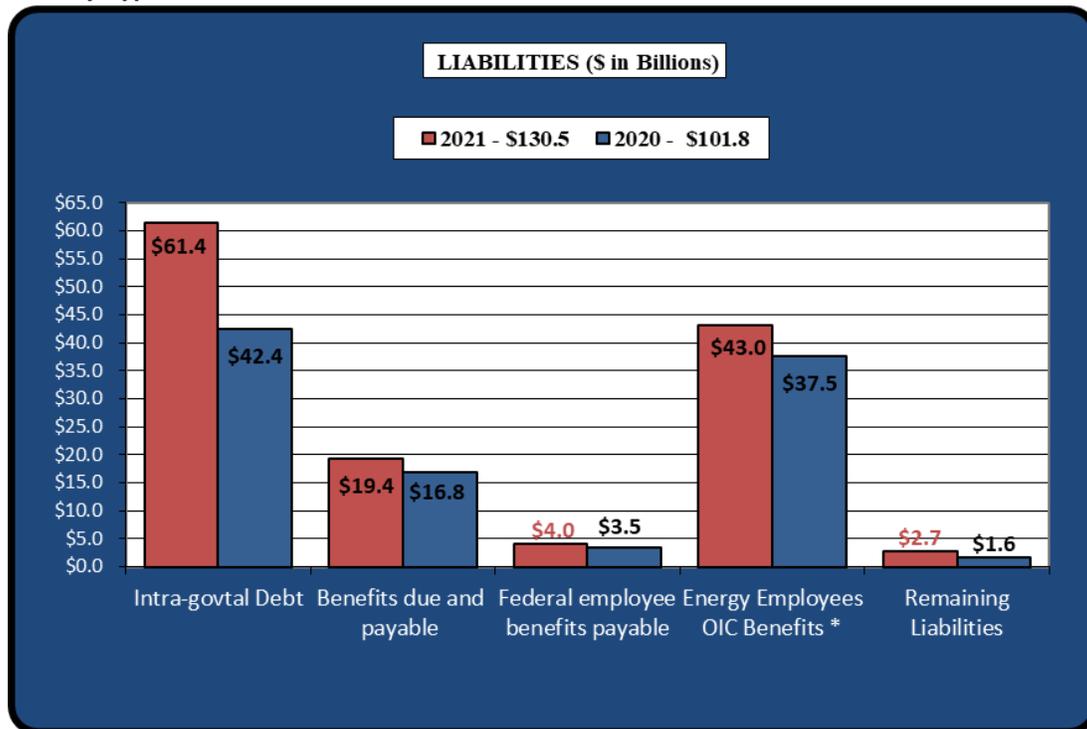
The Department's Balance Sheet presents DOL's financial position through the identification of agency assets, liabilities, and net position, as shown below. The Department's total assets increased from \$86.5 billion at the end of FY 2020 to \$147.6 billion at the end of FY 2021, an increase of 70.6%, primarily due to an increase in Fund Balance with Treasury. Fund Balance with Treasury increased [249%] primarily due to increased funding received for unemployment programs due to the coronavirus pandemic. Accounts receivable, net increased by \$5.5 billion [78.6%] primarily due to the increase in state receivables for overpayments of unemployment benefits driven by the high volume of claims due to the coronavirus pandemic. (See Figure 2 on next page for reported Assets by Type for FY 2021 and FY 2020.)

**Figure 2: Assets by Type for FY 2021 and FY 2020**



Liabilities increased from \$101.8 billion at the end of FY 2020 to \$130.5 billion at the end of FY 2021, an increase of \$28.7 billion or 28.2%. The increase was due to a combination of factors, including the increase in: intragovernmental debt [\$19.0 billion or 44.8%] from Unemployment Trust Fund (UTF) borrowing from the General Fund of the Treasury to fund increased advances to States for unemployment benefits in response to the coronavirus pandemic, and the actuarial liability for the Energy Employees Occupational Illness Compensation Benefits [\$5.5 billion or 14.7%] due to the increased utilization of medical services and an expansion of benefits for existing cases.

**Figure 3: Liabilities by Type for FY 2021 and FY 2020**

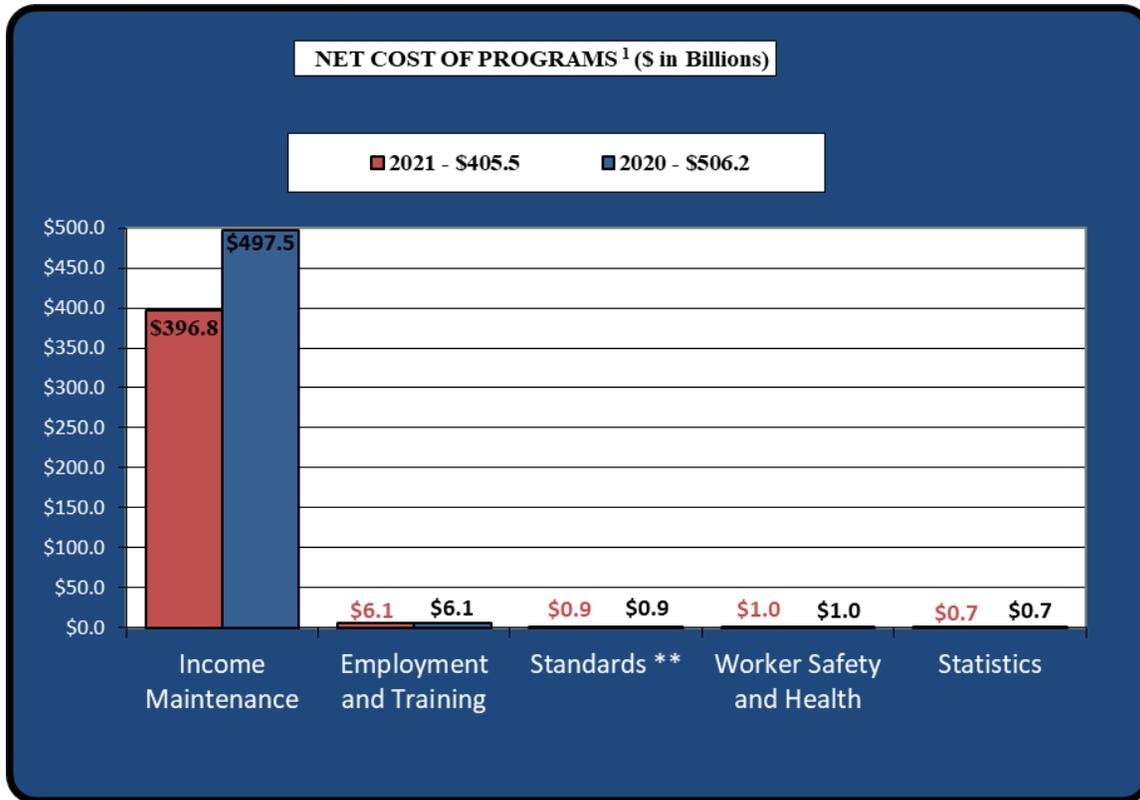


\* OIC = Occupational Illness Compensation.

**Net Cost of Operations**

The Department’s net cost of operations for the year ended September 30, 2021, was \$405.5 billion, a decrease of \$100.7 billion or [(19.9)%] from FY 2020. This decrease was attributable to decreases in program costs discussed below:

**Figure 4: Net Cost of Operations by Program for FY 2021 and FY 2020**



<sup>1</sup>The Department’s Net Cost of Programs include costs not assigned to specific programs, which were \$25.4 million and \$(6.2) million for FY 2021 and FY 2020, 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 \$396.8 billion in FY 2021, a decrease of \$100.7 billion [(20.2)%] from FY 2020. This decrease is primarily due to decreases in unemployment benefits expenses as less jobless claims are filed.

**Employment and Training** programs comprise DOL’s second largest cost. These programs are designed to help individuals deal with the loss of a job, identify new occupational opportunities, find training to acquire different skills, start a new job, and make long-term career plans, as well as connect employers to workers with the skills they need. Employment and training costs were \$6.1 billion in FY 2021 and FY 2020, respectively.

**Budgetary Resources**

The Statements of Budgetary Resources report the budgetary resources available to DOL to effectively carry out the activities of the Department during FY 2021 and FY 2020, as well as the status of these resources at the end of each fiscal year. During FY 2021, total budgetary resources increased by \$49.6 billion or 8.2% from \$606.3 billion to \$655.9 billion, primarily due to an increase in appropriations funding, with corresponding increases in obligations and outlays, for supplemental unemployment benefits in response to the coronavirus pandemic.

## **Impact of COVID-19**

As 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 the several programs which were administered by DOL. The Department's funding was used to finance programs that support DOL's overall mission. All the major DOL programs were funded by indefinite authority.

DOL received \$485.9 billion in funding in FY 2021. As of September 30, 2021 obligations incurred were \$373.7 billion and \$112.2 billion was unobligated. DOL has outlays related to these programs of \$332.9 billion.

COVID-19 had a significant impact to DOL's assets, liabilities, costs and net position. DOL's Fund Balance with Treasury increased by \$48.0 billion in FY 2021 primarily attributed to obligated balances not yet disbursed related to accrued unemployment benefits. Accounts receivable, net with the public also increased by \$4.1 billion as a result of increases in receivable with the states for benefit overpayments.

Debt increased by \$19 billion in FY 2021, as a result of the repayable advances received to fund regular unemployment benefits and extended unemployment benefits.

As of September 30, 2021 DOL had related unexpended appropriations of \$161.5 billion as compared to \$277.4 billion as of September 30, 2020. These amounts are primarily from the Federal Pandemic Unemployment Compensation (FPUC) and the Short-time Compensation (STC) programs which are funded through indefinite authority. The FY 2021 decrease is attributed to the reduction in the supplemental payment from \$600 down to \$300 for each week of unemployment.

DOL costs related to the COVID-19 pandemic in FY 2021 were \$313.9 billion compared to \$352.1 billion in FY 2020. This increase is consistent with the continuation and extension of many programs implemented in FY 2020 and extended in FY 2021. (See Note 25)

---

## 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, 2021 valuation date, the rolling 25-year projection period ends September 30, 2046.

For the five years presented in the SOSI, the open group measure has decreased significantly from a positive \$31.0 million as of September 30, 2017 to a negative \$(1.95) billion as of September 30, 2021; this long-term decrease in the open group measure is primarily due to the decrease in the present value of estimated future coal excise tax income, which depends on, among other things, the business and regulatory environment of the coal industry. Assumptions that, among other things, lead to favorable conditions for energy sources that compete with coal will reduce coal's market share; lower demand for coal will lead to lower collections of excise taxes.

**Figure 5: Black Lung Disability Benefit Program - Table of Key Measures for FY 2021 and FY 2020  
(Dollars in millions)**

| <b>Black Lung Disability Benefit Program - Table of Key Measures</b> |                     |                     |                   |                |
|--|---------------------|---------------------|-------------------|----------------|
| <b>(Dollars in millions)</b>   | <b>2021</b>         | <b>2020</b>         | <b>Change</b>     |                |
|  |                     |                     | <b>Amount</b>     | <b>Percent</b> |
| <b>Financial position</b>  |                     |                     |                   |                |
| Total assets   | \$ 286.9            | \$ 433.1            | \$ (146.2)        | (33.8)%        |
| Less: total liabilities  | (6,365.7)           | (6,409.3)           | 43.6              | 0.7%           |
| Net position (assets net of liabilities)                             | <u>\$ (6,078.8)</u> | <u>\$ (5,976.2)</u> | <u>\$ (102.6)</u> | (1.7)%         |
| <b>Costs and changes in net position</b>                             |                     |                     |                   |                |
| Net cost of operations   | \$ (320.1)          | \$ (366.3)          | \$ 46.2           | 12.6%          |
| Net financing sources  | 217.6               | 236.7               | (19.1)            | (8.1)%         |
| Change in net position   | <u>\$ (102.5)</u>   | <u>\$ (129.6)</u>   | <u>\$ 27.1</u>    | 20.9%          |
| <b>Social insurance</b>  |                     |                     |                   |                |
| Open group measure, beginning of year                                | <u>\$ (1,968.8)</u> | <u>\$ (1,511.5)</u> | <u>\$ (457.3)</u> | (30.3)%        |
| Open group measure, end of year                                      | <u>\$ (1,952.0)</u> | <u>\$ (1,968.8)</u> | <u>\$ 16.8</u>    | 0.9%           |

The decrease in the total assets of \$146.2 million [(33.8)%] was due to a lower Fund Balance with Treasury (FBWT) as of September 30, 2021. The BLDTF FBWT represents immediate needs to cover benefits and other expenses; lower FBWT was needed at September 30, 2021. FY 2021 net financing sources decreased \$19.1 million [(8.1)%] from FY 2020 primarily because of lower tax revenue. P.L. 110-343, Division B—Energy Improvement and Extension Act of 2008 allowed for a temporary increase in coal excise tax rates that continued until December 31, 2018: the coal excise tax rates were \$1.10 per ton of underground-mined coal and \$0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price. Beginning January 1, 2019, the coal excise tax rates reverted to the statutory limit under the Internal Revenue Code: \$0.50 per ton of underground-mined coal and \$0.25 per ton of surface-mined coal sold, with a limit of 2.0 percent of sales price. On December 20, 2019, after the SOSI as of September 30, 2019 was published, P.L. 116-94, Further Consolidated Appropriations Act 2020, temporarily increased the excise tax rates back to the higher rates of to \$1.10 per ton of underground-mined coal and \$0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price for the period January 1, 2020 through December 31, 2020. In accordance with the laws in effect as of September 30, 2020, the tax rates will revert to \$0.50 per ton of underground-mined coal and \$0.25 per ton of surface-mined coal sold, with a limit of 2.0 percent of sales price on January 1, 2021 and these assumptions were used for the SOSI as of September 30, 2020.

On December 27, 2020, after the SOSI as of September 30, 2020 was published, P.L. 116-260, Division EE, Taxpayer Certainty and Disaster Tax Relief Act of 2020, temporarily extended the increased excise tax rates of \$1.10 per ton of underground-mined coal and \$0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price for the period January 1, 2021 through December 31, 2021. In accordance with the laws in effect as of September 30, 2021, the 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, 2022 and these assumptions were used for the SOSI as of September 30, 2021.

The resulting change in net position for FY 2021 was \$(102.5) million, a decline in net position that was smaller than in FY 2020, which was of \$(129.6) million.

Total liabilities decreased \$43.6 million [0.7%] at the end of FY 2021, but this change was minor when compared to the overall level of debt outstanding. The BLDTF paid maturing debt and interest on September 30, 2021, but borrowed again on that date. The lack of decrease in the debt level is important because it demonstrates that although the BLDTF repaid debt of more than \$2.4 billion, the debt level remained relatively unchanged due to additional borrowing of \$2.3 billion and accrued interest of \$87.9 million as of September 30, 2021. The open group measure as of September 30, 2021 versus September 30, 2020 was nearly unchanged at more than \$16.8 million because the changes in the assumptions about coal excise taxes and administrative costs (which decreased the open group measure) were offset by the changes in the assumptions about beneficiary costs/characteristics and discount rates (which increased the open group measure). In FY 2020, the open group measure decreased by \$(457.3) million primarily due to the net effect of lower projected coal excise tax revenues and lower interest rates.

The total of open group measure plus fund assets as of September 30, 2021 represents a projected net cash flow that may be used to liquidate the liabilities of the BLDTF. As of September 30, 2021, the open group measure plus fund assets is \$(1.7) billion, a decline in the condition of the fund of \$(129.3) million; for the BLDTF debt, the principal and interest that will mature on September 30, 2022 will be more than \$2.5 billion, which will contribute to the high debt level and continuing poor financial condition of the fund; the carrying value of the debt as of September 30, 2021 is \$6.35 billion, a decrease in debt of only \$43.7 million which contributed to the continuing poor financial condition of the fund; and the fund deficit was nearly \$(6.1) billion, a decline in the financial condition of the fund of \$102.5 million. Together, the excess of BLDTF debt over the negative open group measure plus fund assets, the fund deficit, and the continuing poor financial condition of the fund represent risks and conditions with unfavorable effects on the long-term sustainability of the BLDTF. Refer to Notes 1-W, 1-Y, and 21, and Required Supplementary Information (RSI) for additional information on the SOSI, including the summary section; SCSIA; the Black Lung Disability Benefit Program; its reported activity and balances; and projections and sensitivity analysis in constant dollars through 2046.

### **Education and Training Programs**

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

#### ***Employment and Training Administration***

ETA, including the Office of Job Corps, incurred total net costs of \$393.7 billion in FY 2021. The majority of these costs consisted of unemployment benefits, which totaled nearly \$363.1 billion in FY 2021, a decrease of \$114.2 billion (-23.9%) over the previous fiscal year. Also included in ETA's total net costs were education and training programs of \$4.2 billion, which provided services to nearly 1.5 million participants in FY 2021. These costs consisted of job training programs authorized by the Workforce Innovation and Opportunity Act (WIOA) of 2014, previously authorized by the Workforce Investment Act of 1998 (WIA), Title V of the Older Americans Act, as amended, the Trade Act of 1974, as amended, the Health Care and Education Reconciliation Act of 2010, the National Apprenticeship Act of 1937, and other legislation. Within ETA, the Office of Job Corps (OJC) also invests in education and training through WIOA's Job Corps training program. OJC's costs in FY 2021 were \$1.6 billion, providing services to 44.9 thousand participants in primarily residential settings at 120 Job Corps centers. The job training programs authorized by WIOA and other legislation are discussed below.

### **Adult, Dislocated Worker, Youth, and Job Corps Programs**

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

- **Apprenticeship grants program** – ETA awards grants to the states to be used to support innovative, job-driven approaches that result in the growth of Apprenticeship programs to train workers with 21st Century skills that

---

meet employer and industry workforce needs. ETA's FY 2021 costs in apprenticeship programs were \$110 million.

- **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, 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 2021 costs through the WIOA Adult programs were \$818 million.
- **WIOA Dislocated Worker Program** – The Workforce Innovation and Opportunity Act (WIOA) Dislocated Worker Program funds services to support the reemployment of laid-off workers. The Department allocates 80 percent of funds by formula to the states. The Secretary of Labor may use the remaining 20 percent for National Dislocated Workers Grants-these specially targeted funds can infuse resources to areas suffering most from plant closings, mass layoffs, or job losses due to natural disasters or military base realignment and closures. States allocate their Dislocated Worker funds to their local workforce development areas to provide career and training services to individuals who have lost their jobs through no fault of their own, including separating service members, military spouses, and displaced homemakers. Additionally, the program allows for states to reserve up to 25 percent of their Dislocated Worker funds for Rapid Response activities. Rapid Response is a proactive, business-focused, and flexible strategy to assist both growing companies seeking skilled workers and businesses and workers affected by layoffs through coordinated and quickly provided services. ETA's FY 2021 costs for the WIOA Dislocated Worker programs were \$1.4 billion.
- **WIOA Youth Program** – The Workforce Innovation and Opportunity Act (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 2021 costs for the WIOA Youth programs were \$948 million.
- **Job Corps program** – ETA's Office of Job Corps awards contracts to support a system of primarily residential centers providing academic education, career technical training, service-learning, and social skills training for low-income young people. Large and small corporations and non-profit organizations manage and operate 96 Job Corps centers (including 4 satellites) under these contractual arrangements. The remaining 24 centers are operated through interagency agreements between DOL and the U.S. Department of Agriculture, Forest Service. OJC's FY 2021 costs for the Job Corps program were \$1.6 billion.
- **Reentry Employment Opportunities programs** – The Reentry Employment Opportunities Adult (REO-Adult) program helps offenders returning home from prison find employment and access job training. Currently, the program funds six grants to national intermediary organizations to provide job placement and training that leads to industry-recognized credentials to offenders returning home to high-poverty, high-crime communities; and 33 grants to local community-based organizations to similarly provide job placement and training leading to industry-recognized credentials to offenders returning home from prison to high-poverty, high-crime communities. The REO-Adult Program also administers the Federal Bonding Program and provides grants to 24 states to provide fidelity bonding as an incentive for employers to hire persons with criminal records. The Reentry Employment Opportunities Youth (REO-Youth) program provides grants to serve youth and young adults who have been involved in the justice system or are at risk of justice involvement. Current projects include 14 grants to nation intermediary organizations to operate workforce programs serving young adult offenders ages 18 to 24, with a priority to serving high poverty, high-crime communities; 22 grants to local not-for-profit organizations to operate workforce programs for young adult offenders, also with a priority to serving high-poverty, high-crime communities; and grants to three communities to provide summer jobs to high school students with local police

---

and fire departments. ETA's FY 2021 costs for the Reentry Employment Opportunities programs were \$69 million.

- **National programs** – ETA's National programs provide evaluation resources and program support for WIOA activities, including nationally administered programs providing employment and training services to segments of the population that have special disadvantages in the labor market, including grants to federally recognized Indian tribes and other Native American governments or non-profit organizations, and to Migrant and Seasonal Farmworker service organizations. ETA's FY 2021 costs for the WIOA National Programs were \$138 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 2021 costs for the CSEOA's SCSEP was \$412 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. ETA's FY 2021 TAA training costs were \$183 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 2021 costs in Apprenticeship programs were \$39 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 2020 and FY 2021.

**ETA Education and Training Programs**  
**Program Costs (in Millions) and Participants Served <sup>(1)</sup> (in Thousands)**  
**For FY 2020 and FY 2021**

| Program  | 2021           |                | 2020           |                |
|--|----------------|----------------|----------------|----------------|
|  | Costs          | Part. Served   | Costs          | Part. Served   |
| <b>WIOA</b>  |                |                |                |                |
| Apprenticeship Programs                                  | \$110          | 26.7           | \$88           | 26.1           |
| Adult  | 818            | 265.0          | 855            | 359.8          |
| Dislocated Worker <sup>(2)</sup>                         | 1,353          | 225.2          | 1,277          | 288.3          |
| Youth <sup>(3)</sup>                                     | 948            | 125.4          | 966            | 146.6          |
| Job Corps  | 1,644          | 44.9           | 1,647          | 84.6           |
| Reentry Employment Opportunities Programs <sup>(4)</sup> | 69             | 14.8           | 87             | 17.1           |
| National Programs <sup>(5)</sup>                         | 138            | 30.7           | 135            | 44.7           |
| <b>CSEOA</b>   |                |                |                |                |
| SCSEP  | 412            | 38.3           | 416            | 47.4           |
| <b>TAA for Workers</b>                                   | 183            | 21.8           | 188            | 24.6           |
| <b>Apprenticeship</b>                                    | 39             | 623.8          | 40             | 637.2          |
| <b>Other<sup>(6)</sup></b>                               | 121            | 117.6          | 142            | 112.1          |
| <b>TOTAL</b>   | <b>\$5,835</b> | <b>1,534.2</b> | <b>\$5,841</b> | <b>1,788.5</b> |

- (1) Participant numbers are from grantee reports submitted for the Program Year ending on June 30 of the corresponding fiscal year, unless otherwise noted. The number of participants for 2021 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.

**Program Outcomes**

Outcomes for training programs comprising ETA's education and training programs are presented in the Department's Annual Performance Report for FY 2021, available on the DOL website in February 2022 at

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

### **Limitations on the Principal Financial Statements**

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

### **Financial Management Systems and Strategy**

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

In FY 2021, DOL continued to make necessary system changes in NCFMS to support the migration of DOL to standard Federal business processes, which included adding capability to report general fund and non-general fund transactions to the US Treasury. Additionally, the upgrade of NCFMS to Oracle E-Business Suite, 12.2, during FY 2022 remains on schedule. The Oracle upgrade will support upcoming regulatory deadlines for GSA's unique entity identifier (UEI) and Treasury's G-Invoicing processes. The Department will continue working with the U.S. Department of Treasury and the OMB on implementing a government-wide [FM QSMO](#) solution for financial management.

### **Financial Stewardship**

For the year ended September 30, 2021, the Department is not aware of any violations of the Antideficiency Act. DOL reported a violation of the Antideficiency Act in connection with the Women in Apprenticeship and Nontraditional Occupations (WANTO) Technical Assistance Grant program for FY 2017.

## 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.

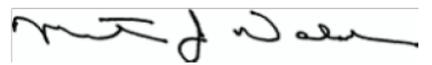
#### Federal Managers' Financial Integrity Act of 1982

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, 2021, 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, 2021.



Martin J. Walsh  
Secretary of Labor



Kevin L. Brown  
Acting Chief Financial Officer



Julie A. Su  
Deputy Secretary of Labor



Rachana Desai Martin  
Assistant Secretary for Administration and Management

November 19, 2021

FINANCIAL  
SECTION



## Message from the Chief Financial Officer

The Office of the Chief Financial Officer (OCFO) is proud to support the Department's mission and is committed to the sound financial stewardship of taxpayer dollars. This Agency Financial Report (AFR) provides timely information that the American public can use to better understand DOL and its programs. In FY 2021, OCFO collaborated with our strategic partners in performance, budget, risk, and evaluation to make great strides in building a stronger Department of Labor (DOL) – breaking down silos across the Department to improve efficiencies in all areas of our work.

In FY 2021, DOL received a qualified opinion on our consolidated financial statements in its independent audit. OCFO's top priority will be to addressing the issue raised by audit and a return to an unmodified opinion. For more information on the matter, please see Management's Response in the Independent Auditor's Report.

Additionally, OCFO will focus on the cross-cutting work from the DOL Strategic Goals described in the Program Performance Overview of this AFR by investing in strong fiscal integrity and risk-based decision making.

**Enterprise Risk Management (ERM):** The Department's ERM Council made great strides in maturing risk management across DOL component agencies and improved integration with key business processes. In FY 2022, the Council will build on DOL's new Strategic Plan by developing a risk appetite, and focus risk mitigation efforts on core areas to increase transparency and collaboration, reduce costs, and to more effectively address risks to the DOL mission.

**Budget Execution:** As part of OCFO's commitment to strong financial management and accountability, we collaborated with DOL component agencies to lead the Improving Budget Execution Initiative. This Initiative focuses on decreasing cancelled funds and improving the process by which agencies obligate, track, monitor, and expend funds. Through the use of innovative technology, data visualization tools, strategic planning, and integrated work groups — OCFO's efforts are on track for agencies to maximize the use of appropriated funds for mission delivery. In FY 2021, these collaborative efforts led to the Department significantly reducing lapsed appropriations. Prior to the Initiative kickoff in 2019, DOL's FY 2018 lapsed funding totaled \$14,717,604. In FY 2021, DOL lapsed \$5,758,205, a decrease of more than half, when compared totals prior to this vital initiative.

**Core Financial Management System (FMS):** In coordination with the Treasury Quality Service Management Office, OCFO obtained approval from OMB in FY 2020 to upgrade the New Core Financial Management System (NCFMS) from Oracle E-Business Suite (EBS) version 12.1.3 to 12.2. Throughout FY 2021, OCFO worked with key business partners to prepare for the migration. Work on the upgrade remains on schedule to be completed in FY 2022. Once implemented, this change will reduce DOL's costs, while improving services and easing the burden on agencies — allowing staff to shift focus from routine accounting functions to providing analytics and direct mission support, while meeting important regulatory deadlines.



Kevin L. Brown  
Acting 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."*

---

The following sections of this Report provide extensive financial information outlining the important work done by OCFO and DOL staff. I hope that you find it useful and an informative showcase of our commitment to transparency and accountability.

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

Kevin L. Brown  
Acting Chief Financial Officer  
November 19, 2021



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

## Independent Auditors' Report

Secretary and Acting Inspector General  
United States Department of Labor

### Report on the Financial Statements

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

We have audited the consolidated financial statements, which comprise the consolidated balance sheets as of September 30, 2021 and 2020, and the related consolidated statements of net cost and changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements.

We have audited the sustainability financial statements, which comprise the statements of social insurance as of September 30, 2021, 2020, 2019, 2018, and 2017; the statements of changes in social insurance amounts for the years ended September 30, 2021 and 2020; and the related notes to the sustainability financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 21-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's



preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our modified and unmodified audit opinions.

*Basis for Qualified Opinion on the Consolidated Financial Statements*

DOL included obligations of \$47.3 billion related to unemployment insurance programs enacted during the COVID-19 pandemic in the new obligations and upward adjustments caption in the combined statement of budgetary resources for the year ended September 30, 2021. These obligations were comprised of \$3.3 billion in undelivered orders- paid (public) and \$44.0 billion in undelivered orders – unpaid (public), which were disclosed in notes 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. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

In addition, DOL included COVID-19 related unemployment insurance benefit overpayments of \$4.4 billion, net of allowance, in the accounts receivable, net (with the public) caption in the consolidated balance sheet as of September 30, 2021, and in notes 4, 21 and 25. We were unable to obtain sufficient appropriate audit evidence about the completeness of the benefit overpayment receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

*Qualified Opinion on the Consolidated Financial Statements*

In our opinion, except for the possible effects on the 2021 consolidated financial statement of the matter described in the Basis for Qualified Opinion on the Consolidated Financial Statements paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Labor as of September 30, 2021 and 2020, 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.

*Opinion on the Sustainability Financial Statements*

In our opinion, the sustainability financial statements referred to above present fairly, in all material respects, the U.S. Department of Labor's social insurance information as of September 30, 2021, 2020, 2019, 2018, and 2017; and its changes in social insurance amounts for the years ended September 30, 2021 and 2020, in accordance with U.S. generally accepted accounting principles.



### *Emphasis of a Matter*

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

### *Other Matters*

#### Interactive Data

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

#### Required Supplementary Information

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



on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

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

#### **Other Reporting Required by Government Auditing Standards**

##### *Internal Control over Financial Reporting*

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2021, we considered DOL's internal control over financial reporting (internal control) as a basis for designing 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 have not been identified. However, as described in Exhibit I, we did identify 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 deficiency described in Exhibit I, to be a material weakness.

##### *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, 2021 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. 21-04.

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

*DOL's Response to the Finding*

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

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

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

*KPMG LLP*

November 19, 2021

---

**1. Improvements Needed in Controls over Financial Reporting Related to Unemployment Trust Fund Balances and Activity**

Certain unemployment insurance (UI) pandemic programs were established in response to the COVID-19 pandemic to provide enhanced UI benefits to eligible individuals. Two of the largest pandemic programs were the Federal Pandemic Unemployment Compensation (FPUC) and the Pandemic Unemployment Assistance (PUA) programs. The new UI pandemic programs resulted in a significant increase in UI benefit disbursement and related activity in the Unemployment Trust Fund, which is included in the United States Department of Labor's (DOL) financial statements and related notes as of September 30, 2021. We noted certain management controls were not sufficiently designed and documented to support the specific items reviewed, analyses performed, and conclusions reached for certain UTF balances and related transactions. These deficiencies resulted in material corrections to the FY 2021 DOL financial statements and notes, and increased the risk that other misstatements could occur and not be prevented or detected and corrected in a timely manner. We have included below a summary of the specific issues noted.

*Obligation of COVID-19 funding*

The UI pandemic programs expired on September 6, 2021; however, DOL management determined that certain UI claims for unemployed weeks that occurred prior to the expiration of the UI pandemic programs were still in appeal or had not yet been processed as of September 30, 2021. As a result, management determined the need to establish an obligation for the future outlays to states for those UI claims that are ultimately determined eligible by the State Workforce Agencies (SWA).

Management developed a methodology and related assumptions to estimate the obligation; however, we noted that management did not have sufficient processes and controls in place to properly validate the reasonableness of the methodology and assumptions used. In addition, management did not have access to certain UI claim data that was critical to developing certain assumptions because all UI claims are processed by the state.

This occurred because management did not have an existing methodology in place that was suitable to perform such an estimate given the short time available due to federal reporting deadlines. Furthermore, management was not able to complete the analyses and back testing necessary to verify certain assumptions were valid. Management also did not have a sufficient process in place to coordinate and obtain the necessary data from the SWAs within the required reporting timeline. As a result, certain assumptions were not fully supported by relevant data.

These deficiencies resulted in management's inability to properly support the accuracy of \$47.3 billion in undelivered orders included in the new obligations and upward adjustments reported in the combined statement of budgetary resources as of September 30, 2021, and

the related \$44.0 billion in undelivered orders – unpaid (public) and \$3.3 billion in undelivered orders- paid (public), which were disclosed in note 18.E.

We also noted that management did not have a sufficient process in place to research the proper accounting treatment in accordance with U.S. GAAP for the obligation noted above. Specifically, we noted that while management researched and documented the justification for recording the obligation noted above, documentation to support the related accounting treatment could not be provided. As a result, management incorrectly recorded the obligation as a delivered order instead of an undelivered order and also incorrectly recorded a related liability. Although this entry had no impact on the new obligations and upward adjustments, it did cause benefits due and payable and gross costs to be overstated by \$44.0 billion and \$47.3 billion, respectively and advances and prepayments to be understated by \$3.3 billion. In addition, undelivered orders – unpaid and undelivered orders – paid were both understated by \$44.0 billion and \$3.3 billion, respectively. Management did correct these errors in its financial statements as of September 30, 2021.

*UTF COVID-19 Overpayment Accounts Receivables and related allowances*

DOL management’s financial reporting controls were not operating at the level of precision necessary to ensure that UTF benefit overpayments related to the FPUC and PUA programs were complete. This occurred because ETA did not consider or document the impact of certain SWAs not submitting PUA and FPUC benefit overpayment data to DOL during FY 2021. As a result, ETA was not able to timely recognize that the benefit overpayment data for these programs was not complete.

We also noted that management’s review controls over the benefit payment allowances for FPUC and PUA were not operating effectively. Specifically, we noted the uncollectible percentage management used to estimate the allowance for PUA and FPUC did not reflect the actual collection rate for those programs to date. Management relied on historical collection data from other UI programs because the programs were still fairly new and did not fully consider the FPUC and PUA data received to date. We estimated that the allowance for the FPUC and PUA benefit overpayments were collectively understated by approximately \$2.5 billion.

*Financial Statement Disclosure of UTF Activity*

The Office of Chief Financial Officer (OCFO) financial statement review control was not operating effectively to prevent certain misstatements in UTF information presented in the notes. As a result, we identified the following three material misstatements related to UTF COVID-19 activity:

- Note 2, Fund Balance with Treasury: Obligated Balance Not Yet Disbursed totaling \$20.2 billion in the Trust Funds column was misclassified as Non-Budgetary Fund Balance with Treasury

- 
- Note 24, Reclassification of Financial Statement Line Items for Financial Report Compilation Process: DOL incorrectly reported \$204.6 billion in both Transfers in without reimbursement and Transfers out without reimbursement in the Dedicated Collections Combined column and corresponding amounts in the Dedicated Collection Eliminations. However, the \$204.6 billion were intra-fund transfers related to the same UTF dedicated collections fund and therefore should have been eliminated and not reported in the note
  - Note 25, COVID-19 Activity: An unobligated balance remaining of \$112.2 billion was incorrectly presented in the note although the related indefinite authority was returned as of September 30, 2021

Management subsequently made corrections to the note disclosures once we notified them of the misstatements.

The following criteria are relevant to the conditions noted above:

- The Government and Accountability Office *Standards for Internal Control in the Federal Government* (the Standards), Section 10.02 states:

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

Section 10.03 of the Standards states:

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

Section 13.04 of the Standards states:

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

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

1. Develop policies and procedures to coordinate with SWAs to obtain the necessary information needed to support related balances and assumptions, and to perform benchmarking and/or other analyses to validate new assumptions;
2. Amend policies and procedures to provide specific steps to be performed during the reviews and the documentation requirements, which should include the specific items reviewed, analyses performed, and conclusions reached; and
3. Maintain documentation of the reviews performed to assess the reasonableness of the underlying data, assumptions, and formulas used in the models that is sufficiently detailed to evidence the specific items reviewed, analysis performed, and conclusions reached.

Additionally, we recommend the Acting Chief Financial Officer:

4. Develop policies and procedures to ensure that the accounting treatment for significant transactions are appropriately researched and documented prior to recording the transaction to the general ledger; and
5. Enhance management review controls over the amounts that are presented in the notes to the financial statements.

***Management's Response:***

See Exhibit II for management's response.

***Auditors' Response:***

We will conduct follow-up procedures in FY 2022 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 19, 2021**

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

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

**SUBJECT:** FY 2021 Independent Auditors' on DOL's Consolidated Financial  
Statements Draft Report #22-22-003-13-001

Please find the attached management's response to FY 2021 Independent Auditors' on DOL's Consolidated Financial Statements Draft Report #22-22-003-13-001.

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: Angela Hanks, Principal Deputy Assistant Secretary, Employment and Training  
Administration

Jim Garner, Director, Unemployment Insurance

Management's Response  
Fiscal Year 2021 Independent Auditors' Report

**1. Improvements Needed in Controls over Financial Reporting Related to Unemployment Trust Fund balances and Activity**

By way of background, the temporary, emergency unemployment insurance programs created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act expired on September 6, 2021, and all benefits paid under these programs are for weeks of unemployment occurring prior to this expiration date. However, most states continue to work on and process backlogs of adjudications and appeals concerning claims in these programs and will continue to do so for some time. These backlogs are due to a variety of reasons, including the fact that states experienced an unprecedented volume of claims and were unable to adequately hire and train sufficient staff to process these claims in a timely manner; and other events that required states to process additional claims for an expanded pool of applicants. These factors contributed to states amassing significant backlogs of claims for these expired programs – again, for weeks of unemployment occurring prior to September 6, 2021.

The Department of Labor and the Office of Management and Budget agree that under the special, temporary UI programs authorized under Title II of Division A of the CARES Act (PL 116-136), the obligation to pay benefits to claimants arose no later than the applicable weeks of unemployment for which the benefits were payable prior to the expiration of the program(s) on September 6, 2021. Under DOL's and OMB's interpretation, all budget authority and obligations for the expired UI 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 DOL'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 against programs whose authorizations have lapsed.

The Department used available data and assumptions based on past patterns to quickly develop an estimate of the amounts needed to make timely obligations to cover future payments. The Department lacks information from states on known pending claims that remain unpaid; states have not previously collected or provided this type of data to the Department and were not in a position to quickly compile the information. Thus, the Department used the best available information to develop an estimate to support the obligations of funds. The temporary nature of the programs contributed to the Department's approach.

The Department provides the following responses to the audit report recommendations:

1. Prior to this audit report, the Department identified the need to gather information from states on pending adjudications and appeals in the UI programs and established a work group to begin developing an appropriate information collection request form to gather

this information in the future. The Department intends to finalize development of the request form and pursue public notice and comment in accordance with the Paperwork Reduction Act early in CY 2022. We recognize the value in having this information, however we recognize that we also must work within the confines of Federal regulations and state operational capacity to respond to this new, and extremely complex request for information.

2. Due to the late determination that the obligation would be necessary, the Department's efforts focused primarily on securing an estimate of the obligation sufficient to cover the magnitude of outstanding payments. In response to any future situations that may require actions similar to those that arose in FY 2021, the Department will ensure the development of a complete management review process alongside the estimation methodology to include the documentation of all reviewed items, the types of analysis used, and the reviewer's conclusions.
3. If situations arise in the future, that may require actions similar to that experienced in FY 2021, the Department will ensure all review documentation developed and utilized as described in the response to item 2, above, are certified and maintained to be provided alongside any estimates submitted. This documentation will include an assessment of the reasonableness of the underlying data, the assumptions, and the formulas used in the estimation model.
4. The requirement to record the significant transaction obligation in the FY 2021 financial statements arose just days before the end of the Fiscal Year. The determination that the approach was acceptable and would be utilized was developed and agreed upon in concert with the Office of Management and Budget (OMB); the Department's Office of the Chief Financial Officer; Departmental Budget Center; and the Employment and Training Administration, with the consent and support of the legal teams from both the Department and OMB. While the Department will make every effort to avoid last minute significant transactions, DOL will implement policies and procedures to ensure proper reporting of unique or novel transactions that have a material effect on financial reporting. Policies and procedures will enhance coordination between ETA and OCFO with regard to financial reporting matters and provide for documentation to support the financial reporting treatment. Documentation may include references to the accounting literature; prior and/or analogous transactions; and consultation with central guidance agencies.
5. The financial statement notes were prepared and reviewed in accordance with the current processes and procedures. DOL will re-enforce the current process with the reviewers to ensure that specific attention is applied to unusual and/or significant transactions. DOL will also note for the preparer(s) and reviewers any corrections that were recurring from FY2020 to FY2021 to ensure that they are corrected appropriately in FY2022.

## **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 auditors' report accompanies the principal financial statements.

The Department's principal financial statements for the years ended September 30, 2021 and 2020 consist of the following:

- The **Consolidated Balance Sheets**, which present as of September 30, 2021 and 2020, 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, 2021 and 2020. DOL's net cost of operations includes the gross costs incurred by DOL less any exchange revenue earned from DOL activities. The classification of gross cost and exchange revenue by program and program agency is presented in Note 15 to the consolidated financial statements.
- The **Consolidated Statements of Changes in Net Position**, which present the change in DOL's net position resulting from the net cost of DOL operations and financing sources for the years ended September 30, 2021 and 2020.
- 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, 2021 and 2020; and the status of these resources as of September 30, 2021 and 2020.
- 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, 2021, 2020, 2019, 2018, and 2017.
- 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, 2021 and 2020, and provide information about the change.

**CONSOLIDATED BALANCE SHEETS**  
As of September 30, 2021 and 2020  
(Dollars in Thousands)

|  | <b>2021</b>           | <b>2020</b>          |
|--|-----------------------|----------------------|
| <b>ASSETS (Note 7)</b>   |                       |                      |
| <b>Intra-governmental</b>  |                       |                      |
| Fund Balance with Treasury (Note 1-C and 2)                                    | \$ 67,698,459         | \$ 19,399,015        |
| Investments, net (Note 1-D and 3)  | 53,366,356            | 50,830,598           |
| Accounts receivable, net (Note 1-E and 4)                                      | 4,754,761             | 5,101,289            |
| Advances and prepayments (Note 1-G and 6)                                      | 7,031                 | 3,414                |
| <b>Total Intra-governmental</b>  | <b>125,826,607</b>    | <b>75,334,316</b>    |
| <b>With the public</b>   |                       |                      |
| Accounts receivable, net (Note 1-E and 4)                                      | 7,726,692             | 1,861,201            |
| General property, plant, and equipment, net (Note 1-F and 5)                   | 1,069,868             | 1,105,453            |
| Advances and prepayments (Note 1-G and 6)                                      | 12,971,294            | 8,211,221            |
| <b>Total with the public</b>   | <b>21,767,854</b>     | <b>11,177,875</b>    |
| <b>Total assets</b>  | <b>\$ 147,594,461</b> | <b>\$ 86,512,191</b> |
| <br><b>LIABILITIES AND NET POSITION</b>  |                       |                      |
| <b>Liabilities (Note 1-I and 12)</b>   |                       |                      |
| <b>Intra-governmental</b>  |                       |                      |
| Accounts payable   | \$ 45,152             | \$ 31,123            |
| Debt (Note 1-J and 8)  | 61,418,162            | 42,408,232           |
| Advances from others and deferred revenue (Note 1-K)                           | 57,678                | 3,737                |
| Other liabilities (Note 1-N and 9)   | 267,007               | 258,920              |
| <b>Total Intra-governmental</b>  | <b>61,787,999</b>     | <b>42,702,012</b>    |
| <b>With the public</b>   |                       |                      |
| Accounts payable   | 746,389               | 385,729              |
| Federal employee benefits payable (Note 1-L and 11)                            | 4,027,306             | 3,459,671            |
| Environmental and disposal liabilities   | 28,558                | 35,743               |
| Benefits due and payable (Note 1-M and 10)                                     | 19,442,677            | 16,770,529           |
| Advances from others and deferred revenue (Note 1-K)                           | 161                   | 38                   |
| Other liabilities (Note 1-N)   | 43,037,539            | 37,521,400           |
| Energy Employees Occupational Illness Compensation Benefits (Note 1-N)         | 1,396,571             | 937,212              |
| Other (Note 9)   | 68,679,201            | 59,110,322           |
| <b>Total with the public</b>   | <b>68,679,201</b>     | <b>59,110,322</b>    |
| <b>Total liabilities</b>   | <b>130,467,200</b>    | <b>101,812,334</b>   |
| Contingencies (Note 13)  |                       |                      |
| <b>Net position (Note 1-R)</b>   |                       |                      |
| Unexpended appropriations - Funds from Other than Dedicated Collections        | 42,121,799            | 12,766,776           |
| Total Unexpended Appropriations (Consolidated)                                 | 42,121,799            | 12,766,776           |
| Cumulative results of operations - Funds from Dedicated Collections (Note 21)  | 8,526,384             | 2,141,176            |
| Cumulative results of operations - Funds from Other than Dedicated Collections | (33,520,922)          | (30,208,095)         |
| Total Cumulative Results of Operations (Consolidated)                          | (24,994,538)          | (28,066,919)         |
| <b>Total net position</b>  | <b>17,127,261</b>     | <b>(15,300,143)</b>  |
| <b>Total liabilities and net position</b>                                      | <b>\$ 147,594,461</b> | <b>\$ 86,512,191</b> |

The accompanying notes are an integral part of these statements.

**CONSOLIDATED STATEMENTS OF NET COST**

As of September 30, 2021 and 2020

(Dollars in Thousands)

|   | <u>2021</u>                  | <u>2020</u>                  |
|---|------------------------------|------------------------------|
| <b>NET COST OF OPERATIONS (Note 1-S and 15)</b> |                              |                              |
| <b>CROSSCUTTING PROGRAMS</b>                    |                              |                              |
| <b>Income maintenance</b>                       |                              |                              |
| Gross costs                                     | \$ 399,843,191               | \$ 500,685,000               |
| Less: earned revenue                            | (3,094,862)                  | (3,143,486)                  |
| Net program costs                               | <u>396,748,329</u>           | <u>497,541,514</u>           |
| <b>Employment and training</b>                  |                              |                              |
| Gross costs                                     | 6,140,571                    | 6,140,020                    |
| Less: earned revenue                            | (3,781)                      | (1,571)                      |
| Net program costs                               | <u>6,136,790</u>             | <u>6,138,449</u>             |
| <b>Labor, employment and pension standards</b>  |                              |                              |
| Gross costs                                     | 898,403                      | 866,593                      |
| Less: earned revenue                            | (11,296)                     | (8,667)                      |
| Net program costs                               | <u>887,107</u>               | <u>857,926</u>               |
| <b>Worker safety and health</b>                 |                              |                              |
| Gross costs                                     | 1,016,625                    | 988,787                      |
| Less: earned revenue                            | (3,680)                      | (3,616)                      |
| Net program costs                               | <u>1,012,945</u>             | <u>985,171</u>               |
| <b>OTHER PROGRAMS</b>                           |                              |                              |
| <b>Statistics</b>                               |                              |                              |
| Gross costs                                     | 707,839                      | 685,993                      |
| Less: earned revenue                            | (35,882)                     | (31,793)                     |
| Net program costs                               | <u>671,957</u>               | <u>654,200</u>               |
| <b>COSTS NOT ASSIGNED TO PROGRAMS</b>           |                              |                              |
| Gross costs                                     | 52,973                       | 52,615                       |
| Less: earned revenue not attributed to programs | (27,494)                     | (58,775)                     |
| Net costs not assigned to programs              | <u>25,479</u>                | <u>(6,160)</u>               |
| <b>Net cost of operations</b>                   | <u><u>\$ 405,482,607</u></u> | <u><u>\$ 506,171,100</u></u> |

The accompanying notes are an integral part of these statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION

For the Years Ended September 30, 2021 and 2020

(Dollars in Thousands)

|   | 2021  |   |               | 2020  |   |                 |
|---|---|---|---------------|---|---|-----------------|
|   | Funds from<br>Dedicated<br>Collections<br>(Note 21) | Funds from Other<br>than Dedicated<br>Collections | Total         | Funds from<br>Dedicated<br>Collections<br>(Note 21) | Funds from Other<br>than Dedicated<br>Collections | Total           |
| <b>Unexpended Appropriations (Note 1-T):</b>                |   |   |               |   |   |                 |
| Beginning Balance, as adjusted                              | \$ -  | \$ 12,766,776                                     | \$ 12,766,776 | \$ -  | \$ 8,887,126                                      | \$ 8,887,126    |
| Appropriations received (Note 18-F)                         | -   | 496,570,680                                       | 496,570,680   | -   | 406,563,857                                       | 406,563,857     |
| Appropriations transferred in/out                           | -   | -   | -             | -   | (2,196)   | (2,196)         |
| Other adjustments   | -   | (114,230,870)                                     | (114,230,870) | -   | (30,125,881)                                      | (30,125,881)    |
| Appropriations used   | -   | (352,984,787)                                     | (352,984,787) | -   | (372,556,130)                                     | (372,556,130)   |
| Net Change in Unexpended Appropriations                     | -   | 29,355,023  | 29,355,023    | -   | 3,879,650   | 3,879,650       |
| <b>Total Unexpended Appropriations: Ending</b>              | -   | 42,121,799  | 42,121,799    | -   | 12,766,776  | 12,766,776      |
| <b>Cumulative Results of Operations (Note 1-S and 1-U):</b> |   |   |               |   |   |                 |
| Beginning Balance, as adjusted                              | 2,141,176   | (30,208,095)                                      | (28,066,919)  | 80,894,470  | (20,530,257)                                      | 60,364,213      |
| Other adjustments   | -   | (349)   | (349)         | -   | (2,634)   | (2,634)         |
| Appropriations used   | -   | 352,984,787                                       | 352,984,787   | -   | 372,556,130                                       | 372,556,130     |
| Non-exchange revenue (Note 16)                              | 55,498,707  | (7)   | 55,498,700    | 44,993,127  | 354   | 44,993,481      |
| Transfers in/out without reimbursement (Note 17)            | 172,048,036   | (171,719,504)                                     | 328,532       | 78,408,671  | (78,308,604)                                      | 100,067         |
| Imputed financing   | 1,460   | 109,737   | 111,197       | 1,608   | 98,985  | 100,593         |
| Other   | -   | (367,879)   | (367,879)     | -   | (7,669)   | (7,669)         |
| Net cost of operations                                      | (221,162,995)                                       | (184,319,612)                                     | (405,482,607) | (202,156,700)                                       | (304,014,400)                                     | (506,171,100)   |
| Net Change in Cumulative Results of Operations              | 6,385,208   | (3,312,827)                                       | 3,072,381     | (78,753,294)  | (9,677,838)                                       | (88,431,132)    |
| <b>Cumulative Results of Operations: Ending</b>             | 8,526,384   | (33,520,922)                                      | (24,994,538)  | 2,141,176   | (30,208,095)                                      | (28,066,919)    |
| <b>Net position</b>   | \$ 8,526,384  | \$ 8,600,877                                      | \$ 17,127,261 | \$ 2,141,176  | \$ (17,441,319)                                   | \$ (15,300,143) |

The accompanying notes are an integral part of these statements.

**COMBINED STATEMENTS OF BUDGETARY RESOURCES**

As of September 30, 2021 and 2020

(Dollars in Thousands)

|   | <u>2021</u>           | <u>2020</u>           |
|---|-----------------------|-----------------------|
| <b>BUDGETARY RESOURCES (Note 18)</b>  |                       |                       |
| Unobligated balance from prior year budget authority, net (discretionary and mandatory) | \$ 5,730,941          | \$ 5,110,056          |
| Appropriations (discretionary and mandatory)  | 604,779,450           | 555,307,932           |
| Borrowing authority (discretionary and mandatory)                                       | 33,018,935            | 36,020,774            |
| Spending authority from offsetting collections (discretionary and mandatory)            | 12,322,223            | 9,838,537             |
| <b>Total budgetary resources</b>  | <u>\$ 655,851,549</u> | <u>\$ 606,277,299</u> |
| <b>STATUS OF BUDGETARY RESOURCES</b>  |                       |                       |
| New obligations and upward adjustments (total)  | \$ 648,512,438        | \$ 600,755,079        |
| Unobligated balance, end of year  |                       |                       |
| Apportioned, unexpired accounts   | 5,966,976             | 4,181,699             |
| Exempt from apportionment, unexpired accounts   | 18,669                | 22,430                |
| Unapportioned, unexpired accounts   | 52,767                | 197,353               |
| Unexpired unobligated balance, end of year  | 6,038,412             | 4,401,482             |
| Expired unobligated balance, end of year  | 1,300,699             | 1,120,738             |
| Unobligated balance, end of year (total)  | 7,339,111             | 5,522,220             |
| <b>Total budgetary resources</b>  | <u>\$ 655,851,549</u> | <u>\$ 606,277,299</u> |
| <b>OUTLAYS, NET</b>   |                       |                       |
| Outlays, net (total) (discretionary and mandatory)                                      | 586,155,898           | 571,184,279           |
| Distributed offsetting receipts   | (177,840,315)         | (84,816,481)          |
| Agency outlays, net (discretionary and mandatory)                                       | <u>\$ 408,315,583</u> | <u>\$ 486,367,798</u> |

The accompanying notes are an integral part of these statements.

## STATEMENTS of SOCIAL INSURANCE

As of September 30, 2021, 2020, 2019, 2018, and 2017  
(Dollars in Thousands)

|  | As of September 30,   |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2021                  | 2020                  | 2019                  | 2018                  | 2017                  |
| <b>BLACK LUNG DISABILITY BENEFIT PROGRAM (Note 1-W and 1-Y)</b>  |                       |                       |                       |                       |                       |
| <b>Current participants (closed group)</b>   |                       |                       |                       |                       |                       |
| Present value of estimated future excise tax income during the projection period   | \$ 1,139,399          | \$ 1,295,220          | \$ 1,375,529          | \$ 1,385,560          | \$ 2,011,565          |
| Less the present value of estimated future administrative costs during the projection period   | 831,229               | 851,780               | 770,833               | 675,099               | 713,472               |
| Less the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period   | <u>1,287,818</u>      | <u>1,415,071</u>      | <u>1,389,113</u>      | <u>1,270,504</u>      | <u>1,280,920</u>      |
| Excess of present value of estimated future excise tax income over present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period (closed group measure) | (979,648)             | (971,631)             | (784,417)             | (560,043)             | 17,173                |
| <b>New participants</b>  |                       |                       |                       |                       |                       |
| Present value of estimated future excise tax income during the projection period   | 1,139,399             | 1,295,220             | 1,269,720             | 1,133,640             | 1,616,686             |
| Less the present value of estimated future administrative costs during the projection period   | 831,229               | 851,780               | 711,538               | 552,354               | 573,414               |
| Less the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period   | <u>1,280,486</u>      | <u>1,440,636</u>      | <u>1,285,242</u>      | <u>1,049,906</u>      | <u>1,029,469</u>      |
| Excess of present value of estimated future excise tax income over present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period                        | (972,316)             | (997,196)             | (727,060)             | (468,620)             | 13,803                |
| <b>Current and new participants (open group)</b>   |                       |                       |                       |                       |                       |
| Present value of estimated future excise tax income during the projection period   | 2,278,798             | 2,590,440             | 2,645,249             | 2,519,200             | 3,628,251             |
| Less the present value of estimated future administrative costs during the projection period   | 1,662,458             | 1,703,560             | 1,482,371             | 1,227,453             | 1,286,886             |
| Less the actuarial present value of future benefit payments to disabled coal miners and dependent survivors during the projection period   | <u>2,568,304</u>      | <u>2,855,707</u>      | <u>2,674,355</u>      | <u>2,320,410</u>      | <u>2,310,389</u>      |
| Excess of present value of estimated future excise tax income over present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period (open group measure)   | <u>\$ (1,951,964)</u> | <u>\$ (1,968,827)</u> | <u>\$ (1,511,477)</u> | <u>\$ (1,028,663)</u> | <u>\$ 30,976</u>      |
| Trust fund net position deficit at start of projection period (Note 1-W and 21)  | <u>\$ (6,078,761)</u> | <u>\$ (5,976,255)</u> | <u>\$ (5,846,618)</u> | <u>\$ (5,641,907)</u> | <u>\$ (5,610,709)</u> |
| <b>Summary Section</b>   |                       |                       |                       |                       |                       |
| Closed group measure   | \$ (979,648)          | \$ (971,631)          | \$ (784,417)          | \$ (560,043)          | \$ 17,173             |
| Add: Fund Balance with Treasury and receivables from benefit overpayments (Note 21)  | <u>286,868</u>        | <u>433,074</u>        | <u>124,826</u>        | <u>359,710</u>        | <u>144,697</u>        |
| Total of closed group measure plus fund assets (Note 1-W)  | <u>\$ (692,780)</u>   | <u>\$ (538,557)</u>   | <u>\$ (659,591)</u>   | <u>\$ (200,333)</u>   | <u>\$ 161,870</u>     |
| Open group measure   | \$ (1,951,964)        | \$ (1,968,827)        | \$ (1,511,477)        | \$ (1,028,663)        | \$ 30,976             |
| Add: Fund Balance with Treasury and receivables from benefit overpayments (Note 21)  | <u>286,868</u>        | <u>433,074</u>        | <u>124,826</u>        | <u>359,710</u>        | <u>144,697</u>        |
| Total of open group measure plus fund assets (Note 1-W)  | <u>\$ (1,665,096)</u> | <u>\$ (1,535,753)</u> | <u>\$ (1,386,651)</u> | <u>\$ (668,953)</u>   | <u>\$ 175,673</u>     |

The accompanying notes are an integral part of these statements.

**STATEMENTS OF CHANGES IN SOCIAL INSURANCE AMOUNTS**

For the Years Ended September 30, 2021 and 2020

(Dollars in Thousands)

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

(Dollars in Thousands)

|   | <u>2021</u>           | <u>2020</u>           |
|---|-----------------------|-----------------------|
| The excess of present value of estimated future excise tax income over present value of estimated future administrative costs and actuarial present value of future benefit payments to disabled coal miners and dependent survivors in the open group during the projection period (open group measure), beginning of year | \$ (1,968,827)        | \$ (1,511,477)        |
| Changes in the assumptions about beneficiaries, including costs, number, type, age and life expectancy  | 104,916               | 79,194                |
| Changes in assumptions about coal excise tax revenues   | (143,559)             | (307,696)             |
| Changes in assumptions about Federal civilian pay raises for income benefits  | (4,399)               | (148)                 |
| Changes in assumptions about medical cost inflation for medical benefits  | (760)                 | 8,157                 |
| Changes in assumptions about administrative costs   | (84,315)              | (34,088)              |
| Changes in assumptions about interest rates   | <u>144,980</u>        | <u>(202,769)</u>      |
| Net change in open group measure  | <u>16,863</u>         | <u>(457,350)</u>      |
| Open group measure, end of year   | <u>\$ (1,951,964)</u> | <u>\$ (1,968,827)</u> |

The accompanying notes are an integral part of these statements

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****A. Reporting Entity**

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

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

**1. Program Agencies**

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

**Other Program Agencies**

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**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, provided for general funds, in addition to amounts otherwise available, to respond to the public health emergency with respect to the COVID-19 pandemic or its negative economic impacts, including assistance to households, small businesses, and nonprofits, among others.

The Executive Branch established its policies on the use of these funds through, among other things, a final interim rule, Treasury guidance, and correspondence of the Secretaries of the Treasury and Labor to the Congress. 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 pay back advances received for the payment of benefits between January 27, 2020 and May 17, 2021.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**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, 2021 and 2020

---

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

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

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

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

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

Payments to the Unemployment Trust Fund includes funds appropriated under P.L. 116-127, Division D, the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (the EUIA Act); P.L. 116-136, the Coronavirus Aid, Relief, and Economic Security and Access Act of 2020 (the CARES Act), Title II, Subtitle A; P.L. 116-260, Division N, Title II, Subtitle A, Chapter 1, Continued Assistance to Unemployed Workers Act of 2020 (CAUW Act); and P.L. 117-2, American Rescue Plan Act of 2021 (ARP Act). The CARES Act provides for Federally-funded unemployment benefits due to the COVID-19 pandemic, including: Pandemic Unemployment Assistance (PUA); partial reimbursement of benefits paid by States to former employees of governmental entities (e.g., State and municipal governments) and nonprofit organizations; first-week benefits to those States with no waiting week; and Pandemic Emergency Unemployment Compensation (PEUC). The EUIA and CARES Acts also include appropriations to fund grants for unemployment insurance administration and administrative costs for the PUA, first week, and PEUC programs. In general, the CAUW Act and ARP Act extended the pandemic-related Federally-funded unemployment benefits provisions of the EUIA Act and CARES Act.

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

Federal Pandemic Unemployment Compensation (also known as the Federal Additional Unemployment Compensation), includes funds appropriated under the CARES Act for Federal Pandemic Unemployment Compensation (FPUC) benefits of \$600 per week (as an amount in addition to regular unemployment benefits) and administrative costs for the program; the benefit was not payable for any week of unemployment ending after July 31, 2020. The CAUW Act reauthorized the FPUC benefits at \$300 per week (as an amount in addition to regular unemployment benefits) for the period after December 26, 2020 but ending on or before March 14, 2021. The ARP Act extended the ending date of the \$300 weekly payments to on or before September 6, 2021.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

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

**A. Reporting Entity - Continued**

**3. Fund accounting structure - continued**

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

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

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

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

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**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.

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.

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

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

**4. Inter-departmental relationships**

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

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

**B. Basis of Accounting and Presentation**

DOL complies with FASAB SFFAS 47, "Reporting Entity," with related guidance from the Treasury Financial Manual (TFM), Volume I, Part 2, Chapter 4700, "Agency Reporting Requirements for the Financial Report of the United States Government," and OMB Circular A-136, "Financial Reporting Requirements," unless otherwise disclosed. (See Note 1.L.1.)

SFFAS 47 and the related guidance required, among other things, that DOL:

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

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

These financial statements present the financial position, net cost of operations, changes in net position and budgetary resources of DOL, and estimated and actuarial projections, and changes therein, for the Department's BLDTF of the Black Lung Benefits Program, a social insurance program, in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and the presentation requirements of OMB Circular A-136; the accompanying notes are an integral part of these financial statements and are prepared in accordance with the same requirements.

In FY 2021, DOL implemented presentation changes to the Consolidated Balance Sheets, Consolidated Statements of Changes in Net Position, and accompanying notes to conform to the requirements of OMB Circular A-136.

For the Consolidated Balance Sheet as of September 30, 2020, among other things, there were presentation changes to section titles, column titles, and line descriptions; some balance sheet items were reclassified to different lines on the balance sheet, which resulted in the aggregation of certain items. DOL also made conforming changes to the notes. These changes in presentation had no effect on the consolidated totals for

- intra-governmental assets, assets with the public, and total assets,
  - intra-governmental liabilities, liabilities with the public, and total liabilities,
  - net position from total unexpended appropriations (consolidated), total cumulative results of operations consolidated), and total net position
- as of September 30, 2020.

For the Consolidated Statement of Changes in Net Position for the year ended September 30, 2020, among other things, there were presentation changes to section titles, column titles, and line descriptions; some SCNP items were aggregated for the current presentation. DOL also made conforming changes to the notes. These changes in presentation had no effect on the

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****B. Basis of Accounting and Presentation - Continued**

- net change in unexpended appropriations for funds from other than dedicated collections,
  - total net change in unexpended appropriations,
  - net change in cumulative results of operations for funds from dedicated collections,
  - net change in cumulative results of operations for funds from other than dedicated collections, and
  - total net change in cumulative results of operations
- for the year ended September 30, 2020 and
- total unexpended appropriations: ending balance, for funds from other than dedicated collections,
  - total unexpended appropriations: ending balance,
  - cumulative results of operations: ending, for funds from dedicated collections,
  - cumulative results of operations: ending, for funds from other than dedicated collections,
  - total cumulative results of operations: ending,
  - net position for funds from dedicated collections,
  - net position for funds from other than dedicated collections, and
  - total net position
- as of September 30, 2020.

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

- (1) FASAB SFFAS 57, "Omnibus Amendments 2019," which changed, among other things, reporting requirements for the required supplementary stewardship information (RSSI) category by rescinding SFFAS 8, "Supplementary Stewardship Reporting." In accordance with SFFAS 57, DOL has omitted human capital reporting RSSI from the Agency Financial Report.
- (2) FASAB Technical Bulletin (TB) 2020-1, "Loss Allowance for Intragovernmental Receivables," which requires component reporting entities to report intra-governmental receivables net of allowance for uncollectible accounts.

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 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

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

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

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 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.

**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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****D. Investments, Net - Continued**

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)

**E. Accounts Receivable, Net**

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

**1. Intra-governmental accounts receivable**

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

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

**2. Accounts receivable with the public**

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

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

**3. Net of an allowance**

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

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

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

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

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

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

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

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

**G. Advances and Prepayments**

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**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)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****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, 2021 and September 30, 2020 represent borrowings by the UTF's Federal Unemployment Account (FUA) from the General Fund of the U.S. Treasury pursuant to the authority of Section 1203 of the Social Security Act (SSA) (42 U.S.C. 1323). UTF advances from U.S. Treasury 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 2021 in five continuing resolutions (P.L.'s 116-159, -215, -225, -226, and -246) and an appropriations act P.L. 116-260 and (2) in FY 2020 in two continuing resolutions (P.L. 116-59 and P.L. 116-69) and an appropriations act P.L. 116-94. The FUA's repayable advances bear interest rates between 1.625 and 2.0 percent and between 1.75 and 2.00 percent as of September 30, 2021 and 2020, respectively. The EUCA's repayable advances bear interest rates of 1.625 and 1.75 percent as of September 30, 2021; no EUCA borrowing was outstanding as of September 30, 2020. The interest rates are equal to the average rate of interest, computed as of the end of the calendar month next preceding the date of such advance, borne by all interest bearing obligations of the United States then forming part of the public debt; except that in cases in which such average rate is not a multiple of one-eighth of 1 percent, the rate of interest shall be the multiple of one-eighth of 1 percent next lower than such average rate in accordance with Section 905(d) and Section 1203 of the Social Security Act. In general, interest on the repayable advances is due on September 30th of each year or upon the repayment of an advance and is subject to sequestration. Advances are repaid by transfers from the UTF to the General Fund of the U.S. Treasury when the Secretary of the Treasury, in consultation with the Secretary of Labor, has determined that the balances in the UTF allow repayment. (See Note 8)

**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; 19 discounted instruments remain outstanding as of September 30, 2021, 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, 2020 (due September 30, 2021) bearing an interest rate of 0.122 percent and December 31, 2019 (due December 31, 2020) bearing an interest rate of 1.58 percent; the BLDTF paid the principal and interest that were due on September 30, 2021 and December 31, 2020. The BLDTF borrowed on September 30, 2021 (due September 30, 2022) bearing an interest rate of 0.089 percent. (See Note 8)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued****K. Advances from Others and Deferred Revenue**

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

**L. Federal Employee Benefits Payable**

Federal employee benefits payable are liabilities with the public and include accrued leave and Future Workers' Compensation benefits. DOL reports accrued leave as a component of Federal employee benefits payable in accordance with the requirements of the U.S. Standard General Ledger (USSGL) as promulgated by Treasury. OMB Circular A-136 provides that accrued leave be reported as a component of Other liabilities.

Management has determined that the manner of presentation for accrued leave is not material and has no effect on total liabilities with the public and total liabilities as of September 30, 2021 and 2020, respectively.

**1. Accrued Leave**

The financial statements include a liability for employee 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 will be paid from future funding sources. Sick leave and other types of non-vested leave are expensed as taken.

Section 1111 of P.L. 116-283, National Defense Authorization Act (NDAA) for FY 2021, enacted January 1, 2021, provided for a temporary increase in the limit for which Executive Branch employees may accrue annual leave. Due to the COVID-19 pandemic, the NDAA for FY 2021 provides for a temporary waiver of the normal annual leave cap, which is, in general, 240 hours carried over to the next leave year. As a result, the liability's balance as of September 30, 2021 reflects DOL employees' (except for those in the Senior Executive Service) additional 25 percent annual leave carryover limit for a maximum of 300 hours into the 2021 leave year of January 3, 2021 through January 1, 2022.

**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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

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

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 2021 and FY 2020 methodologies for averaging the COLA rates used OMB-provided rates; the FY 2020 methodology also considered updated information provided by program staff. The FY 2021 and FY 2020 methodologies for averaging the CPI-M rates used OMB-provided rates and information obtained from the Bureau of Labor Statistics public releases for CPI.

The COLAs and CPI-Ms used in the projections for FY 2021 and FY 2020 were as follows:

| FY    | COLA  |        | CPI-M  |        |
|-------|-------|--------|--------|--------|
|       | 2021  | 2020   | 2021   | 2020   |
| 2021  | N/A   | 1.87 % | N/A    | 3.21 % |
| 2022  | 2.11% | 2.14 % | 2.74 % | 3.23 % |
| 2023  | 2.48% | 2.19 % | 3.15%  | 3.60 % |
| 2024  | 2.55% | 2.23 % | 3.56%  | 4.01 % |
| 2025  | 2.62% | 2.30 % | 3.49%  | 3.94 % |
| 2026+ | 2.68% | 2.30 % | 3.79%  | 3.94 % |

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 15.0 and 11.0 years in FY 2021 and 15.0 and 12.1 years in FY 2020, 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 2.231 and 2.060 percent in FY 2021 and 2.414 and 2.303 percent in FY 2020, 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.). Beginning in FY 2021, DOL's actuarial liability includes the non-billable and unreimbursed costs from claims covered by Section 4016, "Eligibility for Workers' Compensation Benefits for Federal Employees Diagnosed with COVID-19," of the ARP Act. (See Note 11)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

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

In FY 2020, the methodology for billable projected liabilities was revised to include, among other things: (1) an algorithmic model that relies on individual case characteristics and benefit payments (the FECA Case Reserve Model [CRM]) and (2) incurred but not reported claims were estimated using the patterns of incurred benefit liabilities in addition to those of payments. The methodology continued to be used in FY 2021, but included adjustments to normalize the levels of payments in chargeback years 2021 and 2020 because payment levels in these years were not representative of what could be expected to occur absent the COVID-19 pandemic.

In FYs 2021 and 2020, for the non-billable WHCA projected liabilities, DOL continued to apply a loss development triangle approach that accommodates the recurring and lump-sum nature of the WHCA claims; in FY 2021, DOL refined its approach by adding a step to 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). In FY 2020, the methodology included projected benefits for cases of a classified nature and used, among other things, the U.S. Department of Defense Overseas Contingency Operations (OCO) budget as a relative measure of hazard exposure to project future benefits under the WHCA. In FY 2021, the methodology continued to use the OCO budget in the same manner for non-T4 claims; whereas for T4 claims, DOL assumed a static exposure. In FYs 2021 and 2020, for WHCA income payments and medical payments, the interest rate assumptions were the same assumptions used in the billable liability.

In FY 2020, for the other non-billable projected liabilities, DOL applied a loss development triangle approach, but in FY 2021 switched to the FECA CRM.

**M. Benefits Due and Payable**

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

**1. Unemployment benefits**

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

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

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

**1. Unemployment benefits - continued**

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

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

Subsequent amendments to the EUIA Act and CARES Act were:

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

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

*Federal regular and extended unemployment benefits.* (1) the EUIA Act, section 4105, provided for 100 percent federal financing of extended benefits for states meeting certain requirements and provided for federal matching of the first week of extended benefits for states meeting waiting week requirements, providing either 50 percent or 100 percent based on whether states meet qualifications associated with emergency administrative grants (effective from date of agreement through December 31, 2020); and (2) the CARES Act, section 2105, provided for 100 percent Federal funding for the first week of regular unemployment benefits where a state's laws do not require a waiting week and that participate in certain Federal-state agreements (effective from date of agreement through December 31, 2020). In addition to extending the ending dates, the CAUW Act decreased from 100 percent to 50 percent the Federal funding of regular unemployment for first week with no waiting week. In addition to further extending the ending dates, the ARP Act resumed the 100 percent Federal funding of regular unemployment for first week with no waiting week and authorized in certain circumstances retroactive reimbursements for first weeks (with no waiting week) of unemployment that ended after December 31, 2020).

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**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 EUIISA Act), enacted March 18, 2020, and P.L. 116-136, the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the CARES Act), Title II, Subtitle A, enacted March 27, 2020, and subsequent amendments - continued**

*Federal pandemic unemployment assistance benefits.* Section 2102 of the CARES Act provided for 100 percent Federal funding in those states which participate in certain Federal-state agreements. Federal pandemic unemployment assistance covers individuals who may not otherwise qualify for unemployment benefits, such as those that are self-employed, who seek part-time employment, do not have sufficient work history, or otherwise would not qualify for regular unemployment or extended benefits under state or Federal law or Federal PEUC benefits under section 2107 of the CARES Act. The benefits are effective for weeks of unemployment beginning on or after January 27, 2020 and ending 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 are limited to weeks of unemployment beginning on or after December 6, 2020.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**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 EUIISA Act), enacted March 18, 2020, and P.L. 116-136, the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the CARES Act), Title II, Subtitle A, enacted March 27, 2020, and subsequent amendments - continued**

*Mixed Earner Unemployment Benefits.* The CAUW Act established the new mixed earner unemployment compensation (MEUC) program which is 100 percent Federally-funded. State participation is optional and participating states must enter into certain Federal-state agreements. The MEUC program is 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 beginning after December 26, 2020 (or date of Federal-state agreement, if later) and ending on or before March 14, 2021. The ARP Act extended the ending date of the \$100 weekly payments from on or before March 14, 2021 to on or before September 6, 2021. For presentation purposes, the benefits due and payable for the Federal pandemic unemployment benefits include MEUC benefits.

**Other activity**

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

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

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

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

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

The FECA Special Benefit Fund provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The Fund is reimbursed by other Federal agencies for the FECA benefit payments made on behalf of their workers. The Fund assumes the liability for unreimbursed (non-chargeable) FECA benefits.

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

The Fund also provides 50 percent of the annual cost-of-living adjustments for pre-1972 compensation cases under the authority of Section 10(h) of the Longshore and Harbor Workers' Compensation Act and the District of Columbia Worker's Compensation Act. A liability for FECA benefits payable by the Special Benefit Fund to the employees of DOL and other Federal agencies and for Section 10(h) benefits is accrued to the extent of unpaid benefits applicable to the current period.

**3. Black lung disability benefits**

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

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

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

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

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

**N. Other Liabilities**

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

**1. Intra-governmental other liabilities**

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

**2. Other liabilities with the public**

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

**Energy employees occupational illness compensation benefits**

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**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, 2021 and 2020.

| Assumptions and Liabilities  | 2021           | 2020           |
|--|----------------|----------------|
| <b>Compensation Liabilities as of September 30</b>                               |                |                |
| Average duration   | 12.3 years     | 12.2 years     |
| Interest rate used in discounting  | 2.120 %        | 2.308 %        |
| Undiscounted liability   | \$10.2 billion | \$11.1 billion |
| Discounted liability   | \$8.1 billion  | \$8.7 billion  |
| <b>Medical Liabilities as of September 30</b>                                    |                |                |
| Average duration   | 19.3 years     | 19.2 years     |
| Interest rate used in discounting  | 2.384 %        | 2.559 %        |
| Medical inflation in future year 1   | 6.2 %          | 6.2 %          |
| Medical inflation in future year 2   | 6.0 %          | 3.4 %          |
| Medical inflation in future year 3   | 5.8 %          | 3.0 %          |
| Medical inflation in future year 4   | 5.6 %          | 3.6 %          |
| Medical inflation in future year 5   | 5.5 %          | 3.7 %          |
| Medical inflation in future years 6+   | 3.9 %          | 3.9 %          |
| Society of Actuaries Retirement Plans (RP) Mortality Table                       | RP-2014        | RP-2014        |
| Undiscounted liability   | \$52.4 billion | \$44.3 billion |
| Discounted liability   | \$34.9 billion | \$28.9 billion |
| <b>Compensation and Medical Total Liabilities<sup>‡</sup> as of September 30</b> |                |                |
| Undiscounted   | \$62.6 billion | \$55.4 billion |
| Discounted   | \$43.0 billion | \$37.5 billion |
| Period used in discounting   | 60 years       | 60 years       |

<sup>‡</sup>Totals may differ slightly due to rounding.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**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 Retirement Plans (RP) 2014 mortality tables.

In FY 2020 and FY 2021, the estimated medical inflation rates for future years 1 through 5 were updated based on historical payment data and guidance from OWCP management regarding expected increases. In FY 2020, the medical inflation rates (CPI-Ms) for future year 6 and later years were developed by applying a blend of OMB CPI-Urban (CPI-U) projections from the past five years to actual Bureau of Labor Statistics CPI-U rates over the past three years; in FY 2021, the medical inflation rates for future year 6 and later years used CPI-M inflation rates provided by OMB.

The increase in undiscounted and discounted total liabilities as of September 30, 2021 was primarily due to the projected increase in costs from higher utilization of medical services and expanded benefits as a result of accepted "consequential conditions" in existing cases. A consequential condition is the effect of the accepted occupational illness under Part B and/or covered illness under Part E in causing, contributing to, or aggravating another condition or disease. Consequential conditions can arise for reasons established as being medically linked to a previously accepted work-related illness.

Benefits as a result of COVID-19 would be covered as a consequential condition, that is, the effect of the accepted occupational illness under Part B and/or covered illness under Part E in causing, contributing to, or aggravating COVID-19 disease. In FY 2020, management did not discern differences in claims approval rates or use of medical services that can be directly contribute to the COVID-19 pandemic and no adjustments were made to the model for the potential effects of the pandemic. In FY 2021, management determined that

- the number of newly approved cases was lower than estimated for Part B and Part E during the 12-month period ending June 30, 2021 and
  - the number of claims filed had decreased since the beginning of the pandemic;
- however, these were considered to be temporary conditions.

The FY 2021 projections included

- decreases in the number of future cases approved in both Part B and Part E that were offset by
- increases in existing Part E cases that were approved for Part B and
- increases in the estimated percentage of Part E awards that are filed by the employee. The increase in discounted liabilities was also due to the decrease in interest rates used in discounting.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

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

Other liabilities with the public include accrued grant liabilities, 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, 2021, DOL's matching contributions to the FEHBP and FEGSIP were \$131.7 million and \$2.7 million, respectively. For the year ended September 30, 2020, DOL's matching contributions to the FEHBP and FEGSIP were \$129.1 million and \$2.7 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 \$97.0 million and \$92.0 million for the years ended September 30, 2021 and 2020, respectively. (Note 1-S.1)

**Q. Employee Pension Benefits**

DOL employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). For employees participating in CSRS, 7.0 percent of their gross earnings is withheld and transferred to the Civil Service Retirement and Disability Fund. DOL contributes an additional 7.0 percent of the employee gross earnings to the Civil Service Retirement and Disability Fund. P.L. 112-96, Section 5001, the "Middle Class Tax Relief and Job Creation Act of 2012," changed the employee and employer contributions for new employees participating in FERS. Employees designated by OPM as FERS Revised Annuity Employees (RAEs) were, in general, new employees hired on or after January 1, 2013. The Bipartisan Budget Act of 2013, section 401, further changed the employee and employer contributions for new employees participating in FERS. Employees 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 2021 and FY 2020 are presented in the table below.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

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

|                                   | Percentage of Gross Earnings |          |           |
|-----------------------------------|------------------------------|----------|-----------|
| FY 2021                           | FERS                         | FERS RAE | FERS FRAE |
| Employee contribution/withholding | 0.8%                         | 3.1%     | 4.4%      |
| DOL contribution                  | 17.3%                        | 15.5%    | 15.5%     |
| FY 2020                           | FERS                         | FERS RAE | FERS FRAE |
| Employee contribution/withholding | 0.8%                         | 3.1%     | 4.4%      |
| DOL contribution                  | 16.0%                        | 14.2%    | 14.2%     |

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 \$137.3 million and \$133.0 million for the years ended September 30, 2021 and 2020, respectively.

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. CSRS participants may contribute up to \$19,500 per year of their gross pay to the TSP during calendar years 2021 and 2020, but there is no departmental matching contribution. FERS participants may contribute up to \$19,500 per year of their gross pay to the TSP during calendar years 2021 and 2020. CSRS and FERS participants aged 50 years or older may also contribute an additional \$6,500 per year in "catch-up" contributions during calendar years 2021 and 2020, but there is no departmental matching on "catch-up" contributions. For employees covered under FERS, DOL contributes 1 percent of the employees' gross pay to the TSP. DOL also matches employees' contributions dollar-for-dollar on the first 3 percent of pay contributed each pay period and 50 cents on the dollar for the next 2 percent of pay contributed. DOL contributions to the TSP are recognized as current operating expenses. Employee and employer contributions to the TSP are transferred to the Federal Retirement Thrift Investment Board (FRTIB), the administrator of the TSP. (See Note 14)

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

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

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

**R. Net Position**

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

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

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

**2. Cumulative results of operations**

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

**S. Net Cost of Operations****1. Operating costs**

Full operating costs are comprised of all direct costs consumed by programs and those indirect costs which can be reasonably assigned or allocated to programs. Full operating costs include goods and services that are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by DOL are recognized as imputed costs in the Consolidated 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 2020) 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 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)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

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

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

**1. Operating costs - continued**

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

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

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

**1. Appropriations used**

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**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, 2021 and 2020

---

**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) as of September 30, 2019, the EUIA Act, section 4103, waived interest payments due between March 18, 2020 and December 31, 2020; therefore, no interest payments were due from the states on the September 30, 2020 due date. The CAUW Act extended the ending date for waiving interest payments through March 14, 2021; the ARP Act further extended the ending date for waiving interest payments through September 6, 2021.

Similarly, section 4103 required that no interest should accrue on loans payable to the FUA that were issued between March 18, 2020 and December 31, 2020; the CAUW Act and ARP Act extended to March 14, 2021 and September 6, 2021, respectively, the requirement that no interest accrue. No new loans payable to the FUA were issued between October 1, 2019 and March 17, 2020. For loans payable to the FUA that were outstanding as of September 30, 2020, because the interest was either waived or did not accrue, there was no interest revenue during the year ended September 30, 2020.

After September 6, 2021, interest began to accrue on states' Title XII loans and interest payments were due on September 30, 2021.

**Reimbursement of unemployment benefits and other**

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

In general, state and municipal government entities and nonprofit organizations reimburse the State accounts for 100 percent of UI benefits paid on behalf of their former employees. Section 2103 of the CARES Act provides for Federal financing so that 50 percent of the reimbursements are returned to the governmental entities and nonprofit organizations. The program was effective for weeks of unemployment beginning on or after March 13, 2020 and ending 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 for weeks of unemployment beginning on or after March 31, 2021 and ending on or before September 6, 2021.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

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

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

**4. Imputed financing**

Imputed financing is primarily reported by Funds from other than dedicated collections. DOL recognizes an imputed financing source for pension and other retirement benefit expenses financed by OPM and (in FY 2020) cybersecurity expenses financed by DHS. (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, 2021 and 2020

---

**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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**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**

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, 2017, 2018, and 2019.

On December 20, 2019, after the SOSI as of September 30, 2019 was published, P.L. 116-94, Further Consolidated Appropriations Act 2020, temporarily increased the excise tax rates to \$1.10 per ton of underground-mined coal and \$0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price for the period January 1, 2020 through December 31, 2020. In accordance with the laws in effect as of September 30, 2020, the tax rates 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 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 sales price on January 1, 2022 and these assumptions were used for the SOSI as of September 30, 2021.

*FYs 2017 through 2020*

In FY 2017, DOL developed a model for estimating future excise tax income for all years in the projection period. Among other things, the DOL-developed model was based on historical Treasury excise tax collections and 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**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**

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

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

As of September 30, 2020, litigation pursuant to the ACE regulation was still before the USCA; DOL's estimates of future excise tax income are based on, among other things, EIA projections that reflect the ACE regulation, which is 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 is undertaking new rulemaking. Because the USCA did not expressly reinstate the CPP, it is Executive Branch policy that neither the ACE nor the CPP regulations apply. Subsequent to the USCA January 2021 decision, parties have 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 is 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 projection published in September 2021 for the 2021 and 2022 coal production and exports.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**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 2017 through 2020, projections for the number of new participants increased.

In FYs 2017 through 2021, a blend of Social Security Administration (SSA) tables and historical program data was used to project the life expectancies of the beneficiary population. OMB supplies assumptions for future monthly benefit rate increases based on increases in the Federal pay scale and future medical cost inflation based on increases in the CPI-M, which are used to calculate future benefit costs.

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**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**

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

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

For the SOSI with a valuation date as of September 30, 2021, the future benefit rate (annualized for the fiscal year) increases 2.1 percent in FY 2022, 2.3 percent in FYs 2023 through 2031, 1.8 percent in FY 2032, and 1.6 percent in FY 2033 and in each year thereafter; medical cost increases 6.2 percent in FY 2022 and in each year thereafter.

**Other significant assumptions**

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

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

DOL's approach for selecting the interest rate assumptions used to discount projected annual cash flows enhanced matching between the timing of cash flows and interest rates and increased comparability. The approach discounts projected annual cash flows to present value based on Treasury rates that reflect the average duration of cash flows. The table below presents the average duration in years and discount rates that were used in FYs 2017 through 2021.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**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 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%         |
| FY 2018                     | Average Duration   | Discount Rate |
| Coal excise tax income      | 11.5 years   | 3.00%         |
| Administrative costs        | 11.2 years   | 2.88%         |
| Income benefit payments     | 10.6 years   | 2.88%         |
| Medical benefit payments    | 12.3 years   | 3.00%         |
| FY 2017                     | Average Duration   | Discount Rate |
| Coal excise tax income      | 11.4 years   | 2.25%         |
| Administrative costs        | 11.2 years   | 2.25%         |
| Income benefit payments     | 9.8 years  | 2.13%         |
| Medical benefit payments    | 11.4 years   | 2.25%         |

**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 \$(6.08) billion, the amount of the trust fund net position deficit at the start of the projection period, September 30, 2021.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

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

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

**3. Disclosures for the social insurance financial statements - continued**

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

(a) present value of estimated future administrative costs and

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

from the closed group inflows for the:

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

As presented in the SCSIA, as a result of changes in the assumptions above, the FY 2021 open group measure increased by \$16.9 million mainly because the changes in the assumptions about coal excise taxes and administrative costs (which decreased the open group measure) were offset by changes in the assumptions about beneficiary costs/characteristics and discount rates (which increased the open group measure). In FY 2020 the open group measure decreased by \$(457.4) million, primarily due to changes in assumptions about coal excise tax revenues and interest rates.

The projection period illustrates the future long-term condition and sustainability of the fund because it presents the value for open group measure plus fund assets (Fund Balance with Treasury and receivables from benefit overpayments) available to service the fund's debt and interest. As of September 30, 2021, the open group measure plus fund assets is \$(1.67) billion whereas the BLDTF debt and interest maturing on September 30, 2022 are \$2.54 billion and the carrying value of all BDLTF debt as of September 30, 2021 is \$6.35 billion.

Subsequent Events. On October 29, 2021, SCOTUS granted the petitions for writs of certiorari with regard to the EPA regulation. As of November 19, 2021, management has determined that there are no additional subsequent events requiring disclosure for the social insurance financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**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 are obligations of the year ended September 30, 2021 and are reported in the Combined Statement of Budgetary Resources and notes.

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 2021 Financial Report of the U.S. Government (FRUSG) in accordance with OMB Circular A-136 and Treasury regulation, which require that, among other things, the FRUSG report the U.S. Government's Balance Sheet, Statement of Net Cost, and Statement of Operations and Changes in Net Position.

To support Treasury's preparation of the FY 2021 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, 2021 and

- Consolidated Statement of Changes in Net Position for the year ended September 30, 2021

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, 2021 and

- Statement of Operations and Changes in Net Position for the year ended September 30, 2021, respectively.

In making reclassifications for the Statement of Net Cost and Statement of Operations and Changes in Net Position for the year ended September 30, 2021, Note 24 presents disaggregated information for:

- combined funds from dedicated collections,

- eliminations from funds from dedicated collections,

- all other amounts (with eliminations), and

- eliminations between funds from dedicated collections and all other amounts.

Note 24 omits reclassification of DOL's Consolidated Balance Sheet as of September 30, 2021 because it conforms to the FY 2021 FRUSG presentation requirements. Consistent with the requirements of OMB Circular A-136, a one-year presentation is disclosed in Note 24.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

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

**AA. Other Conforming Changes**

In addition to the presentation changes to the Consolidated Balance Sheets, Consolidated Statements of Changes in Net Position, and accompanying notes to conform to the requirements of OMB Circular A-136 as described in Note 1.B, in FY 2021 DOL made other conforming changes to the disclosures as described below.

Note 4, Accounts Receivable, Net omits the disclosure for accounts receivable specific to criminal restitution because it is not required.

Note 5, General Property, Plant, and Equipment, Net, provides disclosures for the change in the beginning and ending balances to support Treasury's FRUSG compilation process. Consistent with the second year of implementation, comparative information is presented.

Note 19 was renamed from the Budget and Accrual Reconciliation to the Reconciliation of Net Cost to Net Outlays. Note 19 reflects a revised form and presentation based on, among other things, the Treasury Financial Manual requirements, management's use of guides prepared by the Treasury's USSGL BAR working group, and other changes to enhance comparisons to the SBR.

Note 20, Custodial Non-Exchange Revenue, presents disaggregated information according to fiscal year. Consistent with the second year of implementation, comparative information is presented.

Note 21, Funds from Dedicated Collections, discloses that combined values and consolidated values are the same values.

Note 25, COVID-19 Activity, provides narrative and tabular disclosures for unemployment programs authorized by the EUIA Act and CARES Act, as amended. Among other things, the presentation was changed to provide

- references to other notes about COVID-19 activity and programs;
- information in narrative form about the significant effects on assets, liabilities, and net costs; and
- budgetary information in tabular form at a program-specific level for administrative costs, benefits, and grants.

Consistent with the second year of implementation, comparative information is presented for balances as of September 30, 2021 and 2020 and activity for the years ended September 30, 2021 and 2020.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**NOTE 2 - FUND BALANCE WITH TREASURY**

Fund Balance with Treasury as of September 30, 2021, consisted of the following:

| <b>(Dollars in thousands)</b>            | <b>Revolving Funds</b> | <b>Trust Funds</b> | <b>Special Funds</b> | <b>General Funds</b> | <b>Other</b> | <b>Total</b>  |
|--|------------------------|--------------------|----------------------|----------------------|--------------|---------------|
| Unobligated Balance Available            | \$ 77,003              | \$ 145             | \$ 20,514            | \$ 5,869,662         | \$ -         | \$ 5,967,324  |
| Unobligated Balance Unavailable          | 20,564                 | -                  | 22,422               | 1,310,480            | -            | 1,353,466     |
| Obligated Balance Not Yet Disbursed      | 144,308                | 20,246,122         | 464,614              | 38,878,365           | -            | 59,733,409    |
| Non-Budgetary Fund Balance with Treasury | -                      | 640,589            | 61                   | -                    | 2,941        | 643,591       |
| Total Entity Assets                      | 241,875                | 20,886,856         | 507,611              | 46,058,507           | 2,941        | 67,697,790    |
| Non-entity Assets                        | -                      | (28)               | -                    | -                    | 697          | 669           |
| Fund Balance with Treasury               | \$ 241,875             | \$ 20,886,828      | \$ 507,611           | \$ 46,058,507        | \$ 3,638     | \$ 67,698,459 |

Fund Balance with Treasury as of September 30, 2020, consisted of the following:

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

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, 2021 and 2020, 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, 2021 and 2020, includes \$2,725.1 million and \$796.3 million, respectively, of funds apportioned for use in the subsequent period.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**NOTE 3 - INVESTMENTS, NET**

Investments, net as of September 30, 2021, consisted of the following:

| <b>(Dollars in thousands)</b>             | <b>Face<br/>Value</b> | <b>Premium<br/>(Discount)</b> | <b>Interest<br/>Receivable</b> | <b>Net<br/>Value</b> | <b>Market<br/>Value</b> |
|---|-----------------------|-------------------------------|--------------------------------|----------------------|-------------------------|
| <b>Unemployment Trust Fund</b>            |                       |                               |                                |                      |                         |
| <u>Non-marketable</u>                     |                       |                               |                                |                      |                         |
| Special Issue Certificate of Indebtedness |                       |                               |                                |                      |                         |
| 1.500% maturing June 30, 2022             | \$ 769,906            | \$ -                          | \$ 70                          | \$ 769,976           | \$ 769,906              |
| 1.625% maturing June 30, 2022             | <u>52,365,129</u>     | <u>-</u>                      | <u>212,733</u>                 | <u>52,577,862</u>    | <u>52,365,129</u>       |
|   | <u>\$ 53,135,035</u>  | <u>\$ -</u>                   | <u>\$ 212,803</u>              | <u>\$ 53,347,838</u> | <u>\$ 53,135,035</u>    |
| <b>Panama Canal Commission</b>            |                       |                               |                                |                      |                         |
| <b>Compensation Fund</b>                  |                       |                               |                                |                      |                         |
| <u>Marketable</u>                         |                       |                               |                                |                      |                         |
| U.S. Treasury Notes                       |                       |                               |                                |                      |                         |
| 2.875% maturing November 15, 2021         | <u>18,260</u>         | <u>61</u>                     | <u>197</u>                     | <u>18,518</u>        | <u>18,260</u>           |
|   | <u>\$ 53,153,295</u>  | <u>\$ 61</u>                  | <u>\$ 213,000</u>              | <u>\$ 53,366,356</u> | <u>\$ 53,153,295</u>    |
| <b>Entity Investments</b>                 | <u>\$ 53,124,919</u>  | <u>\$ 61</u>                  | <u>\$ 212,886</u>              | <u>\$ 53,337,866</u> | <u>\$ 53,124,919</u>    |
| <b>Non-entity Investments</b>             | <u>28,376</u>         | <u>-</u>                      | <u>114</u>                     | <u>28,490</u>        | <u>28,376</u>           |
|   | <u>\$ 53,153,295</u>  | <u>\$ 61</u>                  | <u>\$ 213,000</u>              | <u>\$ 53,366,356</u> | <u>\$ 53,153,295</u>    |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2021 and 2020

**NOTE 3 - INVESTMENTS, NET - Continued**

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**NOTE 4 - ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net as of September 30, 2021, consisted of the following:

| <u>(Dollars in thousands)</u>            | <u>Gross<br/>Receivables</u> | <u>Allowance</u>       | <u>Net<br/>Receivables</u> |
|--|------------------------------|------------------------|----------------------------|
| <b>Entity Intra-governmental assets</b>  |                              |                        |                            |
| Due for UCFE and UCX benefits            | \$ 131,886                   | \$ -                   | \$ 131,886                 |
| Due for workers' compensation benefits   | 4,603,853                    | -                      | 4,603,853                  |
| Other                                    | <u>19,022</u>                | <u>-</u>               | <u>19,022</u>              |
|  | <u>4,754,761</u>             | <u>-</u>               | <u>4,754,761</u>           |
| <b>Entity with the public assets</b>     |                              |                        |                            |
| State unemployment taxes                 | 2,539,596                    | (1,065,092)            | 1,474,504                  |
| Due from reimbursable employers          | 1,075,011                    | (304,321)              | 770,690                    |
| Benefit overpayments                     | 21,312,781                   | (16,076,036)           | 5,236,745                  |
| Other                                    | <u>6,591</u>                 | <u>(1,681)</u>         | <u>4,910</u>               |
|  | <u>24,933,979</u>            | <u>(17,447,130)</u>    | <u>7,486,849</u>           |
| <b>Non-entity with the public assets</b> |                              |                        |                            |
| Fines and penalties                      | <u>286,828</u>               | <u>(46,985)</u>        | <u>239,843</u>             |
| Total accounts receivable with public    | <u>25,220,807</u>            | <u>(17,494,115)</u>    | <u>7,726,692</u>           |
|  | <u>\$ 29,975,568</u>         | <u>\$ (17,494,115)</u> | <u>\$ 12,481,453</u>       |

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

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

As of September 30, 2021 and 2020, intra-government balances due for workers' compensation benefits includes \$1.32 billion in receivables due from the U.S. Postal Service (USPS). Subsequently, USPS paid all outstanding 2021 and 2020 balances that were billed. In general, OWCP considers all intra-governmental receivables to be fully collectible. Specific statutory provisions require agencies to reimburse the FECA Special Benefit Fund.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2021 and 2020

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

General property, plant, and equipment, net as of September 30, 2021, consisted of the following:

| <b>(Dollars in thousands)</b>                         | <b>2021</b>         |   |                           |
|---|---------------------|---|---------------------------|
|   | <b>Cost</b>         | <b>Accumulated<br/>Depreciation/<br/>Amortization</b> | <b>Net Book<br/>Value</b> |
| <b>Structures, facilities and improvements</b>        |                     |   |                           |
| Structures and facilities                             | \$ 1,627,860        | \$ (913,235)  | \$ 714,625                |
| Improvements to leased facilities                     | 390,127             | (335,744)   | 54,383                    |
|   | <u>2,017,987</u>    | <u>(1,248,979)</u>                                    | <u>769,008</u>            |
| <b>Furniture and equipment</b>                        |                     |   |                           |
| Equipment held by contractors                         | 12,276              | (12,276)  | -                         |
| Furniture and equipment                               | 45,000              | (34,725)  | 10,275                    |
|   | <u>57,276</u>       | <u>(47,001)</u>                                       | <u>10,275</u>             |
| <b>Internal use software and software development</b> | 345,940             | (232,555)   | 113,385                   |
| <b>Construction-In-progress</b>                       | 77,873              | -   | 77,873                    |
| <b>Land</b>   | 99,327              | -   | 99,327                    |
|   | <u>\$ 2,598,403</u> | <u>\$ (1,528,535)</u>                                 | <u>\$ 1,069,868</u>       |

| <b>(Dollars in thousands)</b>                     | <b>2021</b>  | <b>2020</b>         |
|---|--|---------------------|
|   | Beginning balance, as of September 30, 2020 and 2019 | \$ 1,105,453        |
| Capitalized acquisitions                          | 32,496   | 47,187              |
| Dispositions                                      | (6,828)  | (4,557)             |
| Revaluations                                      | (5,962)  | (2,462)             |
| Depreciation Expense                              | (55,291)   | (66,562)            |
| Ending balance, as of September 30, 2021 and 2020 | <u>\$ 1,069,868</u>                                  | <u>\$ 1,105,453</u> |

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**NOTE 6 - ADVANCES AND PREPAYMENTS**

Advances and prepayments as of September 30, 2021 and 2020, consisted of the following:

| <b>(Dollars in thousands)</b>              | <b>2021</b>          | <b>2020</b>         |
|--|----------------------|---------------------|
| Intra-governmental                         |                      |                     |
| Advances                                   | \$ 7,031             | \$ 3,414            |
| With the public                            |                      |                     |
| Advances to states for UI benefit payments | 12,969,379           | 8,206,630           |
| Other                                      | 1,915                | 4,591               |
|  | <u>12,971,294</u>    | <u>8,211,221</u>    |
|  | <u>\$ 12,978,325</u> | <u>\$ 8,214,635</u> |

**NOTE 7 - NON-ENTITY ASSETS**

Non-entity assets as of September 30, 2021 and 2020, consisted of the following:

| <b>(Dollars in thousands)</b> | <b>2021</b>           | <b>2020</b>          |
|-------------------------------|-----------------------|----------------------|
| Intra-governmental            |                       |                      |
| Fund Balance with Treasury    | \$ 669                | \$ 524               |
| Investments, net              | 28,490                | 10,102               |
|                               | <u>29,159</u>         | <u>10,626</u>        |
| With the public               |                       |                      |
| Accounts receivable, net      | 239,843               | 235,136              |
| Total non-entity assets       | 269,002               | 245,762              |
| Total entity assets           | 147,325,459           | 86,266,429           |
| Total assets                  | <u>\$ 147,594,461</u> | <u>\$ 86,512,191</u> |

**NOTE 8 - DEBT**

Debt during the year ended September 30, 2021, consisted of the following:

| <b>(Dollars in thousands)</b>       | <b>Balance at<br/>September 30,<br/>2020</b> | <b>Additional<br/>Borrowing</b> | <b>Repayment of<br/>Debt</b> | <b>Interest<br/>Change</b> | <b>Balance at<br/>September 30,<br/>2021</b> |
|-------------------------------------|--|---------------------------------|------------------------------|----------------------------|--|
| Intra-governmental debt to Treasury |  |                                 |                              |                            |  |
| Unemployment Trust Fund             |  |                                 |                              |                            |  |
| Advances from U.S. Treasury         | \$ 36,012,056                                | \$ 33,000,000                   | \$ (14,000,000)              | \$ 53,592                  | \$ 55,065,648                                |
| Black Lung Disability Trust Fund    |  |                                 |                              |                            |  |
| Borrowing from U.S. Treasury        | 6,396,176                                    | 2,311,100                       | (2,442,615)                  | 87,853                     | 6,352,514                                    |
|                                     | <u>\$ 42,408,232</u>                         | <u>\$ 35,311,100</u>            | <u>\$ (16,442,615)</u>       | <u>\$ 141,445</u>          | <u>\$ 61,418,162</u>                         |

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**NOTE 8 - DEBT - Continued**

For the year ended September 30, 2021, interest expense for the UTF was \$1,151.7 million, of which \$1,098.2 million was paid along with \$65.6 million in accrued interest through September 30, 2021. For the year ended September 30, 2020, interest expense for the UTF was \$204.3 million, of which \$192.2 million was paid along with \$12.1 million in accrued interest through September 30, 2020.

For the year ended September 30, 2021, interest expense for the BLDTF was \$182.5 million, of which \$93.3 million was paid along with \$1.3 million in accrued interest through September 30, 2021 and \$89.2 million in capitalized interest. For the year ended September 30, 2020, interest expense for the BLDTF was \$213.7 million; of which of \$109.4 million was paid along with \$103.0 million in capitalized interest and \$1.3 million in accrued interest through September 30, 2020.

**NOTE 9 - OTHER LIABILITIES**

Other liabilities as of September 30, 2021 and 2020, consisted of the following:

| <b><u>(Dollars in thousands)</u></b>                   | <b><u>2021</u></b>  | <b><u>2020</u></b>  |
|--|---------------------|---------------------|
| <b>Intra-governmental</b>                              |                     |                     |
| Non-entity receivables due to U.S. Treasury            | \$ 239,843          | \$ 235,136          |
| Accrued payroll and other liabilities                  | <u>27,164</u>       | <u>23,784</u>       |
| <b>Total intra-governmental</b>                        | <u>267,007</u>      | <u>258,920</u>      |
| <b>With the public</b>                                 |                     |                     |
| Accrued grant liabilities                              | 1,260,051           | 798,860             |
| Capital lease liability                                | 28,011              | 29,637              |
| Accrued funded payroll and leave and other liabilities | <u>108,509</u>      | <u>108,715</u>      |
| <b>Total with the public</b>                           | <u>1,396,571</u>    | <u>937,212</u>      |
|  | <u>\$ 1,663,578</u> | <u>\$ 1,196,132</u> |

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**NOTE 10 - BENEFITS DUE AND PAYABLE**

Benefits due and payable as of September 30, 2021 and 2020, consisted of the following:

| <u>(Dollars in thousands)</u>                               | <u>2021</u>          | <u>2020</u>          |
|---|----------------------|----------------------|
| State regular and extended unemployment benefits            | \$ 8,495,644         | \$ 4,172,648         |
| Federal regular and extended unemployment benefits          | 112,738              | 1,042,791            |
| Federal emergency unemployment benefits                     | 320,707              | 740,409              |
| Federal pandemic emergency unemployment benefits            | 5,658,332            | 458,052              |
| Federal pandemic unemployment assistance benefits           | 1,787,665            | 5,767,992            |
| Federal employees' unemployment benefits                    | 160,994              | 133,812              |
| Federal pandemic unemployment benefits                      | 2,592,347            | 4,166,512            |
| Federal additional unemployment benefits                    | 25,763               | 26,490               |
| Total unemployment benefits                                 | <u>19,154,190</u>    | <u>16,508,706</u>    |
| Black lung disability benefits                              | 17,162               | 17,734               |
| Federal employees' disability and 10(h) benefits            | 235,481              | 216,957              |
| Energy employees occupational illness compensation benefits | <u>35,844</u>        | <u>27,132</u>        |
|   | <u>\$ 19,442,677</u> | <u>\$ 16,770,529</u> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2021 and 2020

**NOTE 11 - FEDERAL EMPLOYEE BENEFITS PAYABLE**

As of September 30, 2021 and 2020, DOL's liability for the future workers' compensation benefits portion of Federal employee benefits payable consisted of the following:

| <b>(Dollars In thousands)</b>   | <b>2021</b>          | <b>2020</b>          |
|---|----------------------|----------------------|
| <i>Projected gross liability of the Federal government for future FECA benefits</i>   | <u>\$ 36,325,791</u> | <u>\$ 35,840,589</u> |
| <i>Less: Liabilities attributed to other agencies</i>   |                      |                      |
| U.S. Postal Service   | (15,808,523)         | (15,744,758)         |
| Department of Homeland Security   | (2,532,178)          | (2,494,936)          |
| Department of Veterans Affairs  | (2,447,453)          | (2,463,981)          |
| Department of the Navy  | (1,884,128)          | (1,916,558)          |
| Department of the Army  | (1,561,988)          | (1,593,860)          |
| Department of Justice   | (1,678,737)          | (1,653,281)          |
| Department of the Air Force   | (1,155,798)          | (1,184,394)          |
| Department of Agriculture   | (662,953)            | (678,903)            |
| Department of Transportation  | (773,645)            | (789,774)            |
| Department of Defense, Other  | (628,789)            | (642,813)            |
| Department of the Interior  | (571,739)            | (575,024)            |
| Department of the Treasury  | (565,440)            | (572,757)            |
| Tennessee Valley Authority  | (327,282)            | (343,840)            |
| Social Security Administration  | (273,528)            | (280,438)            |
| Department of Health and Human Services   | (269,342)            | (283,394)            |
| Department of Commerce  | (173,792)            | (146,325)            |
| General Services Administration   | (117,778)            | (123,746)            |
| Department of Energy  | (92,712)             | (99,497)             |
| Department of State   | (102,047)            | (97,657)             |
| Department of Housing and Urban Development   | (61,732)             | (65,796)             |
| Environmental Protection Agency   | (51,143)             | (50,451)             |
| National Aeronautics and Space Administration   | (29,800)             | (29,747)             |
| Small Business Administration   | (30,128)             | (30,576)             |
| Office of Personnel Management  | (8,800)              | (7,118)              |
| Agency for International Development  | (26,928)             | (27,586)             |
| Department of Education   | (13,938)             | (13,422)             |
| Nuclear Regulatory Commission   | (4,129)              | (4,573)              |
| National Science Foundation   | (1,383)              | (1,219)              |
| Other   | (607,039)            | (621,288)            |
|   | <u>(32,462,872)</u>  | <u>(32,537,712)</u>  |
|   | <u>\$ 3,862,919</u>  | <u>\$ 3,302,877</u>  |
| <i>Projected liability of the Department of Labor for future FECA benefits</i>  |                      |                      |
| FECA benefits not chargeable to other Federal agencies payable by<br>DOL's Federal Employees' Compensation Act Special Benefit Fund | \$ 3,650,932         | \$ 3,084,636         |
| FECA benefits due to eligible workers of DOL and Job Corps enrollees  | 167,665              | 172,132              |
| FECA benefits due to eligible workers of the Panama Canal Commission  | 44,322               | 46,109               |
|   | <u>3,862,919</u>     | <u>3,302,877</u>     |
| Accrued leave and other   | <u>164,387</u>       | <u>156,794</u>       |
| <b>Total Federal employee benefits payable</b>  | <u>\$ 4,027,306</u>  | <u>\$ 3,459,671</u>  |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

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

Liabilities not covered by budgetary resources as of September 30, 2021 and 2020, consisted of the following:

| <b>(Dollars in thousands)</b>                        | <b>2021</b>           | <b>2020</b>           |
|--|-----------------------|-----------------------|
| Intra-governmental                                   |                       |                       |
| Debt   | \$ 61,418,162         | \$ 42,406,929         |
| With the public                                      |                       |                       |
| Federal employee benefits payable                    | 2,279,573             | 1,668,360             |
| Accrued annual leave                                 | 145,751               | 143,793               |
| Other liabilities                                    | 48,715                | 62,632                |
|  | <u>2,474,039</u>      | <u>1,874,785</u>      |
| Total liabilities not covered by budgetary resources | 63,892,201            | 44,281,714            |
| Total liabilities not requiring budgetary resources  | 243,899               | 239,937               |
| Total liabilities covered by budgetary resources     | 66,331,100            | 57,290,683            |
|  | <u>\$ 130,467,200</u> | <u>\$ 101,812,334</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, 2021, consisted of the following:

| <b>(Dollars in thousands)</b>        | <b>Employer<br/>Contributions</b> | <b>Costs Imputed<br/>by OPM</b> | <b>Total<br/>Pension<br/>Expense</b> |
|--------------------------------------|-----------------------------------|---------------------------------|--------------------------------------|
| Civil Service Retirement System      | \$ 2,688                          | \$ 11,411                       | \$ 14,099                            |
| Federal Employees' Retirement System | 255,095                           | 2,876                           | 257,971                              |
| Thrift Savings Plan                  | <u>66,047</u>                     | <u>-</u>                        | <u>66,047</u>                        |
|                                      | <u>\$ 323,830</u>                 | <u>\$ 14,287</u>                | <u>\$ 338,117</u>                    |

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**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, 2021 and 2020, respectively. Note 15 C presents a further breakdown of this cost and revenue information for DOL's two largest program agencies, ETA and the OWCP. (See Note 1-A.1 and 1-S)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**NOTE 15 - NET COST OF OPERATIONS - Continued****A. Consolidating Statements of Net Cost by Program Agency**

Net cost of operations by program agency for the year ended September 30, 2021, consisted of the following:

| <u>(Dollars in thousands)</u>                   | <u>Employment<br/>and Training<br/>Administration</u> | <u>Office of Workers'<br/>Compensation<br/>Programs</u> | <u>Office<br/>of<br/>Job Corps</u> | <u>Occupational<br/>Safety and Health<br/>Administration</u> |
|---|---|---|------------------------------------|--|
| <b>CROSCUTTING PROGRAMS</b>                     |   |   |                                    |  |
| <b>Income maintenance</b>                       |   |   |                                    |  |
| Gross costs                                     | \$ 388,299,365  | \$ 11,542,840   | \$ -                               | \$ -   |
| Less: earned revenue                            | (445,130)   | (2,649,732)   | -                                  | -  |
| Net program costs                               | <u>387,854,235</u>                                    | <u>8,893,108</u>  | <u>-</u>                           | <u>-</u>   |
| <b>Employment and training</b>                  |   |   |                                    |  |
| Gross costs                                     | 4,213,170   | -   | 1,645,889                          | -  |
| Less: earned revenue                            | (1,838)   | -   | (1,783)                            | -  |
| Net program costs                               | <u>4,211,332</u>                                      | <u>-</u>  | <u>1,644,106</u>                   | <u>-</u>   |
| <b>Labor, employment and pension standards</b>  |   |   |                                    |  |
| Gross costs                                     | -   | -   | -                                  | -  |
| Less: earned revenue                            | -   | -   | -                                  | -  |
| Net program costs                               | <u>-</u>  | <u>-</u>  | <u>-</u>                           | <u>-</u>   |
| <b>Worker safety and health</b>                 |   |   |                                    |  |
| Gross costs                                     | -   | -   | -                                  | 612,836  |
| Less: earned revenue                            | -   | -   | -                                  | (2,345)  |
| Net program costs                               | <u>-</u>  | <u>-</u>  | <u>-</u>                           | <u>610,491</u>   |
| <b>OTHER PROGRAMS</b>                           |   |   |                                    |  |
| <b>Statistics</b>                               |   |   |                                    |  |
| Gross costs                                     | -   | -   | -                                  | -  |
| Less: earned revenue                            | -   | -   | -                                  | -  |
| Net program costs                               | <u>-</u>  | <u>-</u>  | <u>-</u>                           | <u>-</u>   |
| <b>COSTS NOT ASSIGNED TO PROGRAMS</b>           |   |   |                                    |  |
| Gross costs                                     | -   | -   | -                                  | -  |
| Less: earned revenue not attributed to programs | -   | -   | -                                  | -  |
| Net costs not assigned to programs              | <u>-</u>  | <u>-</u>  | <u>-</u>                           | <u>-</u>   |
| <b>Net cost of operations</b>                   | <u>\$ 392,065,567</u>                                 | <u>\$ 8,893,108</u>                                     | <u>\$ 1,644,106</u>                | <u>\$ 610,491</u>  |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2021 and 2020

| <u>Bureau of<br/>Labor<br/>Statistics</u> | <u>Mine Safety<br/>and Health<br/>Administration</u> | <u>Employee Benefits<br/>Security<br/>Administration</u> | <u>Veterans'<br/>Employment<br/>and Training</u> | <u>Wage and<br/>Hour<br/>Division</u> | <u>Other<br/>Program<br/>Agencies</u> | <u>Total</u>          |
|---|--|--|--|---------------------------------------|---------------------------------------|-----------------------|
| \$ -                                      | \$ -   | \$ -   | \$ -   | \$ -                                  | \$ 986                                | \$ 399,843,191        |
| -   | -  | -  | -  | -                                     | -                                     | (3,094,862)           |
| -   | -  | -  | -  | -                                     | 986                                   | 396,748,329           |
| -   | -  | -  | 279,084  | -                                     | 2,428                                 | 6,140,571             |
| -   | -  | -  | (160)  | -                                     | -                                     | (3,781)               |
| -   | -  | -  | 278,924  | -                                     | 2,428                                 | 6,136,790             |
| -   | 339  | 215,211  | 11,560   | 331,535                               | 339,758                               | 898,403               |
| -   | -  | (6,779)  | -  | (4,485)                               | (32)                                  | (11,296)              |
| -   | 339  | 208,432  | 11,560   | 327,050                               | 339,726                               | 887,107               |
| -   | 403,520  | -  | -  | -                                     | 269                                   | 1,016,625             |
| -   | (1,335)  | -  | -  | -                                     | -                                     | (3,680)               |
| -   | 402,185  | -  | -  | -                                     | 269                                   | 1,012,945             |
| 707,530                                   | -  | -  | -  | -                                     | 309                                   | 707,839               |
| (35,882)                                  | -  | -  | -  | -                                     | -                                     | (35,882)              |
| 671,648                                   | -  | -  | -  | -                                     | 309                                   | 671,957               |
| -   | -  | -  | -  | -                                     | 52,973                                | 52,973                |
| -   | -  | -  | -  | -                                     | (27,494)                              | (27,494)              |
| -   | -  | -  | -  | -                                     | 25,479                                | 25,479                |
| <u>\$ 671,648</u>                         | <u>\$ 402,524</u>                                    | <u>\$ 208,432</u>  | <u>\$ 290,484</u>                                | <u>\$ 327,050</u>                     | <u>\$ 369,197</u>                     | <u>\$ 405,482,607</u> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**NOTE 15 - NET COST OF OPERATIONS - Continued****B. Consolidating Statements of Net Cost by Program Agency**

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2021 and 2020

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

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

Net cost of operations for the year ended September 30, 2021, consisted of the following:

| <u>(Dollars in thousands)</u>  | <u>Employment<br/>and Training<br/>Administration</u> | <u>Office of Workers'<br/>Compensation<br/>Programs</u> |
|--------------------------------|---|---|
| <b>CROSSCUTTING PROGRAMS</b>   |   |   |
| <b>Income maintenance</b>      |   |   |
| Benefits                       | \$ 363,071,575  | \$ 10,943,677   |
| Grants                         | 7,514,190   | -   |
| Interest                       | 1,154,897   | 182,460   |
| Administrative and other       | 16,558,703  | 416,703   |
| Gross costs                    | 388,299,365   | 11,542,840  |
| Less: earned revenue           | (445,130)   | (2,649,732)   |
| Net program costs              | <u>387,854,235</u>                                    | <u>8,893,108</u>  |
| <b>Employment and training</b> |   |   |
| Grants                         | 3,805,019   | -   |
| Interest                       | -   | -   |
| Administrative and other       | 408,151   | -   |
| Gross costs                    | 4,213,170   | -   |
| Less: earned revenue           | (1,838)   | -   |
| Net program costs              | <u>4,211,332</u>                                      | <u>-</u>  |
| <b>Net cost of operations</b>  | <u>\$ 392,065,567</u>                                 | <u>\$ 8,893,108</u>                                     |

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**NOTE 16 - NON-EXCHANGE REVENUE**

Non-exchange revenues reported on the Consolidated Statements of Changes in Net Position for the year ended September 30, 2021 and 2020, consisted of the following:

| <b>(Dollars in thousands)</b>                    | <b>2021</b>          | <b>2020</b>          |
|--|----------------------|----------------------|
| Employer taxes                                   |                      |                      |
| Unemployment Trust Fund                          |                      |                      |
| State unemployment taxes                         | \$ 44,192,930        | \$ 34,511,989        |
| Federal unemployment taxes                       | 6,133,218            | 6,155,862            |
|  | <u>50,326,148</u>    | <u>40,667,851</u>    |
| Black Lung Disability Trust Fund excise taxes    | 285,997              | 301,447              |
|  | <u>50,612,145</u>    | <u>40,969,298</u>    |
| Interest   |                      |                      |
| Unemployment Trust Fund                          | 1,257,212            | 1,892,629            |
| Other  | 1,468                | 2,849                |
|  | <u>1,258,680</u>     | <u>1,895,478</u>     |
| Reimbursement of unemployment benefits and other | 3,627,875            | 2,128,705            |
|  | <u>\$ 55,498,700</u> | <u>\$ 44,993,481</u> |

The FY 2021 balance of \$44,193 million in State unemployment taxes is disaggregated by \$37,174 million and \$7,019 million earned for the current fiscal year and the prior fiscal year, respectively. The FY 2020 balance of \$34,512 million in State unemployment taxes is disaggregated by \$30,130 million and \$4,382 million 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, 2021 and 2020, consisted of the following:

| <b>(Dollars in thousands)</b>   | <b>2021</b>       | <b>2020</b>       |
|---|-------------------|-------------------|
| From H-1B Nonimmigrant Petitioner Account, Department of Homeland Security and other    | \$ 328,904        | \$ 103,069        |
| From USDA Parent/Child and Other  | (65)              | (20)              |
| From DOL general fund unexpended appropriation accounts to the DOL Working Capital Fund | 8                 | -                 |
| From Assets transferred out   | (315)             | (2,982)           |
|   | <u>\$ 328,532</u> | <u>\$ 100,067</u> |

The balance of \$328.5 million and \$100.1 million in transfers in/out without reimbursement for FY 2021 and FY 2020, reflects the elimination of intra-DOL transfers of \$(171.7) billion and \$(78.3) billion, respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

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

For the year ended September 30, 2021, certain adjustments were made to the balance of unobligated budgetary resources available as of October 1, 2020. 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, 2021 and 2020, are presented below.

| <u>(Dollars in thousands)</u>  | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|
| <b>Unobligated balance, brought forward from prior year</b>                                    | \$ 5,522,220        | \$ 4,855,307        |
| <b>Adjustments to budgetary resources made during current year</b>                             |                     |                     |
| Downward adjustments of prior year undelivered orders  | 519,783             | 458,800             |
| Downward adjustments of prior year delivered orders  | 11,417              | 17,563              |
| Other Adjustments  | (322,479)           | (221,614)           |
|  | <u>208,721</u>      | <u>254,749</u>      |
| <b>Unobligated balance from prior year budget authority, net (discretionary and mandatory)</b> | <u>\$ 5,730,941</u> | <u>\$ 5,110,056</u> |

**B. Permanent Indefinite Appropriations**

DOL's permanent indefinite appropriations include trust funds, the Federal Pandemic Unemployment Compensation Fund (also known as the Federal Additional Unemployment Compensation Fund), the Panama Canal Commission Compensation Fund, the Energy Employees Occupational Illness Compensation Fund, ETA and WHD H-1B funds, ETA's Advances and Payments to the UTF, Short-Time Compensation, and portions of State Unemployment Insurance and Employment Service Operations and Federal Unemployment Benefits and Allowances. These funds are described in Note 1-A.3. As of September 30, 2021 and 2020, the Department returned unobligated, indefinite authority to Treasury in the amount of \$184.4 billion and \$61.9 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 at September 30. Therefore, these excess receipts are reported as a reduction to Appropriations and Unobligated Balances – Exempt from Apportionment in the Combined Statements of Budgetary Resources. Conversely, when obligations exceed receipts in the current year, amounts are drawn from the temporarily unavailable collections to increase current year Appropriations and Unobligated Balances – Exempt from Apportionment on the Combined Statements of Budgetary Resources to cover these obligations. All excess receipts are reported as assets of the UTF and are included in the Consolidated Balance Sheets.

The cumulative amount of excess UTF receipts are denoted as unavailable collections in the Budget of the United States Government. The cumulative amount of these excess receipts as of September 30, 2021 and 2020, 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, 2021 and 2020

## NOTE 18 - STATUS OF BUDGETARY RESOURCES - Continued

## C. Legal Arrangements Affecting Use of Unobligated Balances - Continued

| <u>(Dollars in millions)</u>                                      | <u>2021</u>      | <u>2020</u>      |
|---|------------------|------------------|
| <b>Unemployment Trust Fund unavallable collections, beginning</b> | \$ 34,012        | \$ 82,398        |
| Budget authority from current year appropriations                 | 221,258          | 129,862          |
| Budget authority from current year borrowing authority            | 33,000           | 36,000           |
| Less: obligations   | <u>(254,885)</u> | <u>(214,248)</u> |
| Excess (deficit) of budget authority over obligations             | <u>(627)</u>     | <u>(48,386)</u>  |
| <b>Unemployment Trust Fund unavallable collections, ending</b>    | <u>\$ 33,385</u> | <u>\$ 34,012</u> |

## D. Explanation of Differences between the Combined Statement of Budgetary Resources and the Budget of the United States Government for FY 2020

The Budget of the United States Government with actual amounts for the year ended September 30, 2021, has not been published as of the issue date of these financial statements. This document will be available in February 2022 at OMB's website.

A reconciliation of budgetary resources, new obligations and upward adjustments, distributed offsetting receipts, and net outlays, as presented in the Combined Statement of Budgetary Resources for FY 2020, to amounts included in the Budget of the United States Government for the year ended September 30, 2020, is shown below.

| <u>(Dollars in millions)</u>                             | <u>Budgetary Resources</u> | <u>New Obligations and Upward Adjustments</u> | <u>Distributed Offsetting Receipts</u> | <u>Net Outlays</u> |
|--|----------------------------|---|--|--------------------|
| <b>Combined Statement of Budgetary Resources</b>         | \$ 606,277                 | \$ 600,755                                    | \$ 84,816                              | \$ 571,184         |
| Pension Benefit Guaranty Corporation reported separately | 51,753                     | 6,549   | -                                      | (8,944)            |
| Fiduciary activity                                       | 170                        | 104   | -                                      | 107                |
| Expired accounts   | (1,155)                    | (31)  | -                                      | -                  |
| Other  | <u>4</u>                   | <u>(3)</u>                                    | <u>2</u>                               | <u>2</u>           |
| <b>Budget of the United States Government</b>            | <u>\$ 657,049</u>          | <u>\$ 607,374</u>                             | <u>\$ 84,818</u>                       | <u>\$ 562,349</u>  |

## E. Undelivered Orders

Undelivered orders as of September 30, 2021 and 2020, consisted of the following:

| <u>(Dollars in thousands)</u>   | <u>2021</u>          | <u>2020</u>          |
|---------------------------------|----------------------|----------------------|
| <b>Intra-governmental</b>       |                      |                      |
| Undelivered orders (paid)       | \$ 237,162           | \$ 171,104           |
| Undelivered orders (unpaid)     | 233,165              | 214,206              |
| Total Intra-governmental        | <u>470,327</u>       | <u>385,310</u>       |
| <b>With the Public</b>          |                      |                      |
| Undelivered orders (paid)       | 9,648,208            | 8,211,222            |
| Undelivered orders (unpaid)     | 13,201,730           | 11,772,250           |
| Total with public               | <u>22,849,938</u>    | <u>19,983,472</u>    |
| <b>Total undelivered orders</b> | <u>\$ 23,320,265</u> | <u>\$ 20,368,782</u> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**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, 2021 and 2020.

| <b>(Dollars in millions)</b>   | <b>2021</b>       | <b>2020</b>       |
|--|-------------------|-------------------|
| <b>Appropriations Received, Consolidated Statements of Changes in Net Position</b> | <b>\$ 496,571</b> | <b>\$ 406,564</b> |
| <b>Receipts recognized as revenue in current and prior years</b>                   |                   |                   |
| Unemployment Trust Fund  | 235,885           | 178,248           |
| Black Lung Disability Trust Fund   | 271               | 298               |
| Other funds from dedicated collections   | (38)              | 104               |
| <b>Repayment of debt from appropriated receipts</b>                                |                   |                   |
| Unemployment Trust Fund  | (14,000)          | -                 |
| <b>Return of permanent indefinite authority</b>                                    | <b>(113,861)</b>  | <b>(29,854)</b>   |
| <b>Reduction for sequestration, across the board reductions, and other</b>         | <b>(49)</b>       | <b>(52)</b>       |
|  | <b>108,208</b>    | <b>148,744</b>    |
| <b>Appropriations, Combined Statements of Budgetary Resources</b>                  | <b>\$ 604,779</b> | <b>\$ 555,308</b> |

**G. Borrowing Authority**

As of September 30, 2021 and 2020, P.L. 116-260 and P.L. 116-94 (preceded by two continuing resolutions), respectively, granted borrowing authority for repayable advances and other debt in the amount of "such sums as may be necessary" to (1) the UTF for advances as authorized by sections 905(d) and 1203 of the Social Security Act and (2) the BLDTF for advances as authorized by section 9501(c) (1) of the Internal Revenue Code of 1986. Although section 9501 of the Internal Revenue Code and P.L. 115-245 use the terminology "advance," the Treasury has interpreted this to mean any debt owed by the BLDTF to the Bureau of the Fiscal Service.

Borrowing authority exercised for the UTF was \$33 billion and \$38.6 billion for the years ended September 30, 2021 and 2020, respectively. In FY 2021, the borrowing authority was used to fund unemployment benefits. In FY 2020, the borrowing authority was used to repay debt of \$2.6 billion and fund unemployment benefits.

Borrowing authority exercised for the BLDTF in FY 2021 was \$2,624 million; most of the borrowing authority was used to repay debt of \$2,442.6 million. Borrowing authority exercised for the BLDTF in FY 2020 was \$2,322.6 million; most of the borrowing authority was used to repay debt of \$1,988.9 million.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**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 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 net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

The analyses below illustrate this reconciliation by listing the key differences between Net Cost of Operations and Total Net Outlays (Calculated Total).

For the Year Ended September 30, 2021

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 are recognized as contra-expenses (a decrease to expenses) when DOL determines 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.

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

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

The Other Liabilities (with the public) line is primarily for an increase in the long-term actuarial liability (and corresponding workers' compensation expense) for workers covered by the Energy Employees Occupational Illness Compensation (EEOIC) Act. The increase in actuarial liability was primarily due to the projected increase in costs from higher utilization of medical services and expanded benefits as a result of accepted "consequential conditions" in existing cases. In the accrual basis, the entire workers' compensation expense (for the increase in actuarial liability) is included in the Statement of Net Costs, even though the benefits may be paid over several decades. In the budgetary basis, the outlays are not recognized until the benefits are paid. This reflects a timing difference between when DOL recognizes costs for future workers' compensation benefits versus when the benefits are paid.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

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

For the Year Ended September 30, 2021 - continued

The lines for Distributed offsetting receipts (intra-governmental) and Intra-DOL outlays (intra-governmental) are, for the most part, also 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 reports one side of the transfer as “Transfers out without reimbursement,” the UTF reports the other side of the transfer as “Transfers in without reimbursement,” and the transfers offset each other on the Statement of Changes in Net Position (SCNP) as “Transfers in/out without reimbursement.” In a similar manner, in the budgetary basis, DOL’s transfer-out to the UTF is reported on the line for Outlays, net and the UTF’s transfer-in is 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 is reported on the SCNP and not as part of net costs, it is a reconciling item between the Outlays, net which uses the budgetary basis on the SBR and the Net Costs of Operations which uses the accrual basis on the Statement of Net Costs. However, the transfer-in and transfer-out offset each other.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**NOTE 19 - RECONCILIATION OF NET COST TO NET OUTLAYS - Continued**For the Year Ended September 30, 2020

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

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

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

The lines for Distributed offsetting receipts (intra-governmental) and Intra-DOL outlays (intra-governmental) are, for the most part, also 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 reports one side of the transfer as "Transfers out without reimbursement," the UTF reports the other side of the transfer as "Transfers in without reimbursement," and the transfers offset each other on the Statement of Changes in Net Position (SCNP) as "Transfers in/out without reimbursement." In a similar manner, in the budgetary basis, DOL's transfer-out to the UTF is reported on the line for Outlays, net and the UTF's transfer-in is 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 is reported on the SCNP and not as part of net costs, it is a reconciling item between the Outlays, net which uses the budgetary basis on the SBR and the Net Costs of Operations which uses the accrual basis on the Statement of Net Costs. However, the transfer-in and transfer-out offset each other.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

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

The reconciliation for the year ended September 30, 2021 is shown below.

| (Dollars in thousands)  | <u>Intra-governmental</u> | <u>With the public</u> | <u>Total</u>          |
|---|---------------------------|------------------------|-----------------------|
| <b>NET COST OF OPERATIONS</b>   | \$ (681,381)              | \$ 406,163,988         | \$ 405,482,607        |
| <b>Components of net cost not part of the budgetary outlays</b>                       |                           |                        |                       |
| Property, plant, and equipment depreciation expense                                   | -                         | (61,461)               | (61,461)              |
| Applied overhead/cost capitalization offset   | -                         | 23,394                 | 23,394                |
| Gains/Losses on all other investments   | -                         | (563)                  | (563)                 |
| <b>Increase/(Decrease) In Assets:</b>   |                           |                        |                       |
| Accounts receivable, net  | (200,689)                 | 4,510,329              | 4,309,640             |
| Investments, net  | 35                        | -                      | 35                    |
| Advances and prepayments  | 3,616                     | 4,760,074              | 4,763,690             |
| <b>(Increase)/Decrease In Liabilities:</b>  |                           |                        |                       |
| Accounts payable  | (51,166)                  | (360,660)              | (411,826)             |
| Debt  | (89,154)                  | -                      | (89,154)              |
| Environmental and disposal liabilities  | -                         | 7,185                  | 7,185                 |
| Benefits due and payable  | -                         | (2,672,148)            | (2,672,148)           |
| Federal employee benefits payable   | -                         | (567,635)              | (567,635)             |
| Other liabilities   | (53,941)                  | (5,976,367)            | (6,030,308)           |
| <b>Financing Sources:</b>   |                           |                        |                       |
| Imputed Cost  | (111,197)                 | -                      | (111,197)             |
| <b>Total Components of net operating cost not part of the budgetary outlays</b>       | <u>(502,496)</u>          | <u>(337,852)</u>       | <u>(840,348)</u>      |
| <b>Components of the budget outlays that are not part of net operating cost</b>       |                           |                        |                       |
| Acquisition of capital assets   | -                         | 3,090                  | 3,090                 |
| <b>Financing Sources:</b>   |                           |                        |                       |
| Transfers in/out without reimbursement  | (310)                     | -                      | (310)                 |
| <b>Total Components of the budget outlays that are not part of net operating cost</b> | <u>(310)</u>              | <u>3,090</u>           | <u>2,780</u>          |
| <b>Misc Items</b>   |                           |                        |                       |
| Distributed offsetting receipts   | (177,768,253)             | (72,062)               | (177,840,315)         |
| Custodial/Non-exchange revenue  | -                         | (2,177)                | (2,177)               |
| Other Temporary Timing Differences  | -                         | 13,120                 | 13,120                |
| Intra-DOL outlays   | 181,499,916               | -                      | 181,499,916           |
| <b>Total Other Reconciling Items</b>  | <u>3,731,663</u>          | <u>(61,119)</u>        | <u>3,670,544</u>      |
| <b>Total Net Outlays (Calculated Total)</b>   |                           |                        | <u>\$ 408,315,583</u> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2021 and 2020

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

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

| (Dollars in thousands)  | Intra-governmental    | With the public       | Total                 |
|---|-----------------------|-----------------------|-----------------------|
| <b>NET COST OF OPERATIONS</b>   | <u>\$ (1,713,620)</u> | <u>\$ 507,884,720</u> | <u>\$ 506,171,100</u> |
| <b>Components of net cost not part of the budgetary outlays</b>                       |                       |                       |                       |
| Property, plant, and equipment depreciation expense                                   | -                     | (66,647)              | (66,647)              |
| Applied overhead/cost capitalization offset   | -                     | 41,780                | 41,780                |
| Gains/Losses on all other investments   | -                     | (1,578)               | (1,578)               |
| <b>Increase/(Decrease) In Assets:</b>   |                       |                       |                       |
| Accounts receivable, net  | (54,933)              | 333,623               | 278,690               |
| Investments, net  | 7                     | -                     | 7                     |
| Advances and prepayments  | (1,530)               | 6,981,317             | 6,979,787             |
| <b>(Increase)/Decrease In Liabilities:</b>  |                       |                       |                       |
| Accounts payable  | (27,490)              | 14,062                | (13,428)              |
| Debt  | (102,951)             | -                     | (102,951)             |
| Environmental and disposal liabilities  | -                     | (421)                 | (421)                 |
| Benefits due and payable  | -                     | (15,626,134)          | (15,626,134)          |
| Federal employee benefits payable   | -                     | (475,413)             | (475,413)             |
| Other liabilities   | 70                    | (11,026,910)          | (11,026,840)          |
| <b>Financing Sources:</b>   |                       |                       |                       |
| Imputed Cost  | (100,593)             | -                     | (100,593)             |
| <b>Total Components of net operating cost not part of the budgetary outlays</b>       | <u>(287,420)</u>      | <u>(19,826,321)</u>   | <u>(20,113,741)</u>   |
| <b>Components of the budget outlays that are not part of net operating cost</b>       |                       |                       |                       |
| Acquisition of capital assets   | -                     | 3,033                 | 3,033                 |
| <b>Financing Sources:</b>   |                       |                       |                       |
| Transfers in/out without reimbursement  | -                     | -                     | -                     |
| <b>Total Components of the budget outlays that are not part of net operating cost</b> | <u>-</u>              | <u>3,033</u>          | <u>3,033</u>          |
| <b>Misc Items</b>   |                       |                       |                       |
| Distributed offsetting receipts   | (84,797,993)          | (18,488)              | (84,816,481)          |
| Custodial/Non-exchange revenue  | -                     | (2,177)               | (2,177)               |
| Other Temporary Timing Differences  | -                     | 16,963                | 16,963                |
| Intra-DOL outlays   | 85,109,101            | -                     | 85,109,101            |
| <b>Total Other Reconciling Items</b>  | <u>311,108</u>        | <u>(3,702)</u>        | <u>307,406</u>        |
| <b>Total Net Outlays (Calculated Total)</b>   |                       |                       | <u>\$ 486,367,798</u> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

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

Custodial non-exchange revenue for the year ended September 30, 2021, consisted of the following:

| <u>(Dollars in thousands)</u>                     | <u>Current Fiscal Year</u> | <u>Prior Fiscal Year</u><br><u>2020</u> | <u>Prior Fiscal Year</u><br><u>2019</u> | <u>All Other Prior</u><br><u>Fiscal Years</u> | <u>Current Year</u><br><u>Collections</u> |
|---|----------------------------|---|---|---|---|
| Fines, penalties, interest and other revenue      |                            |   |   |   |   |
| Occupational Safety and Health Administration     | \$ 118,544                 | \$ -                                    | \$ -                                    | \$ -  | \$ 118,544                                |
| Mine Safety and Health Administration             | 26,495                     | -                                       | -                                       | -   | 26,495                                    |
| Employee Benefits Security Administration         | 26,923                     | -                                       | -                                       | -   | 26,923                                    |
| Wage and Hour Division                            | 31,268                     | -                                       | -                                       | -   | 31,268                                    |
| Other   | 4,497                      | -                                       | -                                       | -   | 4,497                                     |
|   | <u>207,727</u>             | <u>-</u>                                | <u>-</u>                                | <u>-</u>                                      | <u>207,727</u>                            |
| Less: amounts collected for non-federal entities  | (875)                      | -                                       | -                                       | -   | (875)                                     |
| <b>Total Amount of federal revenues collected</b> | <u>\$ 206,852</u>          | <u>\$ -</u>                             | <u>\$ -</u>                             | <u>\$ -</u>                                   | <u>\$ 206,852</u>                         |

Refunds for the year ended September 30, 2021, consisted of the following:

| <u>(Dollars in thousands)</u>                 | <u>Current Fiscal Year</u> | <u>Prior Fiscal Year</u><br><u>2020</u> | <u>Prior Fiscal Year</u><br><u>2019</u> | <u>All Other Prior</u><br><u>Fiscal Years</u> | <u>Current Year</u><br><u>Refunds</u> |
|---|----------------------------|---|---|---|---------------------------------------|
| Refunds                                       |                            |   |   |   |                                       |
| Occupational Safety and Health Administration | \$ 188                     | \$ -                                    | \$ -                                    | \$ -  | \$ 188                                |
| Mine Safety and Health Administration         | 225                        | 284                                     | 24                                      | 3   | 536                                   |
| Employee Benefits Security Administration     | 418                        | 358                                     | 98                                      | 25  | 899                                   |
| Other   | 100                        | -                                       | -                                       | -   | 100                                   |
| <b>Total amount of refunds</b>                | <u>\$ 931</u>              | <u>\$ 642</u>                           | <u>\$ 122</u>                           | <u>\$ 28</u>                                  | <u>\$ 1,723</u>                       |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2021 and 2020

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

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

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**NOTE 21 - FUNDS FROM DEDICATED COLLECTIONS**

DOL is responsible for the operation of certain funds from dedicated collections. Other funds from dedicated collections include Gifts and Bequests, Panama Canal Commission Compensation Fund, and H-1B Funds. The financial position of the funds from dedicated collections as of September 30, 2021, is shown below. The combined values and consolidated values are the same values.

The financial position of the funds from dedicated collections as of September 30, 2021, is shown below.

| <b>(Dollars in thousands)</b>                             | <b>Unemployment</b>         | <b>Black Lung<br/>Disability</b> | <b>Other</b>             | <b>Total</b>                |
|---|-----------------------------|----------------------------------|--------------------------|-----------------------------|
| <b>Assets</b>   |                             |                                  |                          |                             |
| Intra-governmental  |                             |                                  |                          |                             |
| Fund Balance with Treasury                                | \$ 20,621,765               | \$ 264,918                       | \$ 507,756               | \$ 21,394,439               |
| Investments, net  | 53,347,838                  | -                                | 18,518                   | 53,366,356                  |
| Accounts receivable, net                                  |                             |                                  |                          |                             |
| Due from other Federal agencies for UCFE and UCX benefits | 131,886                     | -                                | -                        | 131,886                     |
| Other   | -                           | -                                | 27,476                   | 27,476                      |
| Total intra-governmental                                  | <u>74,101,489</u>           | <u>264,918</u>                   | <u>553,750</u>           | <u>74,920,157</u>           |
| With the public   |                             |                                  |                          |                             |
| Accounts receivable, net                                  |                             |                                  |                          |                             |
| State unemployment tax                                    | 1,474,504                   | -                                | -                        | 1,474,504                   |
| Due from reimbursable employers                           | 770,690                     | -                                | -                        | 770,690                     |
| Benefit overpayments                                      | 3,129,769                   | 21,950                           | -                        | 3,151,719                   |
| Other   | 2,458                       | -                                | 8                        | 2,466                       |
| Advances and prepayments                                  | 10,312,964                  | -                                | -                        | 10,312,964                  |
| Other   | -                           | -                                | 163                      | 163                         |
| Total with the public                                     | <u>15,690,385</u>           | <u>21,950</u>                    | <u>171</u>               | <u>15,712,506</u>           |
| <b>Total assets</b>                                       | <b><u>\$ 89,791,874</u></b> | <b><u>\$ 286,868</u></b>         | <b><u>\$ 553,921</u></b> | <b><u>\$ 90,632,663</u></b> |
| <b>Liabilities</b>  |                             |                                  |                          |                             |
| Intra departmental and intra-governmental                 |                             |                                  |                          |                             |
| Accounts payable to DOL agencies                          | \$ 4,034,311                | \$ -                             | \$ -                     | \$ 4,034,311                |
| Debt  | 55,065,648                  | 6,352,514                        | -                        | 61,418,162                  |
| Amounts held for the Railroad Retirement Board            | 28,463                      | -                                | -                        | 28,463                      |
| Other   | -                           | -                                | 4,824                    | 4,824                       |
| Total inter/intra-governmental                            | <u>59,128,422</u>           | <u>6,352,514</u>                 | <u>4,824</u>             | <u>65,485,760</u>           |
| With the public   |                             |                                  |                          |                             |
| Accounts payable  | -                           | -                                | 7,642                    | 7,642                       |
| Federal employees benefits payable                        | -                           | -                                | 44,322                   | 44,322                      |
| Accrued benefits  | 16,536,081                  | 13,115                           | -                        | 16,549,196                  |
| Other liabilities   | -                           | -                                | 19,359                   | 19,359                      |
| Total with the public                                     | <u>16,536,081</u>           | <u>13,115</u>                    | <u>71,323</u>            | <u>16,620,519</u>           |
| <b>Total liabilities</b>                                  | <b><u>75,664,503</u></b>    | <b><u>6,365,629</u></b>          | <b><u>76,147</u></b>     | <b><u>82,106,279</u></b>    |
| <b>Net position</b>                                       |                             |                                  |                          |                             |
| Cumulative results of operations                          | <u>14,127,371</u>           | <u>(6,078,761)</u>               | <u>477,774</u>           | <u>8,526,384</u>            |
| <b>Total liabilities and net position</b>                 | <b><u>\$ 89,791,874</u></b> | <b><u>\$ 286,868</u></b>         | <b><u>\$ 553,921</u></b> | <b><u>\$ 90,632,663</u></b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2021 and 2020

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

The net results of operations of the funds from dedicated collections for the year ended and as of September 30, 2021, are shown below.

| <b>(Dollars In thousands)</b>                    | <b>Unemployment</b>  | <b>Black Lung<br/>Disability</b> | <b>Other</b>      | <b>Total</b>         |
|--|----------------------|----------------------------------|-------------------|----------------------|
| <b>Cost, net of earned revenues</b>              |                      |                                  |                   |                      |
| Benefits   | \$ (210,428,440)     | \$ (144,549)                     | \$ -              | \$ (210,572,989)     |
| Grants   | (286,683)            | -                                | (102,314)         | (388,997)            |
| Interest   | (1,154,897)          | (182,460)                        | -                 | (1,337,357)          |
| Administrative and other                         | (9,238,810)          | 6,885                            | (67,635)          | (9,299,560)          |
|  | <u>(221,108,830)</u> | <u>(320,124)</u>                 | <u>(169,949)</u>  | <u>(221,598,903)</u> |
| Earned revenue                                   | 435,762              | -                                | 146               | 435,908              |
| Net cost of operations                           | <u>(220,673,068)</u> | <u>(320,124)</u>                 | <u>(169,803)</u>  | <u>(221,162,995)</u> |
| <b>Cumulative results of operations</b>          |                      |                                  |                   |                      |
| Taxes  | 50,326,148           | 285,997                          | -                 | 50,612,145           |
| Interest   | 1,257,212            | 1,411                            | 64                | 1,258,687            |
| Reimbursement of unemployment benefits and other | 3,773,714            | -                                | (145,839)         | 3,627,875            |
| Imputed financing                                | -                    | -                                | 1,460             | 1,460                |
| Transfers-in                                     |                      |                                  |                   |                      |
| Department of Homeland Security                  | -                    | -                                | 348,575           | 348,575              |
| DOL entities                                     | 180,930,739          | -                                | 146               | 180,930,885          |
| Transfers-out                                    |                      |                                  |                   |                      |
| Department of Homeland Security                  | -                    | -                                | (386,521)         | (386,521)            |
| DOL entities                                     | (8,774,967)          | (69,790)                         | (146)             | (8,844,903)          |
|  | <u>227,512,846</u>   | <u>217,618</u>                   | <u>(182,261)</u>  | <u>227,548,203</u>   |
| Change in net position                           | 6,839,778            | (102,506)                        | (352,064)         | 6,385,208            |
| <b>Net position, beginning of year</b>           | <u>7,287,593</u>     | <u>(5,976,255)</u>               | <u>829,838</u>    | <u>2,141,176</u>     |
| <b>Net position, end of year</b>                 | <u>\$ 14,127,371</u> | <u>\$ (6,078,761)</u>            | <u>\$ 477,774</u> | <u>\$ 8,526,384</u>  |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

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

The financial position of the funds from dedicated collections as of September 30, 2020, is shown below.

| <u>(Dollars in thousands)</u>                             | <u>Unemployment</u>  | <u>Black Lung<br/>Disability</u> | <u>Other</u>      | <u>Total</u>         |
|---|----------------------|----------------------------------|-------------------|----------------------|
| <b>Assets</b>   |                      |                                  |                   |                      |
| Intra-governmental  |                      |                                  |                   |                      |
| Fund Balance with Treasury                                | \$ (314,614)         | \$ 399,326                       | \$ 706,979        | \$ 791,691           |
| Investments, net  | 50,808,359           | -                                | 22,239            | 50,830,598           |
| Accounts receivable, net                                  |                      |                                  |                   |                      |
| Due from other Federal agencies for UCFE and UCX benefits | 258,732              | -                                | -                 | 258,732              |
| Other   | -                    | -                                | 175,839           | 175,839              |
| Total intra-governmental                                  | <u>50,752,477</u>    | <u>399,326</u>                   | <u>905,057</u>    | <u>52,056,860</u>    |
| With the public   |                      |                                  |                   |                      |
| Accounts receivable, net                                  |                      |                                  |                   |                      |
| State unemployment tax                                    | 406,097              | -                                | -                 | 406,097              |
| Due from reimbursable employers                           | 488,640              | -                                | -                 | 488,640              |
| Benefit overpayments                                      | 613,918              | 33,748                           | -                 | 647,666              |
| Other   | 5,101                | -                                | 1                 | 5,102                |
| Advances and prepayments                                  | 6,138,245            | -                                | -                 | 6,138,245            |
| Other   | -                    | -                                | 165               | 165                  |
| Total with the public                                     | <u>7,652,001</u>     | <u>33,748</u>                    | <u>166</u>        | <u>7,685,915</u>     |
| <b>Total assets</b>                                       | <u>\$ 58,404,478</u> | <u>\$ 433,074</u>                | <u>\$ 905,223</u> | <u>\$ 59,742,775</u> |
| <b>Liabilities</b>  |                      |                                  |                   |                      |
| Intra departmental and intra-governmental                 |                      |                                  |                   |                      |
| Accounts payable to DOL agencies                          | \$ 2,778,974         | \$ -                             | \$ -              | \$ 2,778,974         |
| Debt  | 36,012,056           | 6,396,176                        | -                 | 42,408,232           |
| Amounts held for the Railroad Retirement Board            | 9,929                | -                                | -                 | 9,929                |
| Other   | -                    | -                                | 5,033             | 5,033                |
| Total inter/intra-governmental                            | <u>38,800,959</u>    | <u>6,396,176</u>                 | <u>5,033</u>      | <u>45,202,168</u>    |
| With the public   |                      |                                  |                   |                      |
| Accounts payable  | 222                  | -                                | 7,412             | 7,634                |
| Federal employees benefits payable                        | -                    | -                                | 46,108            | 46,108               |
| Accrued benefits  | 12,315,704           | 13,153                           | -                 | 12,328,857           |
| Other liabilities   | -                    | -                                | 16,832            | 16,832               |
| Total with the public                                     | <u>12,315,926</u>    | <u>13,153</u>                    | <u>70,352</u>     | <u>12,399,431</u>    |
| <b>Total liabilities</b>                                  | <u>51,116,885</u>    | <u>6,409,329</u>                 | <u>75,385</u>     | <u>57,601,599</u>    |
| <b>Net position</b>                                       |                      |                                  |                   |                      |
| Cumulative results of operations                          | <u>7,287,593</u>     | <u>(5,976,255)</u>               | <u>829,838</u>    | <u>2,141,176</u>     |
| <b>Total liabilities and net position</b>                 | <u>\$ 58,404,478</u> | <u>\$ 433,074</u>                | <u>\$ 905,223</u> | <u>\$ 59,742,775</u> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2021 and 2020

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**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, 2021, is shown below.

| <b>(Dollars in thousands)</b>                  | <b>Wage and Hour<br/>and Public<br/>Contracts<br/>Restitution<br/>Fund</b> | <b>Longshore<br/>and Harbor<br/>Workers'<br/>Compensation<br/>Act Trust<br/>Fund</b> | <b>District of<br/>Columbia<br/>Workmen's<br/>Compensation<br/>Act Trust<br/>Fund</b> | <b>Davis-Bacon<br/>Act Trust<br/>Fund</b> | <b>Total<br/>Fiduciary<br/>Funds</b> |
|--|--|--|---|---|--------------------------------------|
| <b>Fiduciary activity</b>                      |  |  |   |   |                                      |
| Assessments                                    | \$ 69,426  | \$ 93,297  | \$ 5,588  | \$ -                                      | \$ 168,311                           |
| Investment earnings                            | -  | 22   | 2   | -   | 24                                   |
| Administrative and other                       | -  | (2,383)  | 105   | (14)                                      | (2,292)                              |
| Transfer of funds                              | (22,890)   | -  | -   | -   | (22,890)                             |
| Disbursements to beneficiaries                 | (47,378)   | (92,777)   | (6,077)   | 14  | (146,218)                            |
| Increase (decrease) in fiduciary net assets    | (842)  | (1,841)  | (382)   | -   | (3,065)                              |
| <b>Fiduciary net assets, beginning of year</b> | <u>172,220</u>   | <u>38,470</u>  | <u>2,840</u>  | <u>-</u>                                  | <u>213,530</u>                       |
| <b>Fiduciary net assets, end of year</b>       | <u>\$ 171,378</u>  | <u>\$ 36,629</u>   | <u>\$ 2,458</u>   | <u>\$ -</u>                               | <u>\$ 210,465</u>                    |
| <b>Fiduciary assets</b>                        |  |  |   |   |                                      |
| Fund Balance with Treasury                     | \$ 168,032   | \$ 6,795   | \$ 2,010  | \$ 5,208                                  | \$ 182,045                           |
| Investments in Treasury Securities             | -  | 45,000   | 900   | -   | 45,900                               |
| Other assets                                   | 3,346  | 9,486  | 1,022   | -   | 13,854                               |
| Less: liabilities                              | -  | (24,652)   | (1,474)   | (5,208)                                   | (31,334)                             |
| <b>Total fiduciary net assets</b>              | <u>\$ 171,378</u>  | <u>\$ 36,629</u>   | <u>\$ 2,458</u>   | <u>\$ -</u>                               | <u>\$ 210,465</u>                    |

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**NOTE 22 - FIDUCIARY ACTIVITY - Continued**

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

**NOTE 23 - SUBSEQUENT EVENTS**

Management has determined that there are no subsequent events requiring accrual or disclosure through November 19, 2021.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

**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, 2021; the adjusted trial balance is a listing of amounts by U.S. Standard General Ledger account that appear in DOL's FY 2021 consolidated financial statements. Treasury uses the adjusted trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop Reclassified Statements of Net Cost and Changes in Net Position for the year ended September 30, 2021 for each component reporting entity, which are 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 2021 governmentwide financial statements in the FRUSG.

As required by OMB Circular A-136, this note discloses DOL's FY 2021 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 2020 FRUSG may be found on the Treasury's website; the FY 2021 FRUSG will be posted to the Treasury's website as soon as it is released.

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2021 and 2020

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

**A. Reclassification of Consolidated Statement of Net Costs to Line Items Used for the Government-wide Statement of Net Cost for the Year Ended September 30, 2021**

| FY 2021 DOL SNC               |                       | Line Items Used to Prepare FY 2021 Government-wide SNC |                                    |                                       |   |                       |  |
|-------------------------------|-----------------------|--|------------------------------------|---------------------------------------|---|-----------------------|--|
| (Dollars In thousands)        |                       |  |                                    |                                       |   |                       |  |
| Financial Statement Line      | Amounts               | Dedicated Collections Combined                         | Dedicated Collections Eliminations | All Other Amounts (With Eliminations) | Eliminations Between Dedicated and All Other  | Total                 | Reclassified Financial Statement Line  |
|                               |                       |  |                                    |                                       |   |                       | <b>Non-Federal Costs</b>   |
| Gross cost                    | \$ 408,659,602        | \$ 220,122,886   | \$ -                               | \$ 186,057,719                        | \$ -  | \$ 406,180,605        | Non-Federal Gross Cost   |
|                               |                       | 220,122,886  | -                                  | 186,057,719                           | -   | 406,180,605           | <b>Total Non-Federal Costs</b>   |
|                               |                       |  |                                    |                                       |   |                       | <b>Intragovernmental Costs</b>   |
|                               |                       | 8,437  | -                                  | 388,472                               | 2,629   | 394,280               | Benefit Program Costs  |
|                               |                       | 1,459  | -                                  | 109,737                               | -   | 111,196               | Imputed Costs  |
|                               |                       | 127,379  | -                                  | 421,502                               | 23,639  | 525,242               | Buy/Sell Costs   |
|                               |                       | 519  | -                                  | -                                     | -   | 519                   | Federal Securities Interest Expense  |
|                               |                       | 1,336,838  | -                                  | -                                     | -   | 1,336,838             | Borrowing and Other Interest Expense   |
|                               |                       | 1,385  | -                                  | 109,537                               | -   | 110,922               | Other Expenses (w/o Reciprocals)   |
|                               |                       | 1,476,017  | -                                  | 1,029,248                             | 26,268  | 2,478,997             | <b>Total Intragovernmental Costs</b>   |
| <b>Total gross cost</b>       | <b>408,659,602</b>    | <b>221,598,903</b>                                     | <b>-</b>                           | <b>187,086,967</b>                    | <b>26,268</b>                                 | <b>408,659,602</b>    | <b>Total Reclassified Gross Costs</b>  |
|                               |                       |  |                                    |                                       |   |                       |  |
| Less Earned revenue           | 3,176,995             | 10,039   | -                                  | 6,975                                 | -   | 17,014                | Non-Federal Earned Revenue   |
|                               |                       |  |                                    |                                       |   |                       | <b>Intragovernmental Revenue</b>   |
|                               |                       | 423,856  | -                                  | 2,673,546                             | 2,629   | 3,094,773             | Benefit Program Revenue  |
|                               |                       | -  | -                                  | 87,061                                | 23,639  | 63,422                | Buy/Sell Revenue   |
|                               |                       | -  | -                                  | 170                                   | -   | 170                   | Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange) |
|                               |                       | 2,013  | -                                  | -                                     | -   | 2,013                 | Borrowing and Other Interest Revenue (Exchange)                                  |
| 425,869                       | -                     | 2,760,777  | 26,268                             | 3,160,378                             | <b>Total Intragovernmental Earned Revenue</b> |                       |  |
| <b>Total earned revenue</b>   | <b>3,176,995</b>      | <b>435,908</b>   | <b>-</b>                           | <b>2,767,752</b>                      | <b>26,268</b>                                 | <b>3,177,392</b>      | <b>Total Reclassified Earned Revenue</b>   |
| <b>Net cost of operations</b> | <b>\$ 405,482,607</b> | <b>\$ 221,162,995</b>                                  | <b>\$ -</b>                        | <b>\$ 184,319,215</b>                 | <b>\$ -</b>                                   | <b>\$ 405,482,210</b> | <b>Net Cost</b>  |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

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

**B. Reclassification of Consolidated Statement of Changes in Net Position Line Items Used for Government-wide Statement of Operations and Changes in Net Position for the Year Ended September 30, 2021**

| FY 2021 DOL SCNP                                      |                      | Line Items Used to Prepare FY 2021 Government-wide SCNP |                                    |                                       |  |                      |   |
|---|----------------------|---|------------------------------------|---------------------------------------|--|----------------------|---|
| (Dollars in thousands)                                |                      |   |                                    |                                       |  |                      |   |
| Financial Statement Line                              | Amounts              | Dedicated Collections Combined                          | Dedicated Collections Eliminations | All Other Amounts (with Eliminations) | Eliminations Between Dedicated and All Other | Total                | Reclassified Financial Statement Line   |
| <b>UNEXPENDED APPROPRIATIONS</b>                      |                      |   |                                    |                                       |  |                      |   |
| Unexpended appropriations, beginning balance          | \$ 12,766,776        | \$ -  | \$ -                               | \$ 12,766,776                         | \$ -   | \$ 12,766,776        | Net position, Beginning of Period (1 of 2)  |
| Appropriations received                               | 496,570,680          | -   | -                                  | 496,570,680                           | -  | 496,570,680          | Appropriations received as adjusted (rescissions and other adjustments) (1 of 2)                                      |
| Other adjustments                                     | (114,230,870)        | -   | -                                  | (114,230,870)                         | -  | (114,230,870)        | Appropriations received as adjusted (rescissions and other adjustments) (2 of 2)                                      |
| Appropriation used                                    | (352,984,787)        | -   | -                                  | (352,984,787)                         | -  | (352,984,787)        | Appropriations Used (Federal)   |
| <b>Net Change in unexpended Appropriations</b>        | <b>29,355,023</b>    | <b>-</b>  | <b>-</b>                           | <b>29,355,023</b>                     | <b>-</b>                                     | <b>29,355,023</b>    |   |
| <b>Total unexpended appropriations</b>                | <b>42,121,799</b>    | <b>-</b>  | <b>-</b>                           | <b>42,121,799</b>                     | <b>-</b>                                     | <b>42,121,799</b>    | <b>Total unexpended appropriations</b>  |
| <b>CUMULATIVE RESULTS OF OPERATIONS</b>               |                      |   |                                    |                                       |  |                      |   |
| Cumulative results of operations, beginning balance   | \$ (28,066,919)      | \$ 2,141,176  | \$ -                               | \$ (30,208,095)                       | \$ -   | \$ (28,066,919)      | Net Position, Beginning of Period (2 of 2)  |
| Other Adjustment                                      | (349)                | -   | -                                  | (349)                                 | -  | (349)                | Revenue and Other Financing Sources - Cancellations   |
| Appropriation used                                    | 352,984,787          | -   | -                                  | 352,984,787                           | -  | 352,984,787          | Appropriations expended   |
|   |                      |   |                                    |                                       |  |                      | <b>Non-Federal Non-Exchange Revenues</b>  |
|   |                      | 44,192,928  | -                                  | -                                     | -  | 44,192,928           | Unemployment Taxes  |
|   |                      | 3,832,749   | -                                  | 202,314                               | -  | 4,035,063            | Other Taxes and Receipts (1 of 2)   |
|   |                      | 48,025,677  | -                                  | 202,314                               | -  | 48,227,991           | <b>Total Non-Federal Non-Exchange Revenue</b>   |
|   |                      |   |                                    |                                       |  |                      | <b>Federal Non-Exchange Revenue</b>   |
|   |                      | 1,199,652   | -                                  | -                                     | -  | 1,199,652            | Federal Securities Interest Revenue, including Associated Gains and Losses (Non-Exchange)                             |
|   |                      | 6,419,217   | -                                  | -                                     | -  | 6,419,217            | Other Taxes and Receipts  |
|   |                      | (145,839)   | -                                  | -                                     | -  | (145,839)            | Accruals for Entity amounts to be collected in a TAS Other Than the General Fund of the U.S. Government - Nonexchange |
|   |                      | 7,473,030   | -                                  | -                                     | -  | 7,473,030            | <b>Total Federal Non-Exchange Revenue</b>   |
| <b>Total non-exchange revenues</b>                    | <b>55,498,700</b>    | <b>55,498,707</b>                                       | <b>-</b>                           | <b>202,314</b>                        | <b>-</b>                                     | <b>55,701,021</b>    | <b>Total Reclassified Non-Exchange Revenues</b>   |
|   |                      |   |                                    |                                       |  |                      |   |
|   |                      | 348,709   | 146                                | -                                     | -  | 348,563              | Appropriation of Unavailable Special/Trust Fund Receipts Transfers-In   |
|   |                      | (19,167)  | (146)                              | -                                     | -  | (19,021)             | Appropriation of Unavailable Special/Trust Fund Receipts Transfers-Out  |
|   |                      | -   | -                                  | 367,500                               | 367,500                                      | -                    | Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources                                       |
|   |                      | (367,500)   | -                                  | (940)                                 | (367,500)                                    | (940)                | Non-expenditure transfers-out of unexpended appropriations and financing sources                                      |
|   |                      | 180,930,876   | 125                                | 8,844,805                             | 189,775,246                                  | 310                  | Expenditure Transfers-In of Financing Sources   |
|   |                      | (8,844,882)   | (125)                              | (180,930,489)                         | (189,775,246)                                | -                    | Expenditure Transfers-Out of Financing Sources  |
|   |                      | -   | -                                  | (380)                                 | -  | (380)                | Transfers-out w/o reimbursement   |
| <b>Total Transfers In/Out w/o Reimbursement</b>       | <b>328,532</b>       | <b>172,048,036</b>                                      | <b>-</b>                           | <b>(171,719,504)</b>                  | <b>-</b>                                     | <b>328,532</b>       | <b>Total Reclassified Transfers-In/Out w/o Reimbursement - Budgetary</b>  |
|   |                      |   |                                    |                                       |  |                      |   |
| Imputed financing                                     | 111,197              | 1,460   | -                                  | 109,737                               | -  | 111,197              | Imputed Financing Sources (Federal)   |
|   |                      | -   | -                                  | 8,079                                 | -  | 8,079                | Other Taxes and Receipts (2 of 2)   |
| Other   | (367,879)            | -   | -                                  | (574,844)                             | -  | (574,844)            | Non-Entity Custodial Collections transferred to the General Fund  |
|   |                      | -   | -                                  | (3,832)                               | -  | (3,832)              | Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund                                    |
| <b>Total other</b>                                    | <b>(367,879)</b>     | <b>-</b>  | <b>-</b>                           | <b>(570,597)</b>                      | <b>-</b>                                     | <b>(570,597)</b>     | <b>Total Reclassified Other</b>   |
| <b>Net cost of operations</b>                         | <b>(405,482,607)</b> | <b>(221,162,995)</b>                                    | <b>-</b>                           | <b>(184,319,215)</b>                  | <b>-</b>                                     | <b>(405,482,210)</b> | <b>Net cost of operations (+/-)</b>   |
| <b>Net Change in Cumulative Results of Operations</b> | <b>3,072,381</b>     | <b>6,385,208</b>  | <b>-</b>                           | <b>(3,312,827)</b>                    | <b>-</b>                                     | <b>3,072,381</b>     |   |
|   |                      |   |                                    |                                       |  |                      |   |
| Ending balance - cumulative results of operations     | (24,994,538)         | 8,526,384   | -                                  | (33,520,922)                          | -  | (24,994,538)         | Cumulative Results of Operations  |
| <b>Total net position</b>                             | <b>\$ 17,127,261</b> | <b>\$ 8,526,384</b>                                     | <b>\$ -</b>                        | <b>\$ 8,600,877</b>                   | <b>\$ -</b>                                  | <b>\$ 17,127,261</b> | <b>Net Position</b>   |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

**NOTE 25 - COVID-19 ACTIVITY**

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 2021, the Department was authorized to receive funding of \$65 billion to cover advances to states for benefit expenses. As of September 30, 2021, the FUA owed \$45 billion of repayable advances to Treasury; the FUA incurred the debt in order to provide advances to the states. In FY 2020, the Department was authorized to receive funding of \$68 billion to cover advances to states for benefit expenses. As of September 30, 2020, the FUA owed \$36.0 billion of repayable advances to Treasury; the FUA incurred the debt in order to provide advances to the states. The FUA is funded by indefinite authority.

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 2021, the Department was authorized to receive funding of \$36.5 billion to cover advances for the payment of EB. As of September 30, 2021, the EUCA owed \$10 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 \$23.9 million from FY 2020, SUIESO which is funded by indefinite authority, and short-time compensation which carried forward an unobligated balance of \$0.3 million from FY 2020. (See Note 1-A.3)

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, 2021, DOL's Fund Balance with Treasury includes \$49.6 billion primarily in the UTF and FPUC programs due to obligated balances not yet disbursed related to accrued unemployment benefits. As of September 30, 2021 and 2020, accounts receivable, net with the public include \$4.4 billion and \$287.5 million, 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, 2021 and 2020, advances and prepayments with the public include \$7.5 billion and \$4.7 billion, respectively, in advances to states directly related to COVID-19 unemployment benefit programs.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

---

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

Liabilities

As of September 30, 2021 and 2020, benefits due and payable include \$10.2 billion and \$11.4 billion, respectively, related to COVID-19 unemployment benefit programs. These liabilities represent unemployment benefits in excess of state draws. The FY 2021 increase is attributed to additional accruals booked for a backlog of benefits payments for expired COVID-19 programs. (See program details in Note 10).

Net Cost

The Department's net cost of operations for COVID-19 programs for the years ended September 30, 2021 and 2020 was \$313.0 billion and \$352.1 billion, respectively, comprised mostly of unemployment benefit expenses for programs implemented in FY 2020 and extended in FY 2021.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2021 and 2020

## NOTE 25 - COVID-19 ACTIVITY - Continued

Budgetary balances and activity as of and for the year ended September 30, 2021, are shown below.

| <u>(Dollars in thousands)</u>  | <u>Funding (New Plus<br/>Carryforward)</u> | <u>Obligations<br/>Incurred</u> | <u>Outlays</u>        |
|--|--|---------------------------------|-----------------------|
| <b>Program</b>   |  |                                 |                       |
| <b>EUISA Act Grants</b>  | \$ -                                       | \$ -                            | \$ 286,445            |
| <b>UI State Administration</b>                                       | 1,480,089                                  | 1,479,308                       | 1,668,323             |
| <b>Federal Pandemic Unemployment Compensation (FPUC)*</b>            |  |                                 |                       |
| FPUC Benefits  | 248,000,000                                | 185,796,941                     | 162,603,984           |
| FPUC Administration  | 62,950                                     | 33,049                          | 25,916                |
| <b>Mixed Earner Unemployment Compensation (MEUC)*</b>                |  |                                 |                       |
| MEUC Benefits  | 13,000,000                                 | 1,455,091                       | 65,698                |
| MEUC Administration  | 167,650                                    | 9,807                           | 2,929                 |
| <b>Pandemic Unemployment Assistance (PUA)*</b>                       |  |                                 |                       |
| PUA Benefits   | 101,318,000                                | 81,720,449                      | 75,096,230            |
| PUA Administration   | 3,590,250                                  | 2,076,922                       | 1,536,910             |
| PUA Territories  | 1,400,000                                  | 609,663                         | 309,474               |
| <b>Pandemic Emergency Unemployment Compensation (PEUC)*</b>          |  |                                 |                       |
| PEUC Benefits  | 99,073,000                                 | 91,124,243                      | 79,323,734            |
| PEUC Administration  | 1,375,950                                  | 908,111                         | 500,734               |
| Reimbursements to governmental entities and non-profit organizations | 7,500,000                                  | 4,944,136                       | 4,190,686             |
| <b>Temporary Full Funding of the First Week of Compensable UC*</b>   |  |                                 |                       |
| First Week Benefits  | 6,569,000                                  | 2,639,682                       | 6,569,000             |
| First Week Administration  | 2,500                                      | 671                             | 1,314                 |
| <b>Short-time Compensation (STC)*</b>                                |  |                                 |                       |
| STC CARES Act Full Benefits  | 1,940,000                                  | 650,605                         | 688,702               |
| STC CARES Act Partial Benefits                                       | 18,750                                     | -                               | -                     |
| STC CARES Act Partial Administration                                 | 2,500                                      | -                               | -                     |
| STC CARES Act Grants   | 250  | -                               | -                     |
| <b>UI Integrity</b>  |  |                                 |                       |
| UI Integrity Grants  | 138,660                                    | 118,098                         | -                     |
| UI Integrity Contract and Staff                                      | 29,438                                     | 22,482                          | 12,899                |
| <b>Other Programs</b>  | 247,743                                    | 85,918                          | 51,198                |
| <b>Total</b>   | <u>\$ 485,916,730</u>                      | <u>\$ 373,675,176</u>           | <u>\$ 332,934,176</u> |

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Years Ended September 30, 2021 and 2020

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

Budgetary balances and activity as of and for the year ended September 30, 2020, are shown below.

| <u>(Dollars in thousands)</u>  | <u>Funding (New Plus<br/>Carryforward)</u> | <u>Obligations<br/>Incurred</u> | <u>Outlays</u>        |
|--|--|---------------------------------|-----------------------|
| <b>Program</b>   |  |                                 |                       |
| <b>EUISA Act Grants</b>  | \$ 1,000,000                               | \$ 1,000,000                    | \$ 380,092            |
| <b>UI State Administration</b>                                       | 1,545,000                                  | 1,499,319                       | 315,904               |
| <b>Federal Pandemic Unemployment Compensation (FPUC)*</b>            |  |                                 |                       |
| FPUC Benefits  | 292,500,000                                | 279,264,361                     | 275,022,723           |
| FPUC Administration  | 100,000                                    | 22,818                          | 6,609                 |
| <b>Mixed Earner Unemployment Compensation (MEUC)*</b>                |  |                                 |                       |
| MEUC Benefits  | -  | -                               | -                     |
| MEUC Administration  | -  | -                               | -                     |
| <b>Pandemic Unemployment Assistance (PUA)*</b>                       |  |                                 |                       |
| PUA Benefits   | 65,900,000                                 | 61,547,926                      | 55,779,935            |
| PUA Administration   | 761,000                                    | 721,394                         | 142,284               |
| PUA Territories  | 700,000                                    | 352,575                         | 215,430               |
| <b>Pandemic Emergency Unemployment Compensation (PEUC)*</b>          |  |                                 |                       |
| PEUC Benefits  | 13,100,000                                 | 10,032,890                      | 9,574,838             |
| PEUC Administration  | 236,000                                    | 101,825                         | 12,346                |
| Reimbursements to governmental entities and non-profit organizations | 3,870,000                                  | 1,622,848                       | 316,508               |
| <b>Temporary Full Funding of the First Week of Compensable UC*</b>   |  |                                 |                       |
| First Week Benefits  | 15,400,000                                 | 5,138,900                       | 15,400,000            |
| First Week Administration  | 15,000                                     | 1,805                           | 795                   |
| <b>Short-time Compensation (STC)*</b>                                |  |                                 |                       |
| STC CARES Act Full Benefits  | 1,000,000                                  | 686,031                         | 266,935               |
| STC CARES Act Partial Benefits                                       | 250,000                                    | -                               | -                     |
| STC CARES Act Partial Administration                                 | 37,500                                     | -                               | -                     |
| STC CARES Act Grants   | 100,000                                    | 99,750                          | 99,750                |
| <b>UI Integrity</b>  |  |                                 |                       |
| UI Integrity Grants  | -  | -                               | -                     |
| UI Integrity Contract and Staff                                      | -  | -                               | -                     |
| <b>Other Programs</b>  | 25,000                                     | 1,135                           | 379                   |
| <b>Total</b>   | <u>\$ 396,539,500</u>                      | <u>\$ 362,093,577</u>           | <u>\$ 357,534,528</u> |

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

---

**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 98.4 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 1.6 percent is owned by the Department's MSHA. Periodic maintenance is performed to keep these properties in acceptable condition, as determined by DOL management. It is DOL policy to evaluate PP&E regardless of recorded values and the asset management system does not make any distinction between capitalized and non-capitalized PP&E when it comes to maintenance and repairs. Therefore, DM&R estimates reported relate to PP&E, whether capitalized or not or fully depreciated. Management has not noted any PP&E, which is not included in the DM&R estimates reported below.

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

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

### Ranking and Prioritizing M&R Activities

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

### Factors Considered in Setting Acceptable Condition

Condition assessment surveys are used to estimate the current plant replacement value and DM&R backlog for each constructed asset. Plant replacement value and repair backlog are used to calculate an FCI score for each building and structure. These FCI scores determine the asset condition and contribute to the overall FCI score for the portfolio. Job Corps and MSHA have set the goal of achieving and maintaining an FCI score of 90 percent or greater for its portfolio of constructed assets (the standard used by the National Association of College and University Business Offices) as a level of acceptable condition for the periods reported. In 2020, the portfolio's aggregate FCI score for 4,641 constructed assets was 90 percent, and deferred maintenance and repair costs to return the portfolio to an acceptable condition were estimated at \$388.7 million, as adjusted for SFFAS 42, *Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32*. In FY 2021, the portfolio's aggregate FCI score for 4,618 constructed assets was 90 percent, and DM&R costs to return the portfolio to an acceptable condition are estimated at \$428.2 million. Factors considered in determining acceptable condition standards include health and life safety aspects, as well as certain environmental and building code compliance elements. These deficiencies are prioritized and corrected first as they lead to unacceptable conditions.

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

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)

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

| Asset Category                          | FY 2021 Ending Balance | FY 2021 Beginning Balance |
|---|------------------------|---------------------------|
| <b>Funded:</b>                          |                        |                           |
| Structures, facilities and improvements |                        |                           |
| Active                                  | \$48,082               | \$50,590                  |
| Inactive                                | 288                    | 322                       |
| Subtotal, funded                        | 48,370                 | 50,912                    |
| <b>Unfunded:</b>                        |                        |                           |
| Structures, facilities and improvements |                        |                           |
| Active                                  | 378,515                | 334,946                   |
| Inactive                                | 1,356                  | 2,891                     |
| Subtotal, unfunded                      | 379,871                | 337,837                   |
| <b>Total</b>                            | <b>\$428,241</b>       | <b>\$388,749</b>          |

**Significant Changes from Prior Year**

For reporting purposes, DOL has determined that changes of 10 percent and \$25 million between fiscal year beginning and ending balances are significant. The significant increase of \$43.6 million in unfunded deficiencies for active structures, facilities and improvements is the net result of new deficiencies identified during the facility survey process; deficiencies which may have had cost estimates revised or updated, deficiencies that have been funded, and deficiencies that have been completed.

In FY 2021, due to the COVID-19 pandemic reemerging in August 2021, travel was limited to only mission critical issues. Travel for the facility survey has been deferred. During the travel hiatus, preliminary information was gathered from Job Corps Centers to inform the future facility surveys. Approximately 31 surveys were conducted virtually or had to be postponed. Under normal circumstances about 41 in-person surveys are completed a year. Travel is proposed to restart in the first quarter of FY 2022 for the facility surveys at five Job Corps Centers. Once travel to these Centers has been completed, further travel for facility surveys will be reevaluated.

**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, Division D, section 4103 of the Emergency Unemployment Insurance Stabilization and Access (EUIA) Act waived accrued interest and interest payments on states' Title XII loans between March 18, 2020 and December 31, 2020; P.L. 116-260, Division N, Title II, Subtitle A, Chapter 1, Continued Assistance to Unemployed Workers Act of 2020 (CAUW Act) and P.L. 117-2, American Rescue Plan Act of 2021 (ARP Act) extended this authority through September 6, 2021. For states' loans that were outstanding during the period September 7 through 30, 2021, interest accrued for that period and was due September 30, 2021.

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 interim rule, Treasury guidance, and correspondence of the Secretaries of the Treasury and Labor to the Congress. 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.

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

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.

### 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 is 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 provides federal matching of the first week of extended benefits for states meeting waiting week requirements, providing either 50 percent or 100 percent based on whether states meet qualifications associated with emergency administrative grants (also implemented through the 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 provides for 100 percent federal funding for Federal Pandemic Emergency Unemployment Compensation (PEUC). During the statutory eligible weeks of unemployment, PEUC provides emergency unemployment benefits to individuals who have exhausted their regular benefits in those states which participate in certain Federal-state agreements. The program applied to weeks of benefits beginning after the date on which the Federal-state agreement is entered into, and ending on or before December 31, 2020. 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) is a new program under section 2102 of the CARES Act. PUA covers individuals who may not otherwise qualify for unemployment benefits, such as those that are self-employed, who seek part-time employment, do not have sufficient work history, or otherwise would not qualify for regular unemployment or extended benefits under state or Federal law or Federal PEUC benefits under section 2107 of the CARES Act. Section 2102 provided for 100 percent Federal funding in those states which participate in certain Federal-state agreements. The program was effective for weeks of unemployment beginning on or after January 27, 2020 and ending December 31, 2020 and was subsequently extended by the CAUW Act and ARP Act.

In February 2021, DOL issued guidance to the states which provided for expanded eligibility provisions for individuals who were denied benefits under other programs because they refused to return to work that is unsafe or 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 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 be 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 provides 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 beginning on or after March 13, 2020 and ending 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 in those states which participate in certain Federal-state agreements. FPUC was applicable to weeks of benefits beginning after the date on which the Federal-state agreement was entered into, and ending on or before July 31, 2020. The benefit 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 \$300 weekly payments through weeks ending on or before September 6, 2021. Because the funding for FPUC does not flow through the UTF, the discussions of expected economic conditions and sensitivity analyses do not include the FPUC program.

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 is 100 percent Federally-funded; state participation is optional and participating states must enter into certain Federal-state agreements. The program was authorized for weeks of unemployment beginning after December 26, 2020 (or date of Federal-state agreement, if later) and extended by the ARP Act. Because the funding for MEUC does not flow through the UTF, the discussions of expected economic conditions and sensitivity analyses do not include the MEUC program.

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

In accordance with the Stafford Act, Presidential memorandum dated August 8, 2020, "Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019," authorized a program for Lost Wages Assistance (LWA). LWA provides claimants in most unemployment insurance programs up to \$400 per week of additional benefits, starting with weeks of unemployment ending on or after August 1, 2020 and ending December 27, 2020 at the latest. The \$400 per week benefit is Federally-funded 75 percent by FEMA disaster funding and 25 percent by State funding. States were encouraged to satisfy the 25 percent state match requirement and provide the additional \$100 in benefits either through allocations of the state's Coronavirus Relief Funds (CRF), provided under Title V of the CARES Act, or other state funding (e.g., state funding used to pay regular state unemployment benefits). States were also permitted to satisfy the 25 percent match, without allocating additional state funds, with the state funding used to pay regular state UI unemployment benefits.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

---

**Program Finances and Sustainability**

As of September 30, 2021, total assets within the UTF exceeded total liabilities by \$14.1 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, 2021 was \$53.3 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 2021 was \$1.3 billion. Federal and state UI tax and reimbursable revenues of \$54.1 billion and regular, extended, emergency, and disaster unemployment benefit payment expense of \$210.4 billion were recognized for the year ended September 30, 2021.

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, 2021 were \$16.5 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. As of September 30, 2021, the FUA's outstanding advances totaled \$45.0 billion at rates between 1.625 and 2.0 percent and the EUCA's outstanding advances totaled \$10.0 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 19, 2021.

**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 2021 as the base year. The valuation date for the projections is September 30, 2021. Cash projections depend on the assumptions used and actual experience may differ materially from the projections.

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

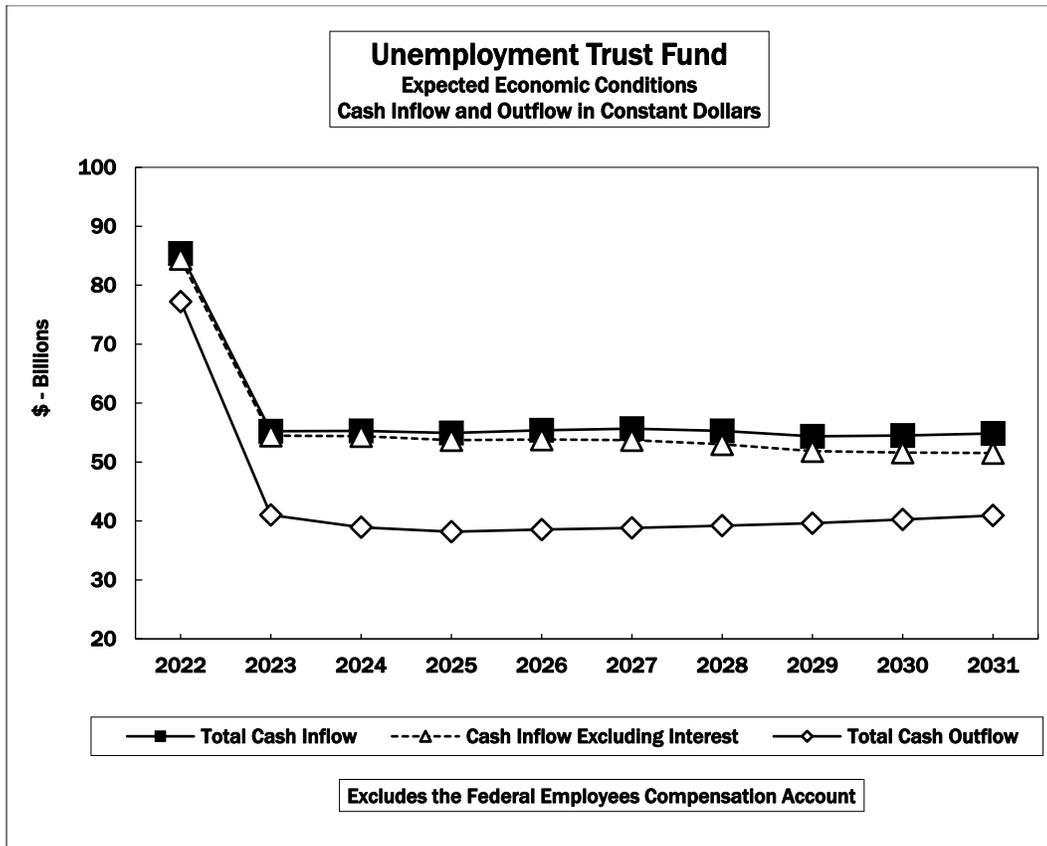
**Expected Economic Conditions**

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

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

Chart I depicts projected cash inflows and outflows of the UTF, in constant dollars, over the next ten years under expected economic conditions. Both cash inflows and cash inflows excluding interest earnings are displayed. Current estimates by the Department are based on an expected unemployment rate of 4.35 and 3.93 percent during FYs 2022 and 2023, respectively and remains at 3.80 percent in FYs 2024 through 2031. Total cash inflow exceeds total cash outflow through the entire projected period. As presented in table (1) Expected Economic Conditions, the net cash inflow (excluding interest) increases from \$7.2 billion in FY 2022 to more than \$15.5 billion in FY 2025, remains at \$15.3 billion in FY 2026, and then decreases gradually to \$10.6 billion in FY 2031. The increase in net cash inflow (excluding interest) between FY 2022 and FY 2023 from \$7.2 billion to \$13.5 billion occurs during the economic recovery (state unemployment benefits decrease by nearly one-half from \$71.4 billion to \$36.3 billion) and a decrease in the unemployment rate from 4.35 to 3.93 percent. The level unemployment rate of 3.80 percent during FYs 2024 through 2031 leads to stable cash flows for net cash inflow (excluding interest), total cash inflow, and total cash outflow.

Chart I



Effect of Expected Cash Flows on UTF Assets in Constant Dollars

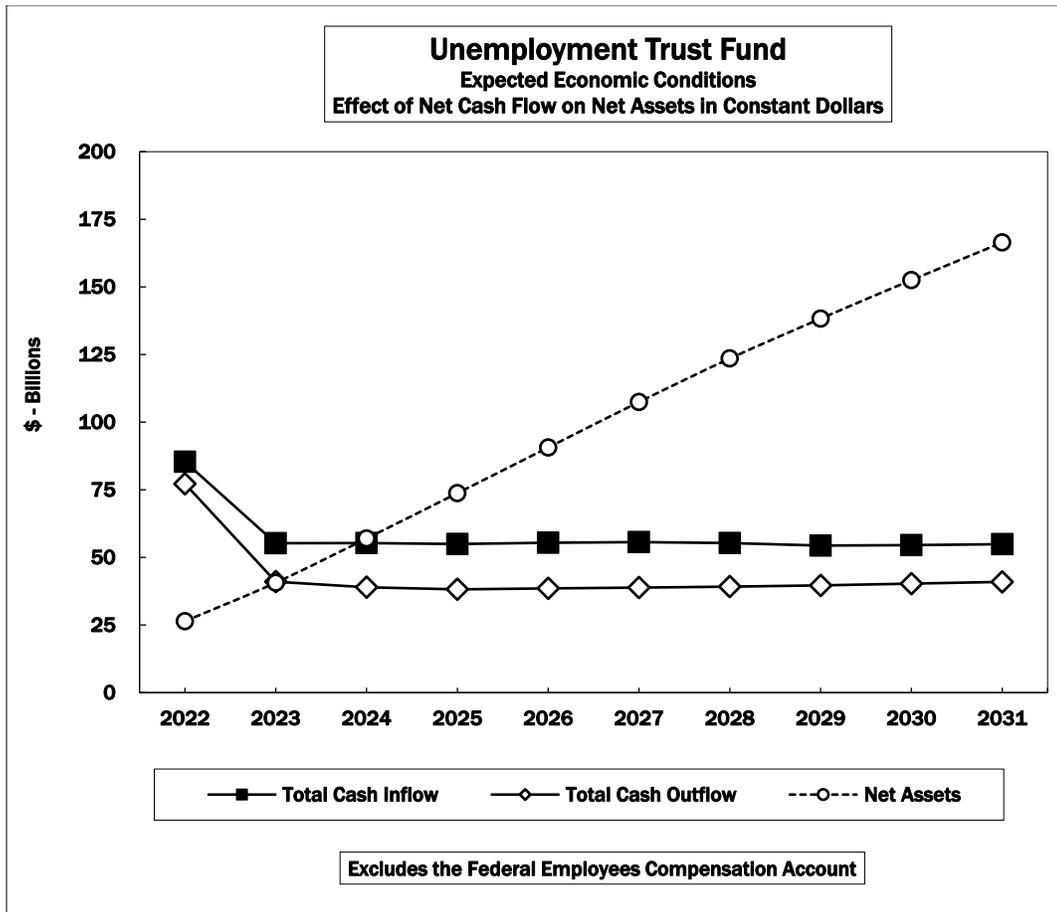
Chart II demonstrates the effect of these expected cash inflows and outflows on the net assets of the UTF, in constant dollars, over the ten-year period ending September 30, 2031. Yearly projected total cash inflows, including interest earnings, and total cash outflows, including interest payments, are 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 is between \$16.0 billion and \$17.0 billion for FYs 2024 through 2028. As presented in table (1) Expected Economic Conditions, starting at a nearly \$18.3 billion fund balance at the beginning of FY 2022, net UTF assets increase nearly \$148.2 billion to \$166.4 billion fund net assets balance by the end of FY 2031. Chart II depicts the increase in the net assets of the fund.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

Chart II



**Sensitivity Analyses in Constant Dollars**

Charts III (Sensitivity Analysis I) and IV (Sensitivity Analysis II) demonstrate the effect on accumulated UTF assets of projected total cash inflows and total cash outflows of the UTF, in constant dollars, over the ten-year period ending September 30, 2031, 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

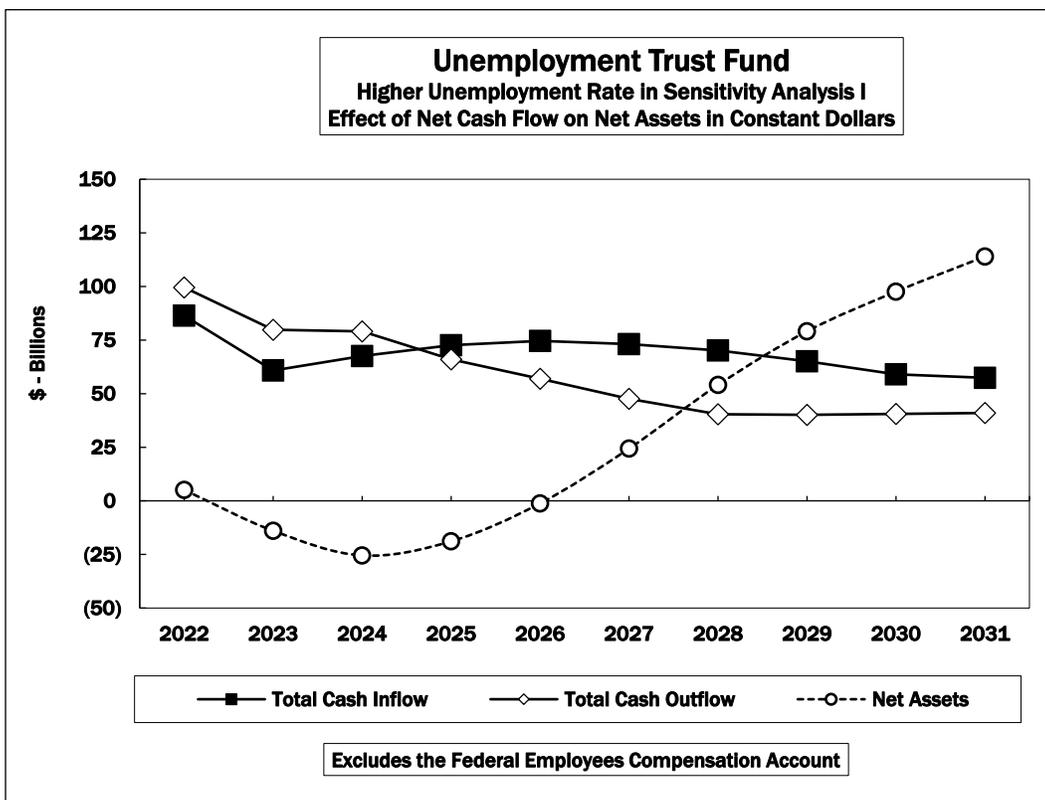
| Total Unemployment Rate for the Ten-Year Period Ending September 30, 2031 |       |       |       |       |       |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Conditions  | 2022  | 2023  | 2024  | 2025  | 2026  | 2027  | 2028  | 2029  | 2030  | 2031  |
| Expected  | 4.35% | 3.93% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% | 3.80% |
| Sensitivity Analysis I  | 6.30% | 7.23% | 7.32% | 6.54% | 5.59% | 4.64% | 3.86% | 3.80% | 3.80% | 3.80% |
| Sensitivity Analysis II   | 7.61% | 9.75% | 9.28% | 8.52% | 7.78% | 6.77% | 5.69% | 4.78% | 3.96% | 3.80% |

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)

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

In this sensitivity analysis, which utilizes a higher unemployment rate of 6.30 percent beginning in FY 2022, as presented in table (2) Sensitivity Analysis I Higher Unemployment Rate, there are net cash outflows in FYs 2022 through 2024, but there is a net cash inflow in FY 2025 and net cash inflows continue through 2031. Chart III depicts the cross-over point where cash outflow exceeds cash inflow for the first two years and cash inflow exceeds cash outflow afterward. Starting at a nearly \$18.3 billion fund balance at the beginning of FY 2022, net UTF assets first decrease by about \$43.7 billion through FY 2024 to a low point of nearly \$(25.5) billion fund net assets deficit and then increase by about \$139.4 billion over the next seven years to nearly a \$114.0 billion net assets balance by the end of FY 2031. Chart III depicts the decrease in net assets until the FY 2024 low point and then the increase in net assets thereafter.

Chart III



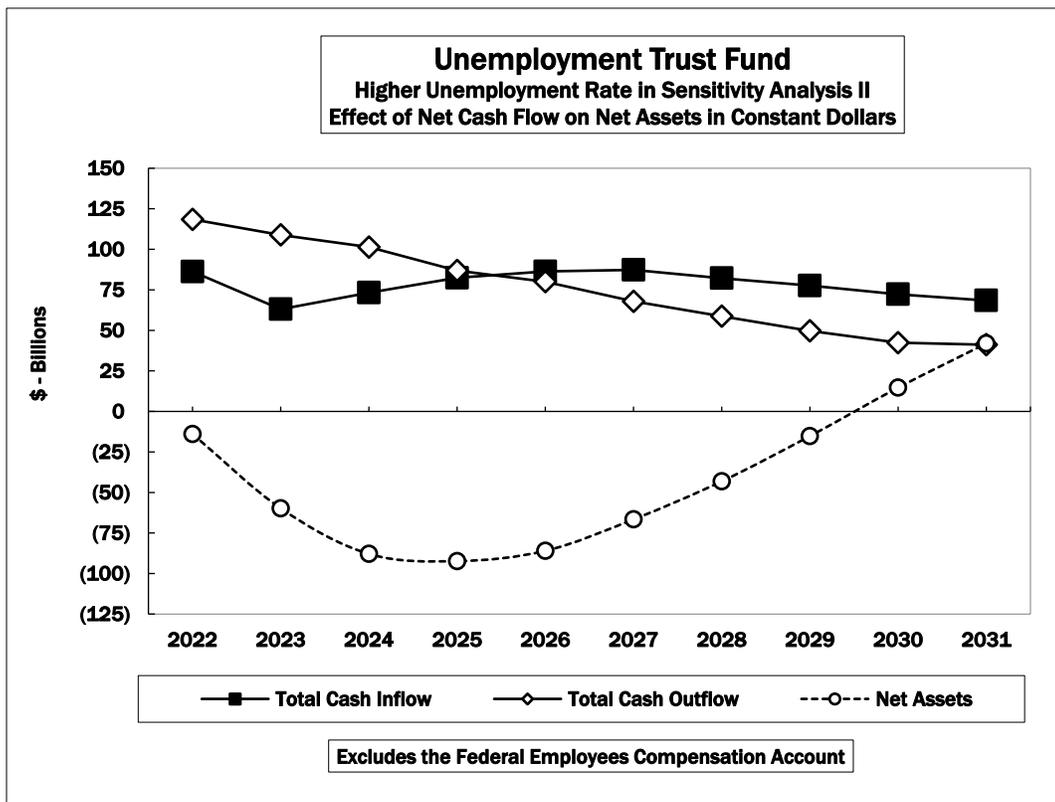
**REQUIRED SUPPLEMENTARY INFORMATION**

(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 2022 through 2025 by amounts between \$(45.8) billion and \$(4.4) billion, but inflows exceed outflows in FYs 2026 through 2031 by amounts between \$6.3 billion and \$29.9 billion. Net cash inflows are reestablished in FY 2026 and peak in FY 2030 with a decrease in the unemployment rate to below 4.0 percent in FY 2030 and then lower in 2031. Chart IV depicts the cross-over points where outflows exceed inflows until FY 2025 and inflows exceed outflows until FY 2031. The fund net assets decrease about \$110.6 billion from a nearly \$18.3 billion fund balance at the beginning of FY 2022 to more than \$(92.3) billion fund net assets deficit in FY 2025. Chart IV depicts the low point in the fund’s financial position at a fund net assets deficit of \$(92.3) billion in FY 2025 and then the steadily decreasing fund net assets deficit through 2029 before reestablishing a net assets surplus in FYs 2030 and 2031. At the end of the projection period of Sensitivity Analysis II, the fund net assets surplus is nearly 42.0 billion. There is a difference of about \$124.5 billion in net assets between expected economic conditions net assets of \$166.4 billion in FY 2031 and sensitivity analysis II fund net assets deficit of nearly \$42.0 billion in FY 2031.

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<br>SUPPLEMENTARY SOCIAL INSURANCE INFORMATION IN CONSTANT DOLLARS<br>CASH INFLOW AND OUTFLOW OF THE<br>UNEMPLOYMENT TRUST FUND EXCLUDING THE FEDERAL EMPLOYEES COMPENSATION ACCOUNT<br>FOR THE TEN-YEAR PERIOD ENDING SEPTEMBER 30, 2031<br>(1) EXPECTED ECONOMIC CONDITIONS |           |           |           |           |           |            |            |            |            |            |
|---|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|------------|
| (Dollars in millions)   | 2022      | 2023      | 2024      | 2025      | 2026      | 2027       | 2028       | 2029       | 2030       | 2031       |
| <b>Balance, start of year</b>   | \$ 18,260 | \$ 26,407 | \$ 40,643 | \$ 56,989 | \$ 73,736 | \$ 90,600  | \$ 107,438 | \$ 123,521 | \$ 138,264 | \$ 152,506 |
| <b>Cash inflow</b>  |           |           |           |           |           |            |            |            |            |            |
| State unemployment taxes  | 43,597    | 44,212    | 44,252    | 43,716    | 43,145    | 42,110     | 42,358     | 42,402     | 42,760     | 42,531     |
| Federal unemployment taxes  | 5,959     | 7,373     | 8,380     | 8,903     | 9,836     | 11,014     | 10,126     | 8,983      | 8,465      | 8,704      |
| General revenue appropriation   | 33,740    | 1,884     | 921       | 360       | 176       | 17         | 17         | 16         | 16         | 16         |
| Interest on loans   | 861       | 690       | 663       | 671       | 614       | 514        | 418        | 323        | 250        | 176        |
| Deposits by the Railroad Retirement Board   | 279       | 306       | 164       | 62        | 50        | 62         | 91         | 122        | 121        | 102        |
| Total cash inflow excluding interest  | 84,437    | 54,466    | 54,381    | 53,713    | 53,822    | 53,718     | 53,011     | 51,847     | 51,613     | 51,530     |
| Interest on Federal securities  | 934       | 776       | 906       | 1,210     | 1,578     | 1,946      | 2,272      | 2,517      | 2,892      | 3,322      |
| Total cash inflow   | 85,371    | 55,242    | 55,287    | 54,923    | 55,400    | 55,664     | 55,283     | 54,364     | 54,505     | 54,852     |
| <b>Cash outflow</b>   |           |           |           |           |           |            |            |            |            |            |
| State unemployment benefits   | 71,355    | 36,272    | 34,137    | 33,359    | 33,781    | 34,202     | 34,764     | 35,363     | 36,024     | 36,717     |
| State administrative costs  | 4,557     | 3,724     | 3,861     | 3,939     | 3,986     | 3,994      | 3,975      | 3,951      | 3,928      | 3,907      |
| Federal administrative costs  | 226       | 225       | 225       | 224       | 224       | 223        | 222        | 222        | 221        | 220        |
| Interest on tax refunds   | 2         | 2         | 2         | 3         | 4         | 5          | 5          | 4          | 4          | 4          |
| Interest on advances  | 983       | 688       | 626       | 567       | 458       | 319        | 152        | -          | -          | -          |
| Railroad Retirement Board withdrawals   | 101       | 95        | 90        | 84        | 83        | 83         | 82         | 81         | 86         | 86         |
| Total cash outflow  | 77,224    | 41,006    | 38,941    | 38,176    | 38,536    | 38,826     | 39,200     | 39,621     | 40,263     | 40,934     |
| Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow   | 7,213     | 13,460    | 15,440    | 15,537    | 15,286    | 14,892     | 13,811     | 12,226     | 11,350     | 10,596     |
| Excess (deficiency) of total cash inflow over (under) total cash outflow  | 8,147     | 14,236    | 16,346    | 16,747    | 16,864    | 16,838     | 16,083     | 14,743     | 14,242     | 13,918     |
| <b>Balance, end of year</b>   | \$ 26,407 | \$ 40,643 | \$ 56,989 | \$ 73,736 | \$ 90,600 | \$ 107,438 | \$ 123,521 | \$ 138,264 | \$ 152,506 | \$ 166,424 |
| Total unemployment rate   | 4.35%     | 3.93%     | 3.80%     | 3.80%     | 3.80%     | 3.80%      | 3.80%      | 3.80%      | 3.80%      | 3.80%      |

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)

| U.S. DEPARTMENT OF LABOR<br>SUPPLEMENTARY SOCIAL INSURANCE INFORMATION IN CONSTANT DOLLARS<br>CASH INFLOW AND OUTFLOW OF THE<br>UNEMPLOYMENT TRUST FUND EXCLUDING THE FEDERAL EMPLOYEES COMPENSATION ACCOUNT<br>FOR THE TEN-YEAR PERIOD ENDING SEPTEMBER 30, 2031<br>(2) SENSITIVITY ANALYSIS I HIGHER UNEMPLOYMENT RATE |                 |                    |                    |                    |                   |                  |                  |                  |                  |                   |
|--|-----------------|--------------------|--------------------|--------------------|-------------------|------------------|------------------|------------------|------------------|-------------------|
| (Dollars in millions)  | 2022            | 2023               | 2024               | 2025               | 2026              | 2027             | 2028             | 2029             | 2030             | 2031              |
| <b>Balance, start of year</b>  | \$ 18,260       | \$ 5,079           | \$ (13,966)        | \$ (25,461)        | \$ (18,869)       | \$ (1,180)       | \$ 24,373        | \$ 54,069        | \$ 79,092        | \$ 97,583         |
| <b>Cash inflow</b>   |                 |                    |                    |                    |                   |                  |                  |                  |                  |                   |
| State unemployment taxes   | 44,648          | 49,551             | 55,449             | 59,036             | 59,528            | 57,312           | 53,227           | 48,969           | 44,803           | 43,143            |
| Federal unemployment taxes   | 5,912           | 7,402              | 9,030              | 10,648             | 12,123            | 12,876           | 13,900           | 13,120           | 11,018           | 10,879            |
| General revenue appropriation  | 33,765          | 1,917              | 958                | 360                | 176               | 17               | 17               | 16               | 16               | 16                |
| Interest on loans  | 973             | 1,096              | 1,483              | 1,832              | 1,895             | 1,678            | 1,315            | 1,010            | 841              | 704               |
| Deposits by the Railroad Retirement Board  | 279             | 306                | 164                | 62                 | 50                | 62               | 91               | 122              | 121              | 102               |
| <b>Total cash inflow excluding interest</b>  | <b>85,578</b>   | <b>60,273</b>      | <b>67,085</b>      | <b>71,939</b>      | <b>73,773</b>     | <b>71,946</b>    | <b>68,551</b>    | <b>63,238</b>    | <b>56,800</b>    | <b>54,845</b>     |
| Interest on Federal securities   | 800             | 504                | 492                | 672                | 855               | 1,208            | 1,570            | 1,905            | 2,233            | 2,539             |
| <b>Total cash inflow</b>   | <b>86,378</b>   | <b>60,777</b>      | <b>67,577</b>      | <b>72,611</b>      | <b>74,628</b>     | <b>73,154</b>    | <b>70,121</b>    | <b>65,143</b>    | <b>59,033</b>    | <b>57,384</b>     |
| <b>Cash outflow</b>  |                 |                    |                    |                    |                   |                  |                  |                  |                  |                   |
| State unemployment benefits  | 93,267          | 74,124             | 72,872             | 59,636             | 50,615            | 41,603           | 34,919           | 35,052           | 35,747           | 36,437            |
| State administrative costs   | 4,874           | 4,330              | 4,473              | 4,334              | 4,234             | 4,110            | 3,992            | 3,952            | 3,928            | 3,907             |
| Federal administrative costs   | 226             | 225                | 225                | 224                | 224               | 223              | 222              | 222              | 221              | 220               |
| Interest on tax refunds  | 2               | 2                  | 3                  | 4                  | 5                 | 6                | 6                | 6                | 5                | 6                 |
| Interest on advances   | 1,089           | 1,046              | 1,409              | 1,737              | 1,778             | 1,576            | 1,204            | 807              | 555              | 346               |
| Railroad Retirement Board withdrawals  | 101             | 95                 | 90                 | 84                 | 83                | 83               | 82               | 81               | 86               | 86                |
| <b>Total cash outflow</b>  | <b>99,559</b>   | <b>79,822</b>      | <b>79,072</b>      | <b>66,019</b>      | <b>56,939</b>     | <b>47,601</b>    | <b>40,425</b>    | <b>40,120</b>    | <b>40,542</b>    | <b>41,002</b>     |
| Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow  | (13,981)        | (19,549)           | (11,987)           | 5,920              | 16,834            | 24,345           | 28,126           | 23,118           | 16,258           | 13,843            |
| Excess (deficiency) of total cash inflow over (under) total cash outflow   | (13,181)        | (19,045)           | (11,495)           | 6,592              | 17,689            | 25,553           | 29,696           | 25,023           | 18,491           | 16,382            |
| <b>Balance, end of year</b>  | <b>\$ 5,079</b> | <b>\$ (13,966)</b> | <b>\$ (25,461)</b> | <b>\$ (18,869)</b> | <b>\$ (1,180)</b> | <b>\$ 24,373</b> | <b>\$ 54,069</b> | <b>\$ 79,092</b> | <b>\$ 97,583</b> | <b>\$ 113,965</b> |
| Total unemployment rate  | 6.30%           | 7.23%              | 7.32%              | 6.54%              | 5.59%             | 4.64%            | 3.86%            | 3.80%            | 3.80%            | 3.80%             |

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)

| U.S. DEPARTMENT OF LABOR<br>SUPPLEMENTARY SOCIAL INSURANCE INFORMATION IN CONSTANT DOLLARS<br>CASH INFLOW AND OUTFLOW OF THE<br>UNEMPLOYMENT TRUST FUND EXCLUDING THE FEDERAL EMPLOYEES COMPENSATION ACCOUNT<br>FOR THE TEN-YEAR PERIOD ENDING SEPTEMBER 30, 2031<br>(3) SENSITIVITY ANALYSIS II HIGHER UNEMPLOYMENT RATE |                    |                    |                    |                    |                    |                    |                    |                    |                  |                  |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------------|------------------|
| (Dollars in millions)   | 2022               | 2023               | 2024               | 2025               | 2026               | 2027               | 2028               | 2029               | 2030             | 2031             |
| <b>Balance, start of year</b>   | \$ 18,260          | \$ (13,938)        | \$ (59,764)        | \$ (87,896)        | \$ (92,342)        | \$ (85,996)        | \$ (66,588)        | \$ (43,136)        | \$ (15,215)      | \$ 14,658        |
| <b>Cash inflow</b>  |                    |                    |                    |                    |                    |                    |                    |                    |                  |                  |
| State unemployment taxes  | 44,699             | 51,914             | 60,667             | 67,490             | 69,416             | 67,081             | 62,986             | 58,217             | 53,318           | 48,852           |
| Federal unemployment taxes  | 5,735              | 7,057              | 8,879              | 11,098             | 12,925             | 16,150             | 15,111             | 15,337             | 14,895           | 15,583           |
| General revenue appropriation   | 33,759             | 1,916              | 954                | 360                | 176                | 17                 | 17                 | 16                 | 16               | 16               |
| Interest on loans   | 1,055              | 1,507              | 2,237              | 2,942              | 3,282              | 3,231              | 2,955              | 2,553              | 2,163            | 1,747            |
| Deposits by the Railroad Retirement Board   | 279                | 306                | 164                | 62                 | 50                 | 62                 | 91                 | 122                | 121              | 102              |
| <b>Total cash inflow excluding interest</b>   | <b>85,528</b>      | <b>62,701</b>      | <b>72,902</b>      | <b>81,953</b>      | <b>85,850</b>      | <b>86,542</b>      | <b>81,161</b>      | <b>76,246</b>      | <b>70,514</b>    | <b>66,301</b>    |
| Interest on Federal securities  | 737                | 361                | 360                | 491                | 519                | 767                | 1,040              | 1,376              | 1,766            | 2,151            |
| <b>Total cash inflow</b>  | <b>86,265</b>      | <b>63,062</b>      | <b>73,262</b>      | <b>82,444</b>      | <b>86,369</b>      | <b>87,309</b>      | <b>82,201</b>      | <b>77,622</b>      | <b>72,280</b>    | <b>68,452</b>    |
| <b>Cash outflow</b>   |                    |                    |                    |                    |                    |                    |                    |                    |                  |                  |
| State unemployment benefits   | 111,800            | 102,451            | 94,146             | 79,068             | 71,969             | 59,966             | 51,237             | 42,730             | 35,992           | 35,222           |
| State administrative costs  | 5,119              | 4,664              | 4,721              | 4,603              | 4,521              | 4,359              | 4,203              | 4,060              | 3,944            | 3,907            |
| Federal administrative costs  | 226                | 225                | 225                | 224                | 224                | 223                | 222                | 222                | 221              | 220              |
| Interest on tax refunds   | 2                  | 2                  | 2                  | 4                  | 5                  | 7                  | 7                  | 7                  | 7                | 8                |
| Interest on advances  | 1,215              | 1,451              | 2,210              | 2,907              | 3,221              | 3,263              | 2,998              | 2,601              | 2,157            | 1,700            |
| Railroad Retirement Board withdrawals   | 101                | 95                 | 90                 | 84                 | 83                 | 83                 | 82                 | 81                 | 86               | 86               |
| <b>Total cash outflow</b>   | <b>118,463</b>     | <b>108,888</b>     | <b>101,394</b>     | <b>86,890</b>      | <b>80,023</b>      | <b>67,901</b>      | <b>58,749</b>      | <b>49,701</b>      | <b>42,407</b>    | <b>41,143</b>    |
| Excess (deficiency) of total cash inflow excluding interest over (under) total cash outflow   | (32,935)           | (46,187)           | (28,492)           | (4,937)            | 5,827              | 18,641             | 22,412             | 26,545             | 28,107           | 25,158           |
| Excess (deficiency) of total cash inflow over (under) total cash outflow  | (32,198)           | (45,826)           | (28,132)           | (4,446)            | 6,346              | 19,408             | 23,452             | 27,921             | 29,873           | 27,309           |
| <b>Balance, end of year</b>   | <b>\$ (13,938)</b> | <b>\$ (59,764)</b> | <b>\$ (87,896)</b> | <b>\$ (92,342)</b> | <b>\$ (85,996)</b> | <b>\$ (66,588)</b> | <b>\$ (43,136)</b> | <b>\$ (15,215)</b> | <b>\$ 14,658</b> | <b>\$ 41,967</b> |
| <b>Total unemployment rate</b>  | <b>7.61%</b>       | <b>9.75%</b>       | <b>9.28%</b>       | <b>8.52%</b>       | <b>7.78%</b>       | <b>6.77%</b>       | <b>5.69%</b>       | <b>4.78%</b>       | <b>3.96%</b>     | <b>3.80%</b>     |

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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

Each state's accumulated UTF net assets or reserve balance should provide a defined level of benefit payments over a defined period. To be minimally solvent, a state's reserve balance should provide for one year's projected benefit payment needs based on the highest levels of benefit payments experienced by the state over the last twenty years. A ratio of 1.00 or greater indicates that the state UTF account balance is minimally solvent. States below this level are vulnerable to exhausting their funds in a recession. States exhausting their reserve balance must borrow funds from either the FUA or private markets to make benefit payments. During FY 2021, the balances in the FUA and EUCA were depleted and the FUA and EUCA borrowed from the Treasury general fund as Advances from U.S. Treasury. As of September 30, 2021, the FUA and EUCA outstanding advances were \$45.0 billion and \$10.0 billion, respectively.

Chart V presents the state by state results of this analysis at September 30, 2021 in descending order by ratio. As the chart below illustrates, 38 state UTF accounts and the accounts of the District of Columbia, Puerto Rico, and the Virgin Islands were below the minimal solvency ratio of 1.00 at September 30, 2021. Some states borrow from the FUA and then issue bonds to repay their FUA borrowings; the ratios do not reflect a state's debt to bondholders.

Chart V

| <b>Minimally Solvent</b> |       | <b>Not Minimally Solvent</b> |       | <b>Not Minimally Solvent</b> |       |
|--------------------------|-------|------------------------------|-------|------------------------------|-------|
| State                    | Ratio | State                        | Ratio | State                        | Ratio |
| Oregon                   | 2.09  | North Dakota                 | 0.99  | Indiana                      | 0.25  |
| Wyoming                  | 2.01  | Utah                         | 0.98  | Kentucky                     | 0.25  |
| South Dakota             | 1.98  | Vermont                      | 0.95  | Michigan                     | 0.21  |
| Idaho                    | 1.79  | Arizona                      | 0.89  | Ohio                         | 0.16  |
| Nebraska                 | 1.73  | Tennessee                    | 0.83  | District of Columbia         | 0.13  |
| Maine                    | 1.72  | Alabama                      | 0.82  | Georgia                      | 0.11  |
| Alaska                   | 1.51  | West Virginia                | 0.80  | Massachusetts                | 0.11  |
| Montana                  | 1.49  | New Mexico                   | 0.78  | Nevada                       | 0.10  |
| Mississippi              | 1.39  | Virginia                     | 0.69  | Hawaii                       | 0.00  |
| Arkansas                 | 1.32  | Puerto Rico                  | 0.65  | New Jersey                   | 0.00  |
| Iowa                     | 1.31  | New Hampshire                | 0.63  | Pennsylvania                 | 0.00  |
| South Carolina           | 1.14  | Maryland                     | 0.62  | Connecticut                  | 0.00  |
| Kansas                   | 1.12  | Wisconsin                    | 0.54  | Minnesota                    | 0.00  |
| North Carolina           | 1.10  | Missouri                     | 0.51  | Colorado                     | 0.00  |
| Delaware                 | 1.02  | Washington                   | 0.44  | Illinois                     | 0.00  |
|                          |       | Florida                      | 0.37  | Texas                        | 0.00  |
|                          |       | Rhode Island                 | 0.37  | California                   | 0.00  |
|                          |       | Louisiana                    | 0.27  | New York                     | 0.00  |
|                          |       | Oklahoma                     | 0.26  | Virgin Islands               | 0.00  |

\*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 and Funding**

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

P.L. 110-343, Division B-Energy Improvement and Extension Act of 2008, enacted on October 3, 2008, in section 113:

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

On December 20, 2019, P.L. 116-94, the Further Consolidated Appropriations Act 2020, temporarily increased the excise tax rates back to \$1.10 per ton of underground-mined coal and \$0.55 per ton of surface-mined coal sold, with a cap of 4.4 percent of sales price for the period January 1, 2020 through December 31, 2020; on December 27, 2020, P.L. 116-260, Division EE, Taxpayer Certainty and Disaster Relief Act of 2020, temporarily extended the increased excise tax rates for the period January 1, 2021 through December 31, 2021. In accordance with the laws in effect as of September 30, 2021, the tax rates will again revert to \$0.50 per ton of underground-mined coal and \$0.25 per ton of surface-mined coal sold, with a limit of 2.0 percent of sales price on January 1, 2022. (See Notes 1-J and 8)

**Program Finances and Sustainability**

At September 30, 2021, total liabilities of the BLDTF exceeded assets by nearly \$6.1 billion. This net position deficit represents the accumulated shortfall of excise taxes necessary to meet benefit payments, administrative costs, and interest expense incurred prior to and subsequent to the debt refinancing pursuant to P.L. 110-343. Prior to enactment of P.L. 110-343, this shortfall was funded by repayable advances to the BLDTF, which were repayable with interest. Pursuant to P.L. 110-343, any shortfall will be financed with debt instruments similar in form to zero-coupon bonds, with a maturity date of one year and bear interest at the Treasury 1-year rate. Outstanding debt at September 30, 2021 was \$6.4 billion, bearing interest rates ranging from 0.089 percent to 4.556 percent.

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

---

Excise tax revenues of \$286.0 million, benefit payment expense of \$144.6 million, and interest expense of \$182.5 million were recognized for the year ended September 30, 2021. 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, 2021 the BLDTF issued debt in the amount of \$2.3 billion, bearing interest at 0.089 percent and maturing on September 30, 2022. At September 30, 2021, there were 20 debt instruments with a total carrying value of \$6.4 billion and a total face value at maturity of \$8.6 billion. Of these 20 debt instruments, 19 are from the October 2008 refinancing and have staggered maturities of September 30 for years 2022 through 2040 and one is a one-year debt instrument that was issued on September 30, 2021.

**Subsequent Events**

On October 29, 2021, SCOTUS granted the petitions for writs of certiorari with regard to the EPA regulation. EPA regulation, among other things, may affect the assumptions used by management in projections of future coal excise taxes. As of November 19, 2021, management has determined that there are no additional 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 2021 as the base year. In FY 2021, the source of the CPI-U factors was OMB. The valuation date for the projections is September 30, 2021.

Effective for FY 2017 reporting DOL revised its projection period from a fixed terminus of FY 2040 to a rolling 25-year period beginning on the valuation date. The FY 2021 25-year projection period ends on September 30, 2046. In making the projections, 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 COVID-19 pandemic. In FY 2021, the model assumes these decreases during the pandemic are short-term and that levels will normalize in FY 2022. Cash projections depend on the assumptions used and actual experience may differ materially from the projections.

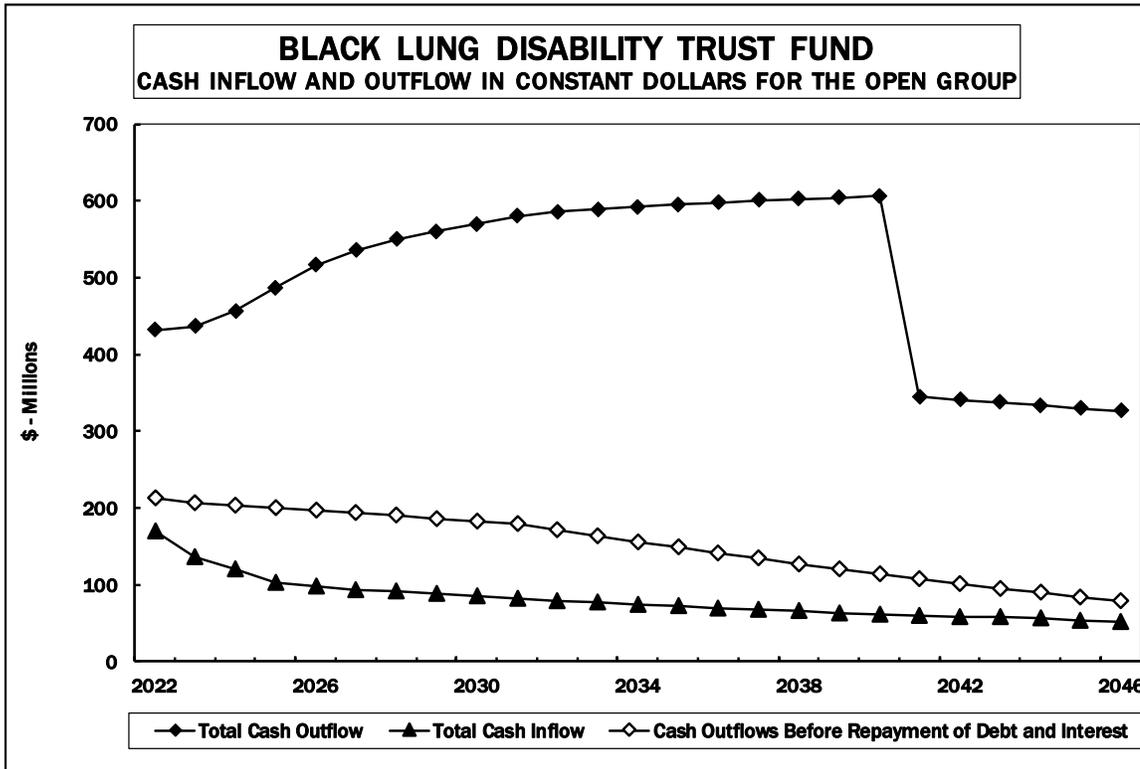
DOL's estimates of future excise tax income were based on, among other things, Energy Information Administration (EIA) projections that reflect the Affordable Clean Energy (ACE) regulation. As of September 30, 2021, the U.S. Court of Appeals vacated the ACE regulation and remanded it to the EPA to undertake new rule making; the Executive Branch (EPA) policy is that neither the Clean Power Plan nor the ACE regulation are in effect. The case has been distributed and redistributed to the conference list at the SCOTUS, meaning that the court neither grants nor denies review but may reconsider the case at the next conference. The EIA projections reflect long-term economic and demographic trends, including an annual 2.1 percent GDP annual growth rate and continued improvements in energy production, but that the return to 2019 levels of energy production will take years. To adjust for current events, management used short-term projections for near future coal production and exports. The effects of the significant decrease in projected cash inflows from excise taxes are also reflected in the Statement of Social Insurance as of September 30, 2021 and are the largest change reported in the Statement of Changes in Social Insurance Amounts for the year ended September 30, 2021.

The projections, in constant dollars for the open group, made over the 25-year period ending September 30, 2046, indicate that cash outflows for benefit payments and administrative expenses will exceed cash inflows from excise taxes for all years in the projection period. Cumulative net cash outflows are projected as \$1.75 billion by FY 2046. When payments from the BLDTF's maturing debt are added to the net cash outflows, the BLDTF's net cash outflows after payments on maturing debt are projected to reach \$10.5 billion by the end of FY 2046, resulting in a projected deficit of nearly \$13.0 billion at September 30, 2046. (See Chart I and Table I of this section)

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)

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, 2021, 2020, 2019, 2018, and 2017 are presented in the SOSI.

Chart I



**REQUIRED SUPPLEMENTARY INFORMATION**

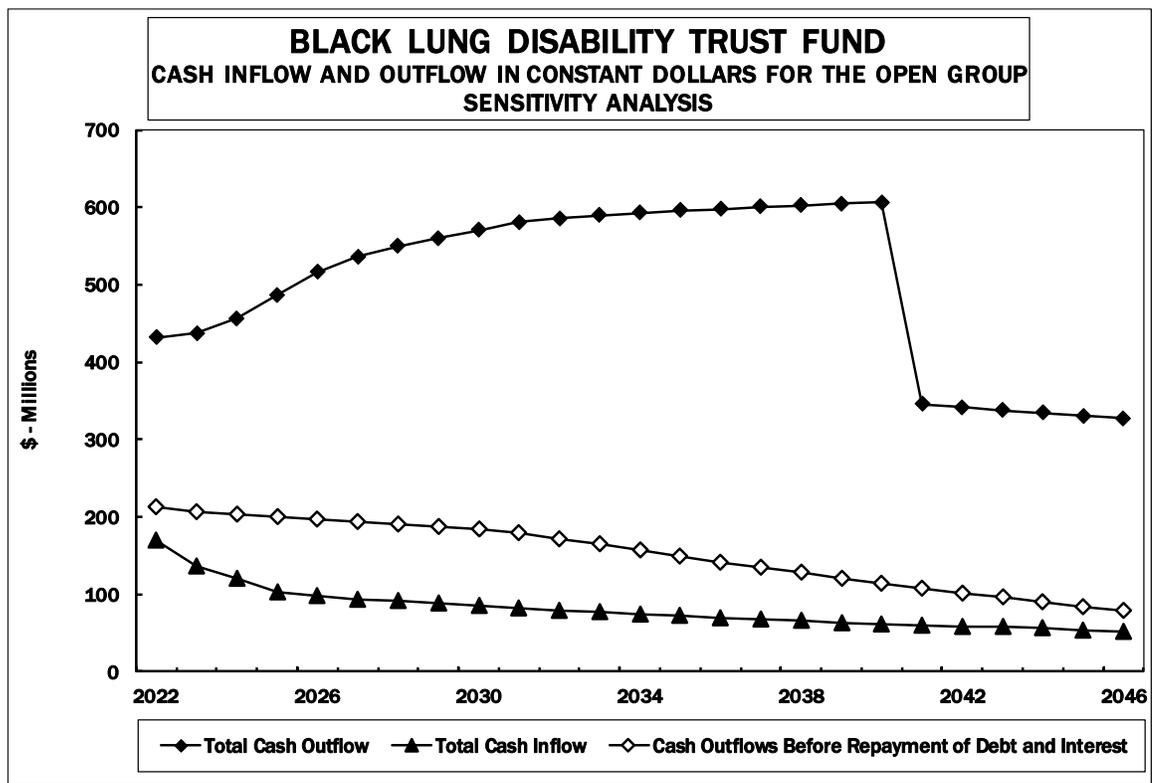
(Unaudited)

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

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

These projections with sensitivity analysis, in constant dollars for the open group, made over the 25-year period ending September 30, 2046, indicate that cash outflows for benefit payments and administrative expenses will exceed cash inflows from excise taxes for all years in the projection period. Cumulative net cash outflows would be projected to reach \$1.76 billion by the year 2046. When payments from the BLDTF’s maturing debt are added to the net cash outflows, the BLDTF’s net cash outflows after payments on maturing debt would be projected to reach \$10.5 billion by the end of the year 2046, and would result in a projected deficit of nearly \$13.0 billion at September 30, 2046. (See Chart II and Table II of this section)

Chart II



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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

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

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

- (1) the present value of estimated future excise tax income during the projection period of \$1,139,399 would remain unchanged;
- (2) the present value of estimated future administrative costs during the projection period of \$831,229 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 \$3,289 from \$1,287,818 to \$1,291,107; and
- (4) the closed group measure would decrease \$3,289 from \$(979,648) to \$(982,937).

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

- (1) the present value of estimated future excise tax income during the projection period of \$1,139,399 would remain unchanged;
- (2) the present value of estimated future administrative costs during the projection period of \$831,229 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 \$6,924 from \$1,280,486 to \$1,287,410; and
- (4) the excess of present value of estimated future excise tax income over present value of estimated future administrative costs and actuarial present value of future benefit payments during the projection period would decrease \$6,924 from \$(972,316) to \$(979,240).

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

- (1) the present value of estimated future excise tax income during the projection period of \$2,278,798 would remain unchanged;
- (2) the present value of estimated future administrative costs during the projection period of \$1,662,458 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 \$10,213 from \$2,568,304 to \$2,578,517; and
- (4) the open group measure would decrease \$10,213 from \$(1,951,964) to \$(1,962,177).

**(d) In the SOSI, the trust fund net position deficit at start of the projection period of \$(6,078,761) would remain unchanged.****(e) In the SOSI Summary Section, for the closed group:**

- (1) the closed group measure would decrease \$3,289 from \$(979,648) to \$(982,937);
- (2) the Fund Balance with Treasury and receivables from benefit overpayments of \$286,868 would remain unchanged; and
- (3) the total of closed group measure plus fund assets would decrease \$3,289 from \$(692,780) to \$(696,069).

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

- (1) the open group measure would decrease \$10,213 from \$(1,951,964) to \$(1,962,177);
- (2) the Fund Balance with Treasury and receivables from benefit overpayments of \$286,868 would remain unchanged; and
- (3) the total of open group measure plus fund assets would decrease \$10,213 from \$(1,665,096) to \$(1,675,309).

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, 2046  
OPEN GROUP**

| <b>(Dollars in thousands)</b>   | <b>2022</b>      | <b>2023</b>      | <b>2024</b>      | <b>2025</b>      | <b>2026</b>      | <b>2027 - 2046</b> | <b>Total</b>        |
|---|------------------|------------------|------------------|------------------|------------------|--------------------|---------------------|
| <b>Balance, start of year</b>   | \$ (4,347,217)   | \$ (4,491,721)   | \$ (4,676,469)   | \$ (4,897,947)   | \$ (5,167,927)   | \$ (5,475,403)     | \$ (4,347,217)      |
| <b>Cash inflow</b>  |                  |                  |                  |                  |                  |                    |                     |
| Excise taxes  | <u>169,664</u>   | <u>135,648</u>   | <u>119,730</u>   | <u>103,500</u>   | <u>97,680</u>    | <u>1,407,730</u>   | <u>2,033,952</u>    |
| <b>Total cash inflow</b>  | <u>169,664</u>   | <u>135,648</u>   | <u>119,730</u>   | <u>103,500</u>   | <u>97,680</u>    | <u>1,407,730</u>   | <u>2,033,952</u>    |
| <b>Cash outflow</b>   |                  |                  |                  |                  |                  |                    |                     |
| Disabled coal miners benefits   | 135,818          | 132,879          | 129,713          | 126,342          | 122,950          | 1,658,327          | 2,306,029           |
| Administrative costs  | <u>76,862</u>    | <u>73,204</u>    | <u>73,334</u>    | <u>73,426</u>    | <u>73,563</u>    | <u>1,109,417</u>   | <u>1,479,806</u>    |
| Cash outflows before repayment of debt and interest   | <u>212,680</u>   | <u>206,083</u>   | <u>203,047</u>   | <u>199,768</u>   | <u>196,513</u>   | <u>2,767,744</u>   | <u>3,785,835</u>    |
| Cash inflow over cash outflow (cash outflow over cash inflow) before repayment of debt and interest | <u>(43,016)</u>  | <u>(70,435)</u>  | <u>(83,317)</u>  | <u>(96,268)</u>  | <u>(98,833)</u>  | <u>(1,360,014)</u> | <u>(1,751,883)</u>  |
| Maturity of obligations refinanced October 2008   | 216,907          | 226,185          | 234,262          | 241,033          | 246,884          | 3,691,370          | 4,856,641           |
| Interest on annual borrowings   | <u>1,983</u>     | <u>4,619</u>     | <u>18,954</u>    | <u>45,798</u>    | <u>72,651</u>    | <u>3,724,721</u>   | <u>3,868,726</u>    |
| <b>Total cash outflow</b>   | <u>431,570</u>   | <u>436,887</u>   | <u>456,263</u>   | <u>486,599</u>   | <u>516,048</u>   | <u>10,183,835</u>  | <u>12,511,202</u>   |
| <b>Total cash outflow over total cash inflow</b>  | <u>(261,906)</u> | <u>(301,239)</u> | <u>(336,533)</u> | <u>(383,099)</u> | <u>(418,368)</u> | <u>(8,776,105)</u> | <u>(10,477,250)</u> |
| Reduction of debt refinanced October 2008   | 117,402          | 116,491          | 115,055          | 113,119          | 110,892          | 1,264,038          | 1,836,997           |
| <b>Balance, end of year</b>   | \$ (4,491,721)   | \$ (4,676,469)   | \$ (4,897,947)   | \$ (5,167,927)   | \$ (5,475,403)   | \$ (12,987,470)    | \$ (12,987,470)     |

**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, 2046**

**OPEN GROUP**

| <b>(Dollars in thousands)</b>   | <b>2022</b>      | <b>2023</b>      | <b>2024</b>      | <b>2025</b>      | <b>2026</b>      | <b>2027 - 2046</b> | <b>Total</b>        |
|---|------------------|------------------|------------------|------------------|------------------|--------------------|---------------------|
| <b>Balance, start of year</b>   | \$ (4,347,217)   | \$ (4,492,135)   | \$ (4,677,305)   | \$ (4,899,215)   | \$ (5,169,643)   | \$ (5,477,586)     | \$ (4,347,217)      |
| <b>Cash inflow</b>  |                  |                  |                  |                  |                  |                    |                     |
| Excise taxes  | <u>169,664</u>   | <u>135,648</u>   | <u>119,730</u>   | <u>103,500</u>   | <u>97,680</u>    | <u>1,407,730</u>   | <u>2,033,952</u>    |
| <b>Total cash inflow</b>  | <u>169,664</u>   | <u>135,648</u>   | <u>119,730</u>   | <u>103,500</u>   | <u>97,680</u>    | <u>1,407,730</u>   | <u>2,033,952</u>    |
| <b>Cash outflow</b>   |                  |                  |                  |                  |                  |                    |                     |
| Disabled coal miners benefits   | 136,232          | 133,300          | 130,139          | 126,771          | 123,380          | 1,665,375          | 2,315,197           |
| Administrative costs  | <u>76,862</u>    | <u>73,204</u>    | <u>73,334</u>    | <u>73,426</u>    | <u>73,563</u>    | <u>1,109,417</u>   | <u>1,479,806</u>    |
| Cash outflows before repayment of<br>debt and interest  | <u>213,094</u>   | <u>206,504</u>   | <u>203,473</u>   | <u>200,197</u>   | <u>196,943</u>   | <u>2,774,792</u>   | <u>3,795,003</u>    |
| Cash inflow over cash outflow<br>(cash outflow over cash inflow)<br>before repayment of debt and interest | <u>(43,430)</u>  | <u>(70,856)</u>  | <u>(83,743)</u>  | <u>(96,697)</u>  | <u>(99,263)</u>  | <u>(1,367,062)</u> | <u>(1,761,051)</u>  |
| Maturity of obligations refinanced October 2008   | 216,907          | 226,185          | 234,262          | 241,033          | 246,884          | 3,691,370          | 4,856,641           |
| Interest on annual borrowings   | <u>1,983</u>     | <u>4,620</u>     | <u>18,960</u>    | <u>45,817</u>    | <u>72,688</u>    | <u>3,727,914</u>   | <u>3,871,982</u>    |
| <b>Total cash outflow</b>   | <u>431,984</u>   | <u>437,309</u>   | <u>456,695</u>   | <u>487,047</u>   | <u>516,515</u>   | <u>10,194,076</u>  | <u>12,523,626</u>   |
| <b>Total cash outflow over total cash inflow</b>  | <u>(262,320)</u> | <u>(301,661)</u> | <u>(336,965)</u> | <u>(383,547)</u> | <u>(418,835)</u> | <u>(8,786,346)</u> | <u>(10,489,674)</u> |
| Reduction of debt refinanced October 2008   | 117,402          | 116,491          | 115,055          | 113,119          | 110,892          | 1,264,038          | 1,836,997           |
| <b>Balance, end of year</b>   | \$ (4,492,135)   | \$ (4,677,305)   | \$ (4,899,215)   | \$ (5,169,643)   | \$ (5,477,586)   | \$ (12,999,894)    | \$ (12,999,894)     |

**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, 2021 and 2020, respectively; and the status of these resources as of September 30, 2021 and 2020, respectively. Presented on the following pages is the disaggregation of this combined information for each of the Department's major budget agencies.

Included in the Combining Statement of Budgetary Resources for the year ended September 30, 2021 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. States will continue to submit claims for weeks of unemployment that occurred before the programs expired. These future outlays are obligations of the year ended September 30, 2021.

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)

**COMBINING STATEMENT OF BUDGETARY RESOURCES**

**For the Year Ended September 30, 2021**

| (Dollars in thousands)  | <u>Employment and<br/>Training<br/>Administration</u> | <u>Office of Workers'<br/>Compensation<br/>Programs</u> | <u>Office<br/>of<br/>Job Corps</u> |
|---|---|---|------------------------------------|
| <b>BUDGETARY RESOURCES</b>  |   |   |                                    |
| Unobligated balance from prior year budget authority, net (discretionary and mandatory) | \$ 2,148,643  | \$ 1,631,022  | \$ 1,461,020                       |
| Appropriations (discretionary and mandatory)  | 597,518,819   | 2,573,684   | 1,766,712                          |
| Borrowing Authority (discretionary and mandatory)                                       | 33,000,000  | 18,935  | -                                  |
| Spending authority from offsetting collections (discretionary and mandatory)            | 8,458,398   | 2,805,312   | 1,792                              |
| <b>Total budgetary resources</b>  | <b>\$ 641,125,860</b>                                 | <b>\$ 7,028,953</b>                                     | <b>\$ 3,229,524</b>                |
| <b>STATUS OF BUDGETARY RESOURCES</b>  |   |   |                                    |
| New obligations and upward adjustments (total)  | \$ 637,282,442  | \$ 5,435,369  | \$ 1,911,336                       |
| Unobligated balance, end of year  |   |   |                                    |
| Apportioned, unexpired accounts   | 2,692,235   | 1,572,733   | 1,215,412                          |
| Exempt from apportionment, unexpired accounts   | -   | 18,669  | -                                  |
| Unapportioned, unexpired accounts   | 19,542  | 454   | 7,406                              |
| Unexpired unobligated balance, end of year  | 2,711,777   | 1,591,856   | 1,222,818                          |
| Expired unobligated balance, end of year  | 1,131,641   | 1,728   | 95,370                             |
| Unobligated balance, end of year (total)  | 3,843,418   | 1,593,584   | 1,318,188                          |
| <b>Total budgetary resources</b>  | <b>\$ 641,125,860</b>                                 | <b>\$ 7,028,953</b>                                     | <b>\$ 3,229,524</b>                |
| <b>OUTLAYS, NET</b>   |   |   |                                    |
| Outlays, net (total) (discretionary and mandatory)                                      | 579,346,753   | 2,593,093   | 1,608,054                          |
| Distributed offsetting receipts   | (177,827,698)   | (3,159)   | -                                  |
| Agency outlays, net (discretionary and mandatory)                                       | <b>\$ 401,519,055</b>                                 | <b>\$ 2,589,934</b>                                     | <b>\$ 1,608,054</b>                |

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

| <b>Occupational<br/>Safety and<br/>Health<br/>Administration</b> | <b>Bureau of<br/>Labor<br/>Statistics</b> | <b>Mine Safety<br/>and Health<br/>Administration</b> | <b>Employee<br/>Benefits<br/>Security<br/>Administration</b> | <b>Veterans'<br/>Employment<br/>and Training<br/>Service</b> | <b>Wage<br/>and Hour<br/>Division</b> | <b>Other<br/>Program<br/>Agencies</b> | <b>TOTAL</b>          |
|--|---|--|--|--|---------------------------------------|---------------------------------------|-----------------------|
| \$ 11,857  | \$ 37,214                                 | \$ 8,583   | \$ 6,149   | \$ 20,136  | \$ 9,032                              | \$ 397,285                            | \$ 5,730,941          |
| 691,511  | 587,000                                   | 393,061  | 191,000  | 57,500   | 307,629                               | 692,534                               | 604,779,450           |
| -  | -   | -  | -  | -  | -                                     | -                                     | 33,018,935            |
| 2,433  | 104,557                                   | 1,188  | 6,693  | 258,841  | 4,586                                 | 678,423                               | 12,322,223            |
| <u>\$ 705,801</u>  | <u>\$ 728,771</u>                         | <u>\$ 402,832</u>                                    | <u>\$ 203,842</u>  | <u>\$ 336,477</u>  | <u>\$ 321,247</u>                     | <u>\$ 1,768,242</u>                   | <u>\$ 655,851,549</u> |
| <br>   |   |  |  |  |                                       |                                       |                       |
| \$ 631,217   | \$ 681,901                                | \$ 383,639   | \$ 199,268   | \$ 316,886   | \$ 294,880                            | \$ 1,375,500                          | \$ 648,512,438        |
| 66,603   | 38,913                                    | 12,028   | 1,120  | 51   | 20,310                                | 347,571                               | 5,966,976             |
| -  | -   | -  | -  | -  | -                                     | -                                     | 18,669                |
| 7  | (4)                                       | 5  | 17   | -  | 3,800                                 | 21,537                                | 52,767                |
| 66,610   | 38,912                                    | 12,033   | 1,137  | 51   | 24,110                                | 369,108                               | 6,038,412             |
| 7,974  | 7,958                                     | 7,160  | 3,437  | 19,540   | 2,257                                 | 23,634                                | 1,300,699             |
| 74,584   | 46,870                                    | 19,193   | 4,574  | 19,591   | 26,367                                | 392,742                               | 7,339,111             |
| <u>\$ 705,801</u>  | <u>\$ 728,771</u>                         | <u>\$ 402,832</u>                                    | <u>\$ 203,842</u>  | <u>\$ 336,477</u>  | <u>\$ 321,247</u>                     | <u>\$ 1,768,242</u>                   | <u>\$ 655,851,549</u> |
| <br>   |   |  |  |  |                                       |                                       |                       |
| 586,479  | 564,593                                   | 386,806  | 190,932  | 21,936   | 292,596                               | 564,656                               | 586,155,898           |
| -  | -   | -  | -  | -  | -                                     | (9,458)                               | (177,840,315)         |
| <u>\$ 586,479</u>  | <u>\$ 564,593</u>                         | <u>\$ 386,806</u>                                    | <u>\$ 190,932</u>  | <u>\$ 21,936</u>   | <u>\$ 292,596</u>                     | <u>\$ 555,198</u>                     | <u>\$ 408,315,583</u> |

**REQUIRED SUPPLEMENTARY INFORMATION**  
(Unaudited)

**COMBINING STATEMENT OF BUDGETARY RESOURCES**

**For the Year Ended September 30, 2020**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

| <u>Occupational<br/>Safety and<br/>Health<br/>Administration</u> | <u>Bureau of<br/>Labor<br/>Statistics</u> | <u>Mine Safety<br/>and Health<br/>Administration</u> | <u>Employee<br/>Benefits<br/>Security<br/>Administration</u> | <u>Veterans'<br/>Employment<br/>and Training<br/>Service</u> | <u>Wage<br/>and Hour<br/>Division</u> | <u>Other<br/>Program<br/>Agencies</u> | <u>TOTAL</u>          |
|--|---|--|--|--|---------------------------------------|---------------------------------------|-----------------------|
| \$ 10,581  | \$ 10,271                                 | \$ 5,893   | \$ 4,348   | \$ 15,110  | \$ 16,111                             | \$ 145,494                            | \$ 5,110,056          |
| 586,733  | 587,000                                   | 379,816  | 182,000  | 55,001   | 286,725                               | 887,020                               | 555,307,932           |
| -  | -   | -  | -  | -  | -                                     | -                                     | 36,020,774            |
| 1,966  | 100,557                                   | 1,595  | 7,016  | 256,340  | 1,563                                 | 524,840                               | 9,838,537             |
| <u>\$ 599,280</u>  | <u>\$ 697,828</u>                         | <u>\$ 387,304</u>                                    | <u>\$ 193,364</u>  | <u>\$ 326,451</u>  | <u>\$ 304,399</u>                     | <u>\$ 1,557,354</u>                   | <u>\$ 606,277,299</u> |
| <br>   |   |  |  |  |                                       |                                       |                       |
| \$ 587,062   | \$ 662,816                                | \$ 380,569   | \$ 187,183   | \$ 313,024   | \$ 295,335                            | \$ 1,177,643                          | \$ 600,755,079        |
| 2,422  | 27,515                                    | 1,579  | 2,111  | 82   | 3,010                                 | 334,968                               | 4,181,699             |
| -  | -   | -  | -  | -  | -                                     | -                                     | 22,430                |
| -  | -   | 5  | -  | -  | 3,338                                 | 28,758                                | 197,353               |
| 2,422  | 27,515                                    | 1,584  | 2,111  | 82   | 6,348                                 | 363,726                               | 4,401,482             |
| 9,796  | 7,497                                     | 5,151  | 4,070  | 13,345   | 2,716                                 | 15,985                                | 1,120,738             |
| 12,218   | 35,012                                    | 6,735  | 6,181  | 13,427   | 9,064                                 | 379,711                               | 5,522,220             |
| <u>\$ 599,280</u>  | <u>\$ 697,828</u>                         | <u>\$ 387,304</u>                                    | <u>\$ 193,364</u>  | <u>\$ 326,451</u>  | <u>\$ 304,399</u>                     | <u>\$ 1,557,354</u>                   | <u>\$ 606,277,299</u> |
| <br>   |   |  |  |  |                                       |                                       |                       |
| 569,849  | 557,240                                   | 368,087  | 183,794  | 11,171   | 283,117                               | 656,549                               | 571,184,279           |
| -  | -   | -  | -  | -  | -                                     | (14,579)                              | (84,816,481)          |
| <u>\$ 569,849</u>  | <u>\$ 557,240</u>                         | <u>\$ 368,087</u>                                    | <u>\$ 183,794</u>  | <u>\$ 11,171</u>   | <u>\$ 283,117</u>                     | <u>\$ 641,970</u>                     | <u>\$ 486,367,798</u> |

OTHER  
INFORMATION



---

## Inspector General's Top Management and Performance Challenges

**U.S. Department of Labor**

Office of Inspector General  
Washington, D.C. 20210



October 18, 2021

### MEMORANDUM FOR THE SECRETARY

FROM: *Larry D. Turner*  
LARRY D. TURNER  
Acting Inspector General

SUBJECT:                   OIG Top Management and Performance Challenges

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

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

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

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

#### Attachment

cc: Julie A. Su, Deputy Secretary  
Daniel Koh, Chief of Staff  
Kevin L. Brown, Acting Chief Financial Officer

*Working for America's Workforce*

---

## TOP MANAGEMENT AND PERFORMANCE CHALLENGES

### FACING THE U.S. DEPARTMENT OF LABOR

*Office of Inspector General, November 2021*

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

##### **BACKGROUND**

The Unemployment Insurance (UI) program provides unemployment benefits to eligible workers who are unemployed through no fault of their own and meet other eligibility requirements according to state law. In Fiscal Year (FY) 2020, the Department continued to identify the UI program as susceptible to improper payments. Due to the COVID-19 pandemic beginning in March 2020, this issue was further exacerbated with jobless rates soaring and millions of U.S. workers filing unemployment compensation claims. However, in calculating the total amount of UI benefits paid and related estimated improper payments, UI benefits funded by the Coronavirus Aid, Relief, and Economic Security (CARES) Act were excluded because the temporary programs were not in existence for at least 12 months as of the reporting period, which is a requirement of the Office of Management and Budget (OMB) to make such calculations for a new program. Despite the exclusion, the estimated improper payment total for UI has consistently exceeded the \$2 billion threshold established by OMB for designation as a “high-priority” program under the authority of the Improper Payments Elimination and Recovery Improvement Act of 2012 and the Payment Integrity Information Act of 2019.<sup>1</sup>

The CARES Act provided major funding to the state-federal UI program, including covering workers not typically covered by UI, who could self-certify that they were able to and available for work but unemployed due to COVID-19 related reasons. Following the start of the pandemic in the U.S. in early 2020, unemployment compensation claims rose exponentially to historically unprecedented levels. On March 14, 2020, the Department reported 282,000 initial claims. Within 5 months, through August 15, 2020, the Department reported 57.4 million initial claims, the largest increase since the Department began tracking UI data in 1967. As of September 30, 2021, the Department reported approximately \$665.1 billion in UI payments has been expended under the CARES Act and its related extensions. These benefits have been shown to be particularly susceptible to improper payments. Although the Department has not estimated an improper payment rate for CARES Act-funded UI benefits because it was not required at the time, as previously mentioned, the reported improper payment estimate for the regular UI program has been above 10 percent for 14 of the last 18 years. Estimates for the CARES Act and its related extensions range up to \$872.5 billion. Therefore by program end, assuming an improper payment rate of 10 percent or higher, \$87.3 billion in CARES Act-funded UI benefits could be paid improperly, with a significant portion attributable to fraud.

##### **CHALLENGE FOR THE DEPARTMENT**

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

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

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

---

<sup>1</sup> The Payment Integrity Information Act of 2019 repealed and replaced the Improper Payments Elimination and Recovery Improvement Act of 2012. The Payment Integrity Information Act of 2019 was not fully effective until FY 2021.

- *Claimants Do Not Meet Work Search Requirements* – Claimants who fail to demonstrate they meet state requirements for work search.
- *Benefit Year Earnings* – Claimants who continue to claim benefits after they return to work, or who misreport earnings during a week in which benefits are claimed.
- *Employers Do Not Timely Report Employees' Separation* – Employers or their third-party administrators who fail to provide timely and adequate information about why individuals separated from their employment.
- *Fraud* – Claimants who received UI benefits through fraudulent schemes, such as those perpetuated during the COVID-19 pandemic.

These causes exacerbate the Department's challenges in helping states address improper payments.

The COVID-19 pandemic resulted in an unprecedented increase in new unemployment claims, and the subsequent difficulties the states encountered when implementing new programs and processing claims highlighted the need for states to have sufficient staffing and IT system resources to manage sudden surges of UI claims and payments. The expanded coverage offered under the temporary Pandemic Unemployment Assistance (PUA) program posed significant challenges to states as they implemented processes to determine initial and continued program eligibility for participants. The reliance solely on claimant self-certifications without evidence of eligibility and wages during the program's first nine months rendered the PUA program vulnerable to higher risk for improper payments and fraud. However, under the Continued Assistance for Unemployed Workers Act of 2020, Congress provided additional requirements in an effort to mitigate the risk of improper payments. Despite this effort, our work identified about \$17 billion in potential fraud in four high risk areas: multi-state claims, deceased persons, federal inmates, and suspicious email accounts. Furthermore, the Department needs to continue its work on how to incorporate the impact of UI improper payments, including fraud, related to temporary programs, such as those created by the CARES Act, into the traditionally estimated improper payment rate calculations.

## **DEPARTMENT'S PROGRESS**

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

Department officials stated the UI Integrity Center,<sup>2</sup> which operates in partnership with the National Association of State Workforce Agencies, has continued to develop the Integrity Data Hub (IDH) to serve as a secure portal for states to cross-match public and private sources of data, including new tools that will help prevent improper payments. The Department is working with the UI Integrity Center to further enhance state participation in and use of the IDH through additional guidance and regular communication with states.

The Department has taken corrective actions to address the OIG's recommendations aimed at reducing UI improper payments related to the two of the top causes: (1) *Employers Do Not Timely Report Employees' Separation* and (2) *Benefit Year Earnings*, which refer to UI benefits paid to claimants after they return to work and fail to report their earnings, or who misreport earnings during a week in which benefits are claimed. The Department has also taken action to correct

---

<sup>2</sup> The UI Integrity Center, established by the Department and operated by the National Association of State Workforce Agencies, is designed to assist states in their efforts to more effectively prevent, detect, and recover improper and fraudulent payments, and improve program integrity by developing and promoting innovative program strategies.

---

---

Work Search errors, another leading cause of improper payments. In addition, legislative proposals aimed at improving UI program integrity were included in the FY 2018, FY 2019, FY 2020, FY 2021, and FY 2022 President’s Budget Requests.

On August 31, 2021, the Department announced the establishment of the Office of Unemployment Insurance Modernization to provide strategic leadership as it works with state agencies and federal partners to modernize and reform the UI system. Operating within the Office of the Secretary, this newly created unit will work in conjunction with the Employment and Training Administration (ETA), Office of the Chief Information Officer (OCIO), and Office of the Assistant Secretary for Administration and Management (OASAM) to develop and support implementation of the strategic vision outlined in the UI modernization plans<sup>3</sup> released on August 11, 2021. The Office of Unemployment Insurance Modernization will provide oversight and management of the \$2 billion allotted to UI initiatives by the American Rescue Plan Act of 2021 to prevent and detect fraud, promote equitable access, ensure timely benefits payments, and reduce backlogs. Of this \$2 billion in funding, two grant programs have been set up: (1) a \$140 million program for fraud grants to be awarded to states to cover subscription costs for identity verification tools, establishment and expansion of data analytics, and implementation of cybersecurity defense strategies; and (2) a separate \$260 million program for equity grants to be awarded to states to improve customer service and claimant outreach, reduce claims backlogs, and improve access for workers in communities that may have historically experienced barriers to access.

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

The Department needs to continue its ongoing work with states to identify and implement strategies designed to reduce the UI improper payment rate, including sharing best practices identified among states. According to Department officials, they are working with the UI Integrity Center to expand the functionality of the IDH to include datasets as well as other resources to assist states in detecting improper payments and to continue promoting states’ use of the IDH. One of the datasets soon to be available to states through the IDH is an Account Verification Services (AVS) solution(s). The AVS solution(s) will provide states with access to real-time or near real-time information to proactively identify and authenticate bank account information that a UI claimant provides by validating the account’s legitimate status and ensuring the individual identified as the claimant is the account owner and/or authorized user prior to initiating the UI benefit payment.

The Department must work with states to enforce UI claimants’ requirements to meet the conditions of UI eligibility, including: (1) being available for work, (2) actively seeking work, and (3) accepting suitable work when offered. As part of this effort, ETA indicated it is developing work search guidance that addresses states’ “formal warnings” policies that exclude and therefore underestimate improper payment rates. The Department needs to continue pursuing legislative action included in previous budget proposals to improve UI program integrity. To improve delivery of UI benefits to claimants while combatting improper payments, including fraud, ETA should also establish a central repository for states’ UI claims data, with the OIG having direct access to this data.

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

## **CHALLENGE: Protecting the Safety and Health of Workers**

### **BACKGROUND**

The Department’s Occupational Safety and Health Administration (OSHA) is responsible for the safety and health of 130 million workers employed at more than 8 million establishments, while the Department’s Mine Safety and Health

---

<sup>3</sup> For more details, a fact sheet about the UI modernization plans is available online at:  
[https://oui.doleta.gov/unemploy/pdf/FactSheet\\_UImodernization.pdf](https://oui.doleta.gov/unemploy/pdf/FactSheet_UImodernization.pdf).

---

Administration (MSHA) is responsible for the safety and health of approximately 300,000 miners who work at nearly 13,000 mines.

## CHALLENGE FOR THE DEPARTMENT

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

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

However, challenges persist for OSHA. Labor organizations representing health care, meat processing, transportation, and other essential personnel have expressed concerns that OSHA has not been able to provide the necessary level of enforcement efforts to ensure employers are providing adequate protection to their workers needed at various work sites during the pandemic. In February 2021 we reported that OSHA received 15 percent more complaints in 2020, but performed 50 percent fewer inspections compared to a similar period in 2019. Therefore, the risk that OSHA may not ensure the level of protection that workers need at various job sites has increased leaving more employees vulnerable to safety risks. Besides COVID-19 related challenges, when inspections result in citations, the agency continues to face difficulties in verifying hazard abatement at both general industry and construction sites. In addition, OSHA has been challenged to protect workers who report potential workplace safety violations and complete subsequent whistleblower investigations within the statutory requirements of 30, 60, or 90 days. Escalating this challenge, the pandemic caused a significant increase in whistleblower complaints OSHA received, while the number of full-time equivalent (FTE) employees, including investigators, decreased in OSHA's Whistleblower Protection Program.

MSHA is also specifically challenged to continue performing all its activities during the COVID-19 pandemic. While continuing to perform mandatory inspections, MSHA has limited or suspended certain non-mandatory inspection and enforcement activities and will have to determine how to resume these activities safely and manage any potential backlog resulting from suspended activities. Furthermore, MSHA is challenged to write violations that adhere to the Mine Act and MSHA guidance and to timely verify that operators are abating hazards by required due dates without requesting unjustified extensions (e.g., for the convenience of MSHA inspectors).<sup>4</sup>

Additionally, MSHA is challenged by a 25-year high in the number of black lung cases, as reported by the American Journal of Public Health (AJPH),<sup>5</sup> and needs to develop strategies for addressing this issue. MSHA solicited public comments, data, and information for a study to assess the impact of the August 2014 Coal Dust Rule, which reduced allowable exposure levels for harmful coal dust, on the health of miners. However, because of the latency period between exposure to coal dust and development of black lung disease, it will likely take a decade or more to complete the study. MSHA faces another challenge in reducing the number of powered-haulage accidents, with 9 miner fatalities, the highest number since 2006, and 185 miner injuries taking place from January 1, 2021, through July 12, 2021, as a direct result of such accidents.

Finally, MSHA and OSHA both regulate the maximum amount of exposure workers can have to respirable silica dust, but the standards for permissible exposure level differ between the two agencies. In the U.S., about 2.3 million workers are

---

<sup>4</sup> This is according to the findings in our audit report, *MSHA Can Improve How Violations Are Issued, Terminated, Modified, and Vacated*, DOL OIG Report No. 05-21-002-06-001 (March 31, 2021), available online at: <https://www.oig.dol.gov/public/reports/oa/2021/05-21-002-06-001.pdf>.

<sup>5</sup> The AJPH report, *Continued Increase in Prevalence of Coal Workers' Pneumoconiosis in the United States, 1970–2017*, Vol. 108, Issue 9, is available online at: <https://ajph.aphapublications.org/doi/full/10.2105/AJPH.2018.304517>.

---

annually exposed to respirable silica dust at the worksite, a situation that can lead to silicosis, a deadly and incurable disease, as well as many other chronic conditions. MSHA is challenged to develop better protections for miners against airborne contaminants, such as respirable silica dust. OSHA's challenge is targeting the highest risk workplaces specifically for respirable silica dust given the agency's limited resources.

## DEPARTMENT'S PROGRESS

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

According to OSHA, the agency encourages employers to comply with illness and injury reporting requirements through a variety of enforcement, outreach, and compliance assistance efforts. OSHA issued the *COVID-19 Healthcare Emergency Temporary Standard*,<sup>7</sup> which went into effect on June 21, 2021, to address the COVID-19 hazard for health care workers. On July 7, 2021, OSHA revised its National Emphasis Program (NEP) – Coronavirus Disease 2019 (COVID-19) to help ensure that employees in high-hazard industries or work tasks are protected from the risk of contracting COVID-19. The NEP augments OSHA's efforts addressing unprogrammed COVID-19 related activities — e.g., complaints, referrals, and severe incident reports — by adding a component to specifically target high-hazard industries or activities where COVID-19 would be most prevalent. The NEP targets establishments that have workers with increased potential exposure to this hazard and thus puts the largest number of workers at serious risk.

OSHA also published a revised NEP on respirable crystalline silica on February 4, 2020, along with a revised directive on *Inspection Procedures for the Respirable Crystalline Silica Standards*, published on June 25, 2020, to assist in protecting workers and managing risk. Subsequent to the release of its respirable crystalline silica directive, OSHA conducted a webinar for compliance officers across the country to better understand how to conduct silica inspections and enforce the various provisions of the new standards.

MSHA reduced unnecessary contact during the COVID-19 pandemic by temporarily suspending or decreasing a number of enforcement activities. As of August 2021, MSHA had suspended 3 of its enforcement activities and reduced the capacity of how it conducted 15 activities, such as its accident reduction program and mine emergency operations. It was still conducting 15 activities at full capacity, including its fatal accident investigations and regular safety and health inspections. Further, MSHA posted an information sheet on its website as guidance during the pandemic to its workforce and to the mining industry. It addressed matters such as maintaining social distancing, disinfecting equipment, and washing hands. However, in 2020, MSHA decided not to issue an emergency temporary standard related to pandemics such as COVID-19.

MSHA reported it has increased sampling of mines for respirable crystalline silica dust and diesel particulate emissions and has ordered additional sampling devices for its inspectors and testing equipment for its lab. MSHA's Regulatory Agenda for Spring 2021 includes proposed rulemaking for respirable crystalline silica and powered-haulage safety. MSHA also continues to focus on powered-haulage safety by issuing guidance on preventing accidents and meeting with mine personnel to emphasize best safety practices and training. On September 9, 2021, MSHA released a proposed rule requiring mines to have written safety programs for mobile and powered-haulage equipment.

---

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

<sup>7</sup> For more details, a fact sheet about the *COVID-19 Healthcare Emergency Temporary Standard* is available online at: <https://www.osha.gov/sites/default/files/publications/OSHA4122.pdf>.

## **WHAT REMAINS TO BE DONE**

OSHA needs to complete its initiatives to improve employer reporting of severe injuries and illnesses and enhance staff training on abatement verification, especially of smaller and transient construction employers. As previously noted, because of the pandemic, there has been an increase of complaints but a reduction in inspections, with most inspections not conducted on-site. OSHA needs to ensure it is providing the level of protection that workers need at various job sites. The American Rescue Plan Act provided OSHA with approximately \$100 million. OSHA plans to use a large portion of it to support COVID-19 enforcement efforts and whistleblower investigators to assist with its growing number of COVID-19 related complaints.

MSHA needs to do more to address any potential backlog of suspended and reduced enforcement activities resulting from the pandemic and develop a plan to manage the backlog once full operations resume. Further, MSHA needs to monitor COVID-19 outbreaks at mines and use that information to determine whether to issue an emergency temporary standard related to the pandemic. Doing so would allow its inspectors to issue citations and orders to respond to more aspects of the COVID-19 pandemic and enhance miner safety. MSHA also needs to provide additional training to inspectors and improve internal controls related to its violation process.

To ensure mine operators comply with the Coal Dust Rule that went into effect in August 2014, MSHA needs to evaluate the effectiveness and implementation of the rule as new information becomes available. It must also identify ways to better protect miners from highly toxic respirable silica dust, potentially by increasing testing and enforcement for other airborne contaminants. Finally, MSHA needs to continue its existing efforts to decrease powered-haulage accidents by targeting mines for enforcement, enhancing training, and increasing and sharing its knowledge of available technology.

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

### **BACKGROUND**

In FY 2021, the Department's Employment and Training Administration (ETA) received \$3.7 billion under the Workforce Innovation and Opportunity Act (WIOA) to operate a system of education, skill-based training, and employment services for U.S. workers, including low-income and dislocated adults as well as at-risk and out-of-school youth.

### **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, particularly in light of the health and economic crisis created by the COVID-19 pandemic. This includes helping: (1) job seekers, businesses, and career counselors better understand the availability and value of skill-based training and credentials; (2) employers recognize the benefit of hiring and training apprentices for their middle- and high-skilled job vacancies; and (3) to ensure all state outcome data are reliable, valid, and accurate. In our audit work conducted in 2020,<sup>8</sup> we had found that although ETA had data to determine if participants were employed after exit, it lacked more specific data to measure the impact credentials had on participants' outcomes, such as job title and if a credential was necessary for the job.

The Department is further challenged in developing an effective strategy for helping disadvantaged job seekers — such as justice-involved individuals, individuals with disabilities, and individuals recovering from substance use disorder — gain employment and remain employed. For example, recent studies have reported that users of opioids commonly drop out of the labor market and are less productive and dependable. This makes it difficult for them to obtain and retain employment, and for employers to find workers in opioid-affected areas. Additionally, as a result of the COVID-19

---

<sup>8</sup> The resulting audit report, *ETA Could Not Demonstrate That Credentials Improved WIOA Participants' Employment Outcomes*, DOL OIG Report No. 03-20-002-03-391 (September 30, 2020), is available online at: <https://www.oig.dol.gov/public/reports/oa/2020/03-20-002-03-391.pdf>.

---

---

pandemic, the Department needs to ensure all participants who need job search or training services are able to access them either in person or remotely.

Finally, the Department is challenged to ensure the grants it issues are planned and designed so that the grants' goals are clear, measurable, and achievable. A recent audit found that 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 designing the goals and metrics related to a grant makes it difficult for ETA to determine if the grant's goals have been achieved and the outcomes it expected were achieved.

## DEPARTMENT'S PROGRESS

With regard to credentials, ETA officials informed us that over the last year, they have continued to provide resources through CareerOneStop.org to help job seekers, businesses, and career counselors better understand: which credentials are available; the quality and labor market value of those credentials; and the licenses, education, and training required for specific credentials and occupations. ETA also stated it has continued to emphasize the importance of credential attainment in its grant competitions. It has provided extensive technical assistance to states on credentials, including information to better define and accurately report credentials, and convened a group of several state teams to develop useful strategies and tools to assess appropriate credentials. Finally, ETA indicated state teams of the Credential Attainment Cohort, a collaboration of the Departments of Labor and Education, developed in June 2020 credential attainment tools that serve as companion resources to the Credential Attainment Decision Tree Tool. To assist with developing their strategies to determine what qualifies as a credential, states were provided with an action plan template. They were instructed to use it only as a general guideline and to create an overall plan that suited the needs, goals, and structure of their specific state.

In June 2020, ETA issued Training and Employment Guidance Letter (TEGL) 23-19: *Guidance for Validating Required Performance Data Submitted by Grant Recipients of U.S. Department of Labor (DOL) Workforce Programs*,<sup>9</sup> to provide guidelines for validating performance data submitted by grant recipients of workforce development programs that the Department administers. Since the beginning of WIOA, ETA has emphasized the importance of quality data by building into its Workforce Integrated Performance System (WIPS) a multi-pronged approach to validating the data, with upfront edit checks and validation through grant monitoring on the back end.

According to ETA officials, these upfront edit check rules are extensive and facilitate state grant recipients submitting consistent and accurate data. Recently, ETA initiated a Quarterly Report Analysis to ensure states are reporting consistently on a set of key data elements. ETA's regional offices conducted general oversight of state data validation practices during their WIOA monitoring reviews. State data validation policy and practices were discussed and verified, and, in some cases, data validation results were reviewed for one quarter in 2020 during the course of the WIOA monitoring review. ETA's monitoring review found issues with reporting and data validation. ETA regional offices plan to continue prioritizing data validation compliance in monitoring during the current as well as the next fiscal year.

The Department has also been assessing some grant recipient performance under its American Apprenticeship Initiative (AAI) program. Though ETA has made progress in achieving some of the AAI grant program's goals, insufficient program planning and execution resulted in systemic weaknesses. Most apprenticeships did not meet the specialty occupation criteria for H-1B visas and often they were not in occupations using H-1B visas. ETA could have put more than \$155 million in funds to better use by having grantees create apprenticeships that start in H-1B occupations or have career pathways leading to H-1B occupations. The Department stated it has provided, and will continue to provide, technical assistance on sector strategies and performance reporting based on its analysis of the performance measures. ETA continues to make progress on implementing the recently approved changes to the DOL-only Participant Individual Record Layout to add data elements needed by program offices, to have apprenticeship grant recipients report through WIPS, and to support ETA's broader efforts to achieve performance reporting standardization across workforce programs.

---

<sup>9</sup> TEGL 23-19 is available online at: [https://wdr.doleta.gov/directives/attach/TEGL/TEGL\\_23-19.pdf](https://wdr.doleta.gov/directives/attach/TEGL/TEGL_23-19.pdf).

---

Concerning opioids, ETA has awarded opioid recovery grants of up to \$133 million to provide employment and training activities, including support services, to address the economic and workforce impacts related to this drug's widespread use, addiction, and incidents of overdose.

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

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

While ETA does provide discretionary grant programs access to WIPS for performance reporting and policy support through standardized reporting procedures and technical assistance, such as reporting for the opioid recovery grants, the Department needs to monitor the performance of discretionary grants it has awarded for delivering services to employers and workers. Based on our audit report published in January 2021,<sup>10</sup> we followed up on our prior concerns about ETA's grant investments not achieving performance goals and the agency needing better oversight of its disaster grants, specifically in administering its Dislocated Worker Grant funds in response to national disasters in 2017. We found ETA provided minimal oversight of its state grant recipients and needed to be more efficient and effective in delivering disaster relief assistance to unemployed individuals. During the current COVID-19 global health crisis spanning over 18 months and continuing indefinitely into the future, the OIG is concerned by the latest set of challenges ETA faces in providing employment and training assistance to a sizable jobless population in the U.S. The central question resulting from our January 2021 report recommendations holds true on whether the agency has monitoring and performance management strategies in place to work with grant recipients and ensure the maximum number of qualifying participants secure employment expeditiously through the Department's applicable discretionary grant programs. Finally, ETA must ensure future grants it issues have properly planned and articulated goals tied to concrete performance measures that enable the Department to determine the success of its grant programs.

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

### **BACKGROUND**

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

The Wage and Hour Division (WHD) conducts civil investigations to enforce certain worker protections associated with the award of Foreign Labor Certifications (FLC) which involve wages, working conditions, and making sure similarly employed U.S. workers are not adversely affected in terms of working conditions and other employment benefits.

---

<sup>10</sup> The audit report, *ETA Needs To Improve Its Disaster National Dislocated Worker Program*, DOL OIG Report No. 02-21-002-03-391 (January 29, 2021), is available online at: <https://www.oig.dol.gov/public/reports/oa/2021/02-21-002-03-391.pdf>.

---

## CHALLENGE FOR THE DEPARTMENT

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

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

By the end of July 2021, the unemployment rate was higher than the rate prior to the pandemic. Given this increase in unemployment, there will be greater scrutiny placed upon the hiring of foreign labor. The Executive Order on *Aligning Federal Contracting and Hiring Practices with the Interests of American Workers*, issued on August 3, 2020, requires DOL and the Department of Homeland Security (DHS) to take action to protect U.S. workers from any adverse effects on wages and working conditions caused by the employment of H-1B visa holders at job sites.

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

WHD is limited by statute to conducting investigations of alleged H-1B violations only when a complaint has been filed. The Department's limited statutory authority to act on potentially fraudulent H-1B foreign labor applications has been a long-standing challenge, and at times, leads to unscrupulous employers misusing FLC programs for labor and human trafficking. OIG investigations have shown that the H-1B program is susceptible to significant fraud and abuse, often by dishonest immigration attorneys, employers, labor brokers, and organized criminal enterprises. One of the reasons for the fraud and abuse of the H-1B program is that the Department is statutorily required to certify H-1B applications within 7 days unless it determines the applications to be "incomplete or obviously inaccurate." The OIG continues to investigate various fraud schemes within the H-1B program, including labor leasing,<sup>11</sup> benching of foreign workers,<sup>12</sup> and wage kickbacks.<sup>13</sup>

Furthermore, ETA's permanent labor certification program (PERM), which allows employers to hire foreign workers on a permanent basis in the U.S., predominantly relies on attestations to verify whether employers are complying with its qualifying criteria. Once PERM applications are certified, ETA does not review applications post-adjudication to validate

---

<sup>11</sup> Labor leasing: When workers are provided to a third party that usually offers limited or no benefits to the workers, and for a limited time.

<sup>12</sup> Benching of foreign workers: When employers, during a period of low productivity or otherwise slow business, refuse to pay foreign workers their wages, a.k.a. "benching" them.

<sup>13</sup> Wage kickbacks: When third-party placement firms obtain H-1B workers and pay them lower wages than what U.S. employers would have paid.

---

the integrity of employers' attestations. On its end, WHD does not play a role in the PERM program and does not conduct investigations to verify whether the workers are still working for those employers.

## **DEPARTMENT'S PROGRESS**

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

SeasonalJobs.dol.gov is a mobile-friendly online portal that is designed to help U.S. workers identify and apply for open seasonal and temporary jobs under the H-2A and H-2B visa programs.<sup>14</sup> In addition to providing more robust and personalized search capabilities that tailor results to the geographic location of U.S. workers, this website makes it easier to integrate employment postings with third-party job search websites to make these job opportunities more accessible to job seekers.

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

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

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

## **WHAT REMAINS TO BE DONE**

The Department should seek statutory and regulatory authority to strengthen its ability to debar those who abuse the H-1B program. In furtherance of this, the Department has indicated starting a process to initiate Secretary-certified H-1B investigations and has entered into a memorandum of understanding with DHS to allow sharing with WHD DHS data and U.S. Citizenship and Immigration Services (USCIS) referrals of suspected violations of the terms of labor condition applications. The Department also needs to seek statutory authority to verify the accuracy of information provided on H-1B labor condition applications. Department officials need to refer all potentially criminal violations to the OIG in a timely manner and enhance the reporting and application of suspensions and debarments government-wide.

Regarding H-2B applications, the Department should continue its efforts to ensure those are processed in time to hire foreign workers by employers' dates of need while simultaneously ensuring the review process protects the interests of U.S. workers.

For the PERM program, once applications have been certified, the Department needs to perform post-adjudication reviews to validate the integrity of employers' attestations. The majority of the applications are currently submitted for

---

<sup>14</sup> The H-2A program allows U.S. employers to hire foreign workers temporarily for agricultural labor and services, while the H-2B program applies to non-agricultural labor and services.

---

review without documentation to prove or support employers' attestations. Additionally, the Department should 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) is responsible for protecting the integrity of pension, health, and other employee benefits for about 158 million people. This responsibility includes enforcement authority over approximately 734,000 private retirement plans, 2 million health plans, and 662,000 other welfare benefit plans, which altogether hold approximately \$12.9 trillion in assets. It also includes interpretive and regulatory responsibilities for Individual Retirement Accounts (IRA), which hold about \$12.6 trillion in assets.

EBSA also provides oversight of the federal government's Thrift Savings Plan (TSP), the largest defined contribution plan in the U.S., with nearly 6.4 million participants and \$790 billion in assets as of August 2021.

### **CHALLENGE FOR THE DEPARTMENT**

EBSA is challenged to allocate its limited staff resources in a way that will maximize the positive impact of its efforts. This is especially significant given the fast pace of market and regulatory changes affecting ERISA-covered plans,<sup>15</sup> including Congress's recent creation of a new class of plan sponsor (pooled plan providers); the Consolidated Appropriations Act of 2021's comprehensive amendments to ERISA, including fundamental changes to the laws governing surprise medical bills, price transparency, fee disclosure, prescription drug coverage, reporting requirements, systems changes, and heightened enforcement requirements for parity in the provision of mental health and substance use disorder benefits; new requirements mandated by the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act); COVID-19 payment mandates set forth in the Families First Coronavirus Response Act (FFCRA) and the CARES Act. EBSA must always look for ways to maximize the impact of its limited resources and to conduct the type and number of investigations, audits, reviews, and compliance assistance activities necessary to best protect workers' pension, health, and other benefits.

One specific challenge EBSA faces is finding an effective way to protect the public from fraud and mismanagement in connection with multiple employer welfare arrangements (MEWA), a health care delivery arrangement which aims to provide health benefits to the employees of more than one employer and for which the sponsor is not usually a single employer. When MEWAs collapse through fraud or mismanagement, it often leads to devastating losses for workers and their dependents who were planning to rely on the MEWAs for coverage of their medical expenses. Failed MEWAs leave vulnerable workers responsible for paying back millions of dollars in medical expenses, and this can result in workers foregoing necessary medical treatment, the consequence of which can be catastrophic injuries. Because EBSA does not have the resources to conduct routine audits of the self-funded arrangements most prone to risk, it typically learns about troubled MEWAs only after they have started to collapse, when thousands — or tens of thousands — of participants have suddenly been deprived of promised health benefits. Without a means to build an early warning system for such troubled MEWAs, this will continue to be a high-risk challenge for the agency.

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

---

<sup>15</sup> ERISA refers to the Employee Retirement Income Security Act of 1974, which is a federal law that sets minimum standards for most voluntarily established retirement and health plans in private industry to provide protection for individuals in these plans.

weaken assurances to stakeholders and put retirement plan assets at risk because they provide little to no confirmation regarding the existence or value of plan assets.

Finally, EBSA is challenged to obtain compliance with its TSP audit recommendations given its limited legal authority to enforce its oversight of more than \$790 billion in TSP assets and to compel the Federal Retirement Thrift Investment Board (the Board), which administers the TSP, to act on these recommendations, including significant recommendations relating to cybersecurity. In our 2018 audit on this subject, we found 73 percent of the recommendations EBSA auditors had made to the Board between 2010 and 2017 remain open. EBSA has also recently issued extensive guidance aimed at improving cybersecurity in private retirement plans and publicly indicated that it intends to routinely include cybersecurity inquiries as part of its investigations of retirement plans. Because of the threat that cybersecurity breaches potentially pose to trillions of dollars in plan assets, and because of the technical expertise required to assess plan security, this too is a significant management challenge.

## **DEPARTMENT'S PROGRESS**

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

At current staffing levels, EBSA has about one investigator for every 12,000 plans and \$38 billion in assets. EBSA stated that it has (1) requested an increase of 185 full-time equivalent (FTE) employees and \$33.6 million in additional funding to restore its investigative and regulatory staff to levels that approximate where it was before reductions pursuant to Section 251A of the Balanced Budget and Emergency Deficit Control Act issued on March 1, 2013; and (2) taken a number of steps to improve its TSP audit risk assessments and encouraged the Board to implement audit recommendations.

## **WHAT REMAINS TO BE DONE**

EBSA needs to develop new outreach, education, and enforcement strategies for MEWAs and expanded Multi-Employer Plans (MEP) to accommodate the diverse plans available in the market and pooled provider plans established under the SECURE Act. Given the history of insolvency, fraud, and abuse with troubled MEWAs that include nonfilers, and the expansion of MEPs likely to result from the SECURE Act, EBSA will have to determine how best to allocate its limited resources to oversee the expansion in terms of both the number of plans as well as the increased number of plan types it has to regulate.

In addition, given the dollar amounts involved, EBSA should pursue legislative repeal of the limited-scope audit exemption to ensure better security for retirement plans. Notwithstanding SAS No. 136, limited-scope audits (now known as ERISA Section 103(a)(3)(C) audits) offer participants significantly reduced assurances of plan asset values as compared to full-scope audits. The proliferation of plan assets subject only to ERISA Section 103(a)(3)(C) audits greatly increases the risk of loss to participants.

Finally, EBSA should seek amendments to the Federal Employee Retirement Security Act to broaden its authority and ensure TSP audit recommendations are implemented.

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

### **BACKGROUND**

The Job Corps program annually provides education, training, and support services to disadvantaged, at-risk youth, ages 16–24, at more than 120 Job Corps centers, which are primarily residential. OIG audits over the past several years found a wide range of security and safety issues at Job Corps centers, from failure to report and investigate serious misconduct

---

---

to shortages of security staff. Job Corps now faces new challenges in meeting its mission due to health risks that COVID-19 poses to students and staff who are on campus. These challenges have evolved into long-term challenges as Job Corps adjusts its operations to reflect new health requirements.

### **CHALLENGE FOR THE DEPARTMENT**

The Job Corps program faces the challenge of continuously providing safe learning environments for its students and staff. Funding plays a significant role in this challenge, particularly as it relates to the procurement, installation, ongoing maintenance, and upgrade of physical security equipment. This equipment allows for the enforcement of safety and security policies via monitoring. In addition to physical security protocols, part of providing a safe learning environment for students also includes ensuring that Job Corps centers perform appropriate pre-admission screenings of applicants who are already facing challenges.

Job Corps also must ensure the health and safety of students and staff permitted to be on-site at its centers during the pandemic. At the start of the pandemic, Job Corps temporarily suspended operations on its campuses on March 16, 2020, and transported nearly 29,000 students to their homes or found them housing. In November 2020, Job Corps used a phased-in approach and began returning enrolled students to centers. As of June 2021, Job Corps resumed on-campus operations at 112 centers and anticipates all its centers will have students on-site by the end of the year. During this period from November 2020 to June 2021, only 2.3 percent of students on-site have tested positive for COVID-19. However, Job Corps will not continue to operate at reduced capacity as the remaining centers resume on-campus operations, increasing numbers of students return to campus, and new students arrive. With new COVID-19 variants spreading across the U.S. and vaccination rates varying state by state, Job Corps must contend with the challenge of how to maintain a low COVID-19 case rate at each of its centers.

As a result of the pandemic, access to remote training presents a particular challenge for many Job Corps students. Since suspending in-person instruction and shifting to online learning, Job Corps encountered many issues ranging from not having an adequate remote learning infrastructure to ensuring whether or not students had the resources to learn remotely. For example, more than 68 percent of Job Corps students needed basic tools such as computers and internet access. Moreover, much of the training Job Corps typically provides — such as for automotive and machine repair, welding, carpentry, and advanced cement masonry — is hands-on and cannot be readily adapted to a remote learning model.

### **DEPARTMENT'S PROGRESS**

To improve center safety and security, Job Corps had invested by the close of FY 2020 approximately \$89 million in equipping centers with more than 11,500 cameras and 5,000 physical access control systems, walk-through and hand-held metal detectors, centralized security radio networks, and emergency notification systems, as well as expanding the intercom systems with more than 2,750 speakers. Additionally, Job Corps invested approximately \$1.1 million in essential security equipment, such as radios and magnetometer wands to support security enhancements. In 2020, through the integration of Interagency Security Committee methodology, Job Corps expanded this effort to establish a consistent and effective means to identify and mitigate risk for each center. Moreover, Job Corps rolled out a system-wide readiness tool geared toward helping its centers prepare students for entry into the program in 2019.

According to agency officials, Job Corps continues to take steps to ensure students have the necessary devices to engage in remote learning. Job Corps has already procured 25,000 Google Chromebooks and wireless hotspots for students. They have indicated Job Corps is also implementing an online learning platform that will standardize the data collection and reporting and much of the delivery of educational training to students during and beyond the COVID-19 pandemic. Changes have been made to the program's existing Center Information System to better track weekly student participation hours until a learning management system is in place.

Agency officials also stated that Job Corps continues to take steps to protect the health and safety of students and staff on-site at its centers during the COVID-19 pandemic. Prior to students returning back to campus, Job Corps used a team of federal staff, contracted public health experts and consultants, data analysts, and facility managers to establish the methodology for evaluating and measuring risk and on-site readiness for bringing back those students. This methodology

required centers to adhere to current Centers for Disease Control and Prevention protocols, which at the time included masking, social distancing, cohorting and staggering schedules, cleaning and disinfecting frequently, and installing physical barriers, such as sneeze guards and partitions.

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

Job Corps must continue with its progress on executing and enhancing its safety and security plan; training employees and contractors on new policies and procedures; and ensuring existing policies and procedures are periodically reviewed and monitored for compliance. Job Corps needs to 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 should timely identify and remediate noncompliance, expand data collection and analysis, and disseminate information to stakeholders. In addition, Job Corps must evaluate tools to help improve the pre-admission applicant screening and enrollment process. Although Job Corps rolled out the aforementioned system-wide readiness tool in 2019, few centers were aware of its existence. While the program has procured equipment to help students participate in remote learning, some students still have not received equipment, partly due to Job Corps taking numerous months to finalize policies for equipment use. Job Corps needs to work towards ensuring students have access to the equipment and technology that remote learning relies upon.

As Job Corps centers resume full on-campus operations during the pandemic, with most centers having at least partially resumed operations as of June 2021, the program must also protect the health and safety of students and staff.

## **CHALLENGE: Managing Medical Benefits in 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 and occupational diseases. During FY 2021, OWCP paid \$772 million in medical benefits under the Federal Employees' Compensation Act (FECA), more than \$1.1 billion under the Energy Employees Occupational Illness Compensation Program Act (EEOICPA), and \$30 million under the Black Lung Benefits Act.

### **CHALLENGE FOR THE DEPARTMENT**

OWCP is challenged to effectively manage medical benefits in its workers' compensation programs due to the high risk of fraud, waste, and abuse associated with (1) the use and cost of pharmaceuticals in the FECA program and (2) rising home health care costs in the EEOICPA authorized program (the Energy Workers program).

Previous OIG work in the FECA program has identified internal control weaknesses related to OWCP's management of pharmaceuticals. For example, OWCP allowed increases in billings for compounded drugs to go undetected and failed to identify the overuse of opioids. Given the high risk of fraud related to prescription payments, OWCP needs to analyze and monitor FECA costs to promptly detect and address such problems.

In the Energy Workers program, annual home health care costs have risen from \$100 million in FY 2010 to more than \$675 million in FY 2020, comprising 74 percent of all medical benefits paid by the program in FY 2020. With an aging claimant population, providers can take advantage of the increased demand for home health care services and exploit weaknesses in OWCP's existing controls by employing tactics that are legal but unethical, such as inappropriately bundling or unbundling services. Additionally, the increased use of telehealth as a result of the COVID-19 pandemic could impact OWCP's existing controls over home health care service requests.

### **DEPARTMENT'S PROGRESS**

OWCP has taken actions to better manage pharmaceuticals in the FECA program, including: (1) contracting with a Pharmacy Benefits Manager, a third-party administrator of prescription drug programs; (2) implementing new policies related to the review and approval of pharmacy claims; (3) focusing data analytics on the population of opioid users with

the purpose of predicting their future behavior; (4) improving the detection of potentially fraudulent medical providers; and (5) suspending and debaring medical providers criminally convicted of or indicted for defrauding the FECA program to stop payments to these providers.

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

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

In the FECA program, OWCP needs to fully implement its Pharmacy Benefits Manager contract to address the following options:

- Conducting drug utilization reviews to prevent potentially harmful drug interactions;
- Implementing drug exclusion and formulary lists for all drugs and drug ingredients;
- Ensuring continued use of the best methods for calculating fair and reasonable pharmaceutical pricing;
- Requiring the use of preferred pharmacy providers; and
- Performing cost-limit checks to identify high drug prices requiring additional review and authorization.

After completing the above planned actions, OWCP needs to measure their impact on use and cost of prescription drugs as well as consider additional options for monitoring and managing medical costs.

OWCP should continue with its efforts to identify what insurance providers and other federal, state, and local agencies are doing to manage medical costs and determine which best or promising practices may be suitable for its operations. OWCP also needs to expand its use of data analytics to monitor payments for pharmaceuticals and identify trends, risks, and appropriate treatment plans. In the Energy Workers program, OWCP should continue its efforts to analyze home health care billings for abusive practices and to identify and refer allegations involving potential fraud or abuse to the OIG for further investigation. Finally, OWCP should continue monitoring the ongoing COVID-19 pandemic and its impact on OWCP's major compensation programs.

## **CHALLENGE: Securing and Managing Information Systems**

### **BACKGROUND**

The Department's major information systems contain sensitive information central to its mission and programs. These systems maintain critical and sensitive data related to financial activities, enforcement actions, job training services, pensions, welfare benefits, and worker safety and health. In FY 2021, the Department's information technology (IT) investments were estimated at \$685 million. The funds were used in implementing the Department's services and functions to safeguard the U.S. workforce.

### **CHALLENGE FOR THE DEPARTMENT**

The Department faces challenges safeguarding its data and information systems. Although the Department has made progress in this area, we have continuing concerns about DOL's IT governance, modernization efforts, and ability to identify, protect, and recover information systems and data. Moreover, this past year has highlighted the emergence of additional IT challenges in remote operations and supply chain management.

The OIG continues to identify information security deficiencies in the critical areas of configuration management, third-party oversight, risk management, and continuous monitoring. While the Department has made improvements in these areas, deficiencies continue to exist and represent ongoing risks to the confidentiality, integrity, and availability of the Department's data and information.

The Department consolidated a majority of its information technology and resources under the Assistant Secretary for Administration and Management as part of an IT shared services model in December 2020. While the Chief Information Officer (CIO) provides the management and oversight of DOL's IT resources for the Assistant Secretary for Administration and Management, the position of the CIO has not been given the independence and authority for implementing and maintaining these resources. The CIO's position is not aligned with that of other DOL agency heads, and the CIO does not report directly to the Secretary of Labor, as required.

As an increasing number of DOL employees are gradually able to return on-site for work, the Department will need to determine which functions and operations are suitable for continued telework, and whether its information systems and processes can provide sufficient capability and security.

#### **DEPARTMENT'S PROGRESS**

The Department implemented new programs and systems designed to strengthen security operations, including expanding its vulnerability scanning coverage. The Department continues to reorganize its IT resources and capabilities to a more centralized shared services environment under the Office of Assistant Secretary for Administration and Management (OASAM) to better manage resources and projects for modernizing, securing, and consolidating information technology, and this includes realigning information processes and personnel. During the COVID-19 pandemic, the Department quickly enhanced and implemented systems, ensuring continued operation of its systems.

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

While the Department has consolidated the majority of information technology within OASAM, the Department needs to use this opportunity to:

- Address recurring information security deficiencies;
- Strengthen its oversight responsibilities to ensure DOL agencies adhere to the Department's information security policies, procedures, and controls;
- Ensure the implementation of its security requirements with DOL's third-party and cloud systems;
- Enhance its security program by ensuring security tools are effectively implemented; and
- Plan for emerging security threats, such as recent supply chain vulnerabilities.

Furthermore, the Department needs to reassess the incorporation of the Bureau of Labor Statistics (BLS) and the Office of the Chief Financial Officer (OCFO) as part of DOL's IT Shared Services and elevate the reporting structure for the CIO's position from the Assistant Secretary for Administration and Management to the Secretary of Labor and thus ensure the CIO has the authority and accountability to govern DOL's IT resources.

## Summary of Financial Statement Audit and Management Assurances

The following tables provide a summary of the Department's FY 2021 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 | 0                 | 1   | 0        | 0            | 1              |
| Total Material Weaknesses   | 0                 | 1   | 0        | 0            | 1              |
| Significant Deficiency  | Beginning Balance | New | Resolved | Consolidated | Ending Balance |
| Improvements Needed in the Review of Estimates  | 1                 | 0   | 1        | 0            | 0              |
| Total Significant Deficiencies  | 1                 | 0   | 1        | 0            | 0              |

| Summary of Management Assurances  |   |     |          |                              |            |                |
|---|---|-----|----------|------------------------------|------------|----------------|
| Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)  |   |     |          |                              |            |                |
| Statement of Assurance  | Modified  |     |          |                              |            |                |
| Material Weaknesses   | Beginning Balance   | New | Resolved | Consolidated                 | Reassessed | Ending Balance |
| Improvements Needed in Controls over Financial Reporting Related to Unemployment Trust Fund balances and Activity | 0   | 1   | 0        | 0                            | 0          | 1              |
| Total Material Weaknesses   | 0   | 1   | 0        | 0                            | 0          | 1              |
| Effectiveness of Internal Control over Operations (FMFIA § 2)   |   |     |          |                              |            |                |
| Statement of Assurance  | Modified  |     |          |                              |            |                |
| Material Weaknesses   | Beginning Balance   | New | Resolved | Consolidated                 | Reassessed | Ending Balance |
| Total Material Weaknesses   | 0   |     |          |                              |            | 0              |
| Conformance with financial management system requirements (FMFIA § 4)   |   |     |          |                              |            |                |
| Statement of Assurance  | Systems conform to financial management system requirements |     |          |                              |            |                |
| Non-Conformances  | Beginning Balance   | New | Resolved | Consolidated                 | Reassessed | Ending Balance |
| Total Non-Conformances  | 0   |     |          |                              |            | 0              |
| Compliance with Federal Financial Management Improvement Act (FFMIA)  |   |     |          |                              |            |                |
|   | Agency  |     |          | Auditor                      |            |                |
| 1. System Requirements  | No lack of compliance noted.                                |     |          | No lack of compliance noted. |            |                |
| 2. Accounting Standards   | No lack of compliance noted.                                |     |          | No lack of compliance noted. |            |                |
| 3. United States Standard General Ledger (USSGL) at Transaction Level   | No lack of compliance noted.                                |     |          | No lack of compliance noted. |            |                |

## Payment Integrity

The Payment Integrity Information Act ([PIIA](#)), enacted on March 2, 2020, reorganized and revised several existing improper payments statutes, including the Improper Payments Information Act of 2002 ([IPIA](#)), as amended by the Improper Payments Elimination and Recovery Act of 2010 ([IPERA](#)), and the Improper Payment Elimination and Recovery Improvement Act of 2012 ([IPERIA](#)). These laws require Federal agencies to identify and reduce improper payments (IP) and report annually on their efforts according to guidance promulgated by the Office of Management and Budget (OMB): OMB Circular A-123 [Appendix C](#) (3/05/2021) and OMB Circular [A-136](#) (8/10/2021). For FY 2021 reporting, OMB indicated in A-136 that “Information previously contained in this section that is not explicitly required below will be collected by OMB through the Annual Data Call and published on [PaymentAccuracy.gov](#).” All applicable reporting requirements have been reported to OMB in the Annual Data Call.

**HELP FIGHT  
FRAUD  
WASTE  
ABUSE  
IT'S YOUR MONEY!**



**Office of Inspector General  
U.S. Department of Labor**

- Misuse of U.S. Department of Labor Funds
- Violations of Federal Procurement Regulations
- Federal Workers' Compensation Fraud
- Falsification or Forgery of Official Documents
- Unemployment Insurance Fraud
- Visa Certification Fraud

**If you suspect wrongdoing involving  
U.S. Department of Labor programs or operations,  
contact the OIG Hotline  
800.347.3756  
www.oig.dol.gov**

See website for confidentiality and whistleblower information

Scan Here to  
Report Fraud, Waste  
& Abuse Now!

---

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

VETS administers four major programs to meet the employment and training needs of veterans and eligible spouses, especially those with significant barriers to employment, and connect employers across the country with work-ready veterans. VETS' mission is to prepare America's veterans, service members, and military spouses for meaningful careers, provide them with employment resources and expertise, protect their employment rights, and promote their employment opportunities. VETS' four major program activities and program costs and outputs are described below.

### **Program Activities**

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

TAP, authorized under 10 U.S.C. 1144, is for separating and retiring service members and their spouses. The program is a cooperative effort among VETS; the U.S. Departments of Defense, Homeland Security, Veterans Affairs, and Education; and the U.S. Small Business Administration. VETS offers a total of three days of instruction on employment preparation as a component of TAP, both domestically and at overseas installations. The Workshop provides employment assistance to transitioning service members and their spouses by providing tools for a successful transition from the military to the civilian workforce.

#### **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**

VETS is responsible for administering USERRA, 38 U.S.C. 4301-4335, which protects civilian job rights and benefits for active service members, veterans, and members of the National Guard and Reserves. USERRA also prohibits discrimination

in employment against any current or prospective employee, due in part to those individuals' past, present, or future military service, status, or obligations. Additionally, under the Veterans' Employment Opportunities Act (5 U.S.C. 3330a-3330c) VETS is responsible for investigating claims alleging a Federal agency's failure to apply Veterans' Preference in hiring or during a reduction-in-force and claims from veterans alleging a lack of access to a Federal agency's covered employment opportunities.

### Program Costs and Outputs

The full cost of VETS programs is presented in the Consolidated Statement of Net Cost. The costs of VETS programs, and the participants served, are presented below by major program.

| <b>VETS Employment and Training<br/>Program Costs and Participants Served<br/>(in Thousands)<br/>For FYs 2020 and 2021</b> |                  |              |                  |              |
|--|------------------|--------------|------------------|--------------|
| Program  | 2021             |              | 2020             |              |
|  | Cost             | Part. Served | Cost             | Part. Served |
| TAP <sup>(1)</sup>   | \$31,332         | 189.7        | \$27,347         | 92.9         |
| JVSG <sup>(2)</sup>  | 179,776          | 42.6         | 189,286          | 64.6         |
| HVRP <sup>(3)</sup>  | 56,740           | 14.7         | 53,378           | 17.1         |
| USERRA <sup>(4)</sup>  | 11,076           | 4.9          | 12,105           | 6.5          |
| <b>TOTAL</b><br><small>(5), (6)</small>  | <b>\$278,924</b> | <b>251.9</b> | <b>\$282,116</b> | <b>181.1</b> |

<sup>(1)</sup> Source: TAP FY21 Participants Served includes participants from all instructor-led TAP courses from October 2020-September 2021. FY20 Participants Served includes only the required Employment Fundamental of Career Transitions, both are reported by facilitators.

<sup>(2)</sup> Source: Workforce Integrated Performance System (WIPS) participant count, July 2020 - June 2021.

<sup>(3)</sup> Source: Program Year 2020 4th quarter grantee reports.

<sup>(4)</sup> USERRA Participants includes a count of all individuals who received Compliance Assistance combined with a count of the unique cases opened for USERRA and VP.

<sup>(5)</sup> FY 2021 costs for Labor, employment and pension standards are not reported.

<sup>(6)</sup> FY 2021 costs reflect administrative costs.

### Program Outcomes

Outcomes for the VETS programs will be presented in the Department's Annual Performance Report for FY 2021, available in February 2022 on the DOL website at: <https://www.dol.gov/general/aboutdol#budget>.

**Table CMP 1: Civil Monetary Penalty Inflation Adjustment**

**Table CMP 1** below describes the Department’s current civil monetary penalties, their authorities, year enacted, latest year of adjustments, current penalty level amounts, and additional details ((86 FR 2964-2973, January 14, 2021), and (86 FR 52973-52987, September 24, 2021)).

| 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. §1059(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 209(b) - Failure to furnish reports (e.g., pension benefit statements) to certain former participants and beneficiaries or maintain records.</p>  | <p>1974</p>  | <p>2020</p>   | <p>\$31 per employee per failure.</p>               | <p>EBSA</p> | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a><br/>86 FR 2971-2973 (January 14, 2021)</p> |
| <p>29 U.S.C. 1132 (c)(2)</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)(2) - Failure or refusal to properly file plan annual report; and failure of a multiemployer plan to certify endangered or critical status under §305(b)(3)(C) treated as failure to file annual report.</p>      | <p>1987</p>  | <p>2021</p>   | <p>Maximum \$2,259 per day per failure/refusal.</p> | <p>EBSA</p> | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a><br/>86 FR 2971-2973 (January 14, 2021)</p> |
| <p>29 U.S.C. §1132(c)(4)</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)(4) - Failure to disclose certain documents upon request under ERISA Sections 101(k) and (l); failure to furnish notices under Sections 101(j) and 514(e)(3) - each statutory recipient a separate violation.</p> | <p>1993</p>  | <p>2021</p>   | <p>Maximum \$1,788 per day per failure.</p>         | <p>EBSA</p> | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a><br/>86 FR 2971-2973 (January 14, 2021)</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)(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         | 2021  | Maximum \$1,644 per day per failure.                     | EBSA        | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a></p> <p>86 FR 2971-2973 (January 14, 2021)</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         | 2021  | Maximum \$161 per day not to exceed \$1,613 per request. | EBSA        | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a></p> <p>86 FR 2971-2973 (January 14, 2021)</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         | 2021  | Maximum \$143 per day per failure.                       | EBSA        | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a></p> <p>86 FR 2971-2973 (January 14, 2021)</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         | 2021  | Maximum \$1,419 per day per failure.                     | EBSA        | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a></p> <p>86 FR 2971-2973 (January 14, 2021)</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>2021</p>   | <p>Maximum \$120 per day per failure.</p>   | <p>EBSA</p> | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a><br/>86 FR 2971-2973 (January 14, 2021)</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>2021</p>   | <p>Maximum \$120 per day per failure.</p>   | <p>EBSA</p> | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a><br/>86 FR 2971-2973 (January 14, 2021)</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>2021</p>   | <p>\$120 per day per participant and beneficiary during noncompliance period.</p> | <p>EBSA</p> | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a><br/>86 FR 2971-2973 (January 14, 2021)</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         | 2021  | Minimum \$3,005 per participant or beneficiary for de minimis failures not corrected prior to notice from Department of Labor.      | EBSA        | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a></p> <p>86 FR 2971-2973 (January 14, 2021)</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         | 2021  | Minimum \$18,035 per participant or beneficiary for non-de minimis failures not corrected prior to notice from Department of Labor. | EBSA        | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a></p> <p>86 FR 2971-2973 (January 14, 2021)</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) - Unintentional failure overall limitation.</p>                         | 2008         | 2021  | \$601,152.  | EBSA        | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a></p> <p>86 FR 2971-2973 (January 14, 2021)</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         | 2021  | Maximum \$110 per day, per failure.   | EBSA        | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a></p> <p>86 FR 2971-2973 (January 14, 2021)</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>2021</p>   | <p>Maximum \$17,416 per distribution.</p> | <p>EBSA</p> | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a><br/>86 FR 2971-2973 (January 14, 2021)</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>Failure to provide Summary of Benefits and Coverage under PHS Act section 2715(f), as incorporated in ERISA section 715 and 29 CFR 2590.715-2715(e) – each participant/beneficiary a separate violation.</p> | <p>2010</p>  | <p>2021</p>   | <p>Maximum \$1,190 per failure.</p>       | <p>EBSA</p> | <p><a href="#">Department of Labor Federal Civil Penalties Inflation Adjustment Act Annual Adjustments for 2021</a><br/>86 FR 2971-2973 (January 14, 2021)</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>2021</p>   | <p>Maximum \$74,775.</p>                  | <p>MSHA</p> | <p><a href="https://www.ecfr.gov/">https://www.ecfr.gov/</a><br/>86 FR 2971, 2964-2973 (January 14, 2021)</p>  |

| Statutory Authority | Penalty Name and Description  | Year Enacted | Latest Year of Adjustment (via Statute or Regulation) | Current Penalty (Dollar Amount or Range) | Bureau Name | Location for Penalty Update Details   |
|---------------------|---|--------------|---|--|-------------|---|
| 30 C.F.R. 100.3(g)  | <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>                  | 1978         | 2021  | Minimum \$139, Maximum \$74,775.         | MSHA        | <p><a href="https://www.ecfr.gov/86%20FR%202971,%202964-2973">https://www.ecfr.gov/86 FR 2971, 2964-2973</a><br/>(January 14, 2021)</p> |
| 30 C.F.R. 100.4(a)  | <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>                         | 2006         | 2021  | Minimum \$2,493.                         | MSHA        | <p><a href="https://www.ecfr.gov/86%20FR%202971,%202964-2973">https://www.ecfr.gov/86 FR 2971, 2964-2973</a><br/>(January 14, 2021)</p> |
| 30 C.F.R. 100.4(b)  | <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>                                    | 2006         | 2021  | Minimum \$4,983.                         | MSHA        | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| 30 C.F.R. 100.4(c)  | <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> | 2006         | 2021  | Minimum \$6,232, Maximum \$74,775.       | MSHA        | <p><a href="https://www.ecfr.gov/86%20FR%202971,%202964-2973">https://www.ecfr.gov/86 FR 2971, 2964-2973</a><br/>(January 14, 2021)</p> |

| Statutory Authority | Penalty Name and Description   | Year Enacted | Latest Year of Adjustment (via Statute or Regulation) | Current Penalty (Dollar Amount or Range) | Bureau Name | Location for Penalty Update Details   |
|---------------------|--|--------------|---|--|-------------|---|
| 30 C.F.R. 100.5(c)  | <p><u>Federal Mine Safety and Health Act of 1977 (Mine Act).</u></p> <p>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.</p> | 1977         | 2021  | Maximum \$8,101.                         | MSHA        | <p><a href="https://www.ecfr.gov/86%20FR%202971,%202964-2973">https://www.ecfr.gov/86 FR 2971, 2964-2973</a><br/>(January 14, 2021)</p> |
| 30 C.F.R. 100.5(d)  | <p><u>Federal Mine Safety and Health Act of 1977 (Mine Act).</u></p> <p>Determination of penalty amount; special assessment. Any miner who willfully violates the mandatory safety standards relating to smoking standards.</p>            | 1977         | 2021  | Maximum \$342.                           | MSHA        | <p><a href="https://www.ecfr.gov/86%20FR%202971,%202964-2973">https://www.ecfr.gov/86 FR 2971, 2964-2973</a><br/>(January 14, 2021)</p> |
| 30 C.F.R. 100.5(e)  | <p><u>Federal Mine Safety and Health Act of 1977 (Mine Act).</u></p> <p>Determination of penalty amount; special assessment. Violations that are deemed to be flagrant under section 110(b)(2) of the Mine Act.</p>                        | 2006         | 2021  | Maximum \$274,175.                       | MSHA        | <p><a href="https://www.ecfr.gov/86%20FR%202971,%202964-2973">https://www.ecfr.gov/86 FR 2971, 2964-2973</a><br/>(January 14, 2021)</p> |

Other Information  
(Unaudited)

| Statutory Authority     | Penalty Name and Description  | Year Enacted | Latest Year of Adjustment (via Statute or Regulation) | Current Penalty (Dollar Amount or Range) | Bureau Name | Location for Penalty Update Details   |
|-------------------------|---|--------------|---|--|-------------|---|
| 29 C.F.R. 1903.15(d)(1) | <u>Occupational Safety and Health Act of 1970 (OSH Act).</u><br>Penalty per willful violation under section 17(a) of the Act, 29 U.S.C. 666(a).               | 1970         | 2021  | Minimum \$9,753,<br>Maximum \$136,532.   | OSHA        | <a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br>(January 14, 2021) |
| 29 C.F.R. 1903.15(d)(2) | <u>Occupational Safety and Health Act of 1970 (OSH Act).</u><br>Penalty per repeated violation under section 17(a) of the Act, 29 U.S.C. 666(a).              | 1970         | 2021  | Maximum \$136,532.                       | OSHA        | <a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br>(January 14, 2021) |
| 29 C.F.R. 1903.15(d)(3) | <u>Occupational Safety and Health Act of 1970 (OSH Act).</u><br>Penalty for a serious violation under section 17(b) of the Act, 29 U.S.C. 666(b).             | 1970         | 2021  | Maximum \$13,653.                        | OSHA        | <a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br>(January 14, 2021) |
| 29 C.F.R. 1903.15(d)(4) | <u>Occupational Safety and Health Act of 1970 (OSH Act).</u><br>Penalty for an other-than-serious violation under section 17(c) of the Act, 29 U.S.C. 666(c). | 1970         | 2021  | Maximum \$13,653.                        | OSHA        | <a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br>(January 14, 2021) |

| 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 C.F.R. 1903.15(d)(5)</p>                     | <p><u>Occupational Safety and Health Act of 1970 (OSH Act).</u><br/>Penalty for a failure to correct a violation under section 17(d) of the Act, 29 U.S.C. 666(d).</p>   | <p>1970</p>  | <p>2021</p>   | <p>Maximum \$13,653 per day.</p>  | <p>OSHA</p> | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>29 C.F.R. 1903.15(d)(6)</p>                     | <p><u>Occupational Safety and Health Act of 1970 (OSH Act).</u><br/>Penalty for a posting requirement violation under section 17(i) of the Act, 29 U.S.C. 666(i).</p>  | <p>1970</p>  | <p>2021</p>   | <p>Maximum \$13,653.</p>  | <p>OSHA</p> | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>33 U.S.C. 930(e)<br/><br/>20 C.F.R. 702.204</p> | <p><u>Longshore and Harbor Workers' Compensation Act.</u><br/>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.</p> | <p>1927</p>  | <p>2021</p>   | <p>Maximum \$24,730 for each failure, refusal, false statement, or misrepresentation.</p> | <p>OWCP</p> | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>33 U.S.C. 914(g)<br/><br/>20 C.F.R. 702.236</p> | <p><u>Longshore and Harbor Workers' Compensation Act.</u><br/>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.</p>   | <p>1927</p>  | <p>2021</p>   | <p>\$301.</p>   | <p>OWCP</p> | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</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. 948(a)<br><br>20 C.F.R. 702.271(a)(2)       | <u>Longshore and Harbor Workers' Compensation Act.</u><br><br>Discrimination; against employees who bring proceedings, prohibition, and penalty. | 1972         | 2021  | Minimum \$2,473, Maximum \$12,363.           | OWCP        | <a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br>(January 14, 2021) |
| 30 U.S.C. 942<br><br>20 C.F.R. 725.621(d)             | <u>Black Lung Benefits Act.</u><br><br>Failure or refusal to file required reports.  | 1969         | 2021  | Maximum \$1,506 for each failure or refusal. | OWCP        | <a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br>(January 14, 2021) |
| 33 U.S.C. 933(d)(1)<br><br>20 C.F.R. 726.302(c)(2)(i) | <u>Black Lung Benefits Act.</u><br><br>Determination of penalty. Failure to secure payment of benefits for mines with fewer than 25 employees.   | 1978         | 2021  | \$148 per day.                               | OWCP        | <a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br>(January 14, 2021) |
| 33 U.S.C. 933(d)(1)<br><br>20 C.F.R. 726.302(c)(2)(i) | <u>Black Lung Benefits Act.</u><br><br>Determination of penalty. Failure to secure payment of benefits for mines with 25-50 employees.           | 1978         | 2021  | \$293 per day.                               | OWCP        | <a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br>(January 14, 2021) |

| Statutory Authority  | Penalty Name and Description  | Year Enacted | Latest Year of Adjustment (via Statute or Regulation) | Current Penalty (Dollar Amount or Range) | Bureau Name | Location for Penalty Update Details   |
|--|---|--------------|---|--|-------------|---|
| <p>33 U.S.C. 933(d)(1)</p> <p>20 C.F.R. 726.302(c)(2)(i)</p> | <p><u>Black Lung Benefits Act.</u></p> <p>Determination of penalty. Failure to secure payment of benefits for mines with 51-100 employees.</p>        | <p>1978</p>  | <p>2021</p>   | <p>\$441 per day.</p>                    | <p>OWCP</p> | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</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> | <p>1978</p>  | <p>2021</p>   | <p>\$586 per day.</p>                    | <p>OWCP</p> | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>33 U.S.C. 933(d)(1)</p> <p>20 C.F.R. 726.302(c)(4)</p>    | <p><u>Black Lung Benefits Act.</u></p> <p>Determination of penalty. Failure to secure payment of benefits after 10th day of notice.</p>               | <p>1978</p>  | <p>2021</p>   | <p>\$148 per day.</p>                    | <p>OWCP</p> | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>33 U.S.C. 933(d)(1)</p> <p>20 C.F.R. 726.302(c)(5)</p>    | <p><u>Black Lung Benefits Act.</u></p> <p>Determination of penalty. Failure to secure payment of benefits for repeat offenders.</p>                   | <p>1978</p>  | <p>2021</p>   | <p>\$441 per day.</p>                    | <p>OWCP</p> | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</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>33 U.S.C. 933(d)(1)</p> <p>20 C.F.R. 726.302(c)(6)</p>             | <p><u>Black Lung Benefits Act.</u></p> <p>Determination of penalty. The maximum daily base penalty amount applicable to any violation of §726.4.</p>                                      | <p>1978</p>  | <p>2021</p>   | <p>Maximum \$3,011.</p>                  | <p>OWCP</p> | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>40 U.S.C. 3702(c)</p> <p>29 C.F.R. 5.8(a); 29 C.F.R. 5.5(b)(2)</p> | <p><u>Contract Work Hours and Safety Standards Act (CWHSSA).</u></p> <p>Failure to pay laborers and mechanics at a rate not less than one and one-half times their basic rate of pay.</p> | <p>1962</p>  | <p>2021</p>   | <p>\$27 for each calendar day.</p>       | <p>WHD</p>  | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</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. 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>2021</p>   | <p>Maximum \$21,663.</p>                 | <p>WHD</p>  | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</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. 211(d)</p> <p>29 C.F.R. 530.302 (a),(b)</p>   | <p><u>Fair Labor Standards Act (FLSA) Homeworker.</u></p> <p>Violation of recordkeeping, monetary, certificate or other statutes, regulations or employer assurances.</p>  | 1938         | 2021  | Minimum \$21, Maximum \$1,084.            | WHD         | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>29 U.S.C. 216(e)(1)(A)(i)</p> <p>29 C.F.R. 579.1(a)(1)(i)(A);<br/>29 C.F.R. 570.140(b)(1)</p> | <p><u>Fair Labor Standards Act (FLSA) Child labor.</u></p> <p>(1) Violation of child labor standards (sections 212 or 213(c)).</p>   | 1938         | 2021  | Maximum \$13,227 for each employee.       | WHD         | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>29 U.S.C. 216(e)(1)(A)(i)</p> <p>29 C.F.R. 579.1(a)(1)(i)(B);<br/>29 C.F.R. 570.140(b)(2)</p> | <p><u>Fair Labor Standards Act (FLSA) Child labor.</u></p> <p>(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.</p> | 1938         | 2021  | Maximum \$60,115 for each such violation. | WHD         | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>29 U.S.C. 216(e)(2)</p> <p>29 C.F.R. 578.3(a);<br/>29 C.F.R. 579.1(a)(2)</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         | 2021  | Maximum \$2,074 for each such violation.  | WHD         | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</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  |
|--|---|--------------|---|--|-------------|--|
| 29 U.S.C. 216(e)<br><br>29 C.F.R. 578.3(a)(1) 579.1(a)(ii) | <u>Fair Labor Standards Act (FLSA) Tipped Employees<sup>1</sup>.</u><br><br>Violation of the tip retention provisions of section 3(m)(2)(B).  | 1938         | 2021  | Maximum \$1,162 for each such violation.   | WHD         | <a href="https://www.ecfr.gov/86%20FR%2052973-52987">https://www.ecfr.gov/86 FR 52973-52987</a><br>(September 24, 2021)      |
| 29 U.S.C. 2619(b)<br><br>29 C.F.R. 825.300(a)(1)           | <u>Family &amp; Medical Leave Act (FMLA).</u><br><br>Willful violation of posting requirement.  | 1993         | 2021  | Maximum \$178 for each separate offense.   | WHD         | <a href="https://www.ecfr.gov/86%20FR%202300,2964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br>(January 14, 2021) |
| 8 U.S.C. 1288(c)(4)(E)(i)<br><br>20 C.F.R. 655.620 (a)     | <u>Immigration &amp; Nationality Act (D-1).</u><br><br>Violation of the attestation or 20 CFR 655 subparts F or G related to utilizing alien crew for longshore activities in U.S. ports. | 1952         | 2021  | Maximum \$9,753 for each alien crewmember. | WHD         | <a href="https://www.ecfr.gov/86%20FR%202300,2964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br>(January 14, 2021) |

<sup>1</sup> The final rule was published September 24, 2021, which will be effective November 23, 2021.

| Statutory Authority   | Penalty Name and Description   | Year Enacted | Latest Year of Adjustment (via Statute or Regulation) | Current Penalty (Dollar Amount or Range) | Bureau Name | Location for Penalty Update Details   |
|---|--|--------------|---|--|-------------|---|
| <p>8 U.S.C. 1182(n)(2)(c)(i)</p> <p>20 C.F.R. 655.810(b)(1)</p> | <p><u>Immigration &amp; Nationality Act (H-1B).</u></p> <p>(1) A violation pertaining to strike/lockout (§655.733) or displacement of U.S. workers (§655.738).</p> <p>(2) A substantial violation pertaining to notification (§655.734), labor condition application specificity (§655.730), or recruitment of U.S. workers (§655.739).</p> <p>(3) A misrepresentation of material fact on the labor condition application.</p> <p>(4) An early-termination penalty paid by the employee (§655.731(c)(10)(i)).</p> <p>(5) Payment by the employee of the additional \$500/\$1,000 filing fee (§655.731(c)(10)(ii)).</p> <p>(6) Violation of the requirements of the regulations in this subpart I and subpart H of this part or the provisions regarding public access (§655.760) where the violation impedes the ability of the Administrator to determine whether a violation of sections 212(n) or (t) of the INA has occurred or the ability of members of the public to have information needed to file a complaint or information regarding alleged violations of sections 212(n) or (t) of the INA.</p> | <p>1952</p>  | <p>2021</p>   | <p>Maximum \$1,951 per violation.</p>    | <p>WHD</p>  | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |

| Statutory Authority  | Penalty Name and Description  | Year Enacted | Latest Year of Adjustment (via Statute or Regulation) | Current Penalty (Dollar Amount or Range) | Bureau Name | Location for Penalty Update Details   |
|--|---|--------------|---|--|-------------|---|
| <p>8 U.S.C. 1182(n)(2)(c)(ii)</p> <p>20 C.F.R. 655.801(b)</p>    | <p><u>Immigration &amp; Nationality Act (H-1B).</u></p> <p>Any employer to engage in the conduct described in paragraph (a) of this section. Such conduct shall be subject to the penalties prescribed by sections 212(n)(2)(C)(ii) or (t)(3)(C)(ii) of the INA and §655.810(b)(2).</p>   | <p>1952</p>  | <p>2021</p>   | <p>Maximum \$7,939.</p>                  | <p>WHD</p>  | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>8 U.S.C. 1182(n)(2)(c)(ii)</p> <p>20 C.F.R. 655.810(b)(2)</p> | <p><u>Immigration &amp; Nationality Act (H-1B).</u></p> <p>(1) A willful failure pertaining to wages/working conditions (§§655.731, 655.732), strike/lockout, notification, labor condition application specificity, displacement (including placement of an H-1B nonimmigrant at a worksite where the other/secondary employer displaces a U.S. worker), or recruitment.</p> <p>(2) A willful misrepresentation of a material fact on the labor condition application; or</p> <p>(3) Discrimination against an employee (§655.801(a)).</p> | <p>1952</p>  | <p>2021</p>   | <p>Maximum \$7,939 per violation.</p>    | <p>WHD</p>  | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |

| Statutory Authority   | Penalty Name and Description   | Year Enacted | Latest Year of Adjustment (via Statute or Regulation) | Current Penalty (Dollar Amount or Range) | Bureau Name | Location for Penalty Update Details   |
|---|--|--------------|---|--|-------------|---|
| <p>8 U.S.C. 1182(n)(2)(c)(iii)</p> <p>20 C.F.R. 655.810(b)(3)</p> | <p><u>Immigration &amp; Nationality Act (H-1B).</u></p> <p>(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.</p> <p>(3) Discrimination against an employee (§655.801(a)).</p> | 1952         | 2021  | Maximum \$55,570 per violation.          | WHD         | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(c)</p>             | <p><u>Immigration &amp; Nationality Act (H-2A).</u></p> <p>Violation of the work contract or a requirement of 8 U.S.C. 1188, 20 CFR part 655 subpart B, or the regulations in this part.</p>   | 1952         | 2021  | Maximum \$1,787 per violation.           | WHD         | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(c)(1)</p>          | <p><u>Immigration &amp; Nationality Act (H-2A).</u></p> <p>Willful violation of the work contract, or of 8 U.S.C. 1188, 20 CFR part 655, subpart B, or the regulations in this part, or for each act of discrimination prohibited by §501.4.</p>   | 1952         | 2021  | Maximum \$6,012.                         | WHD         | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</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(c)(2)</p> | <p><u>Immigration &amp; Nationality Act (H-2A).</u></p> <p>Violation of a housing or transportation safety and health provision of the work contract, or any obligation under 8 U.S.C. 1188, 20 CFR part 655, subpart B, or the regulations in this part, that proximately causes the death or serious injury of any worker.</p>                   | <p>1952</p>  | <p>2021</p>   | <p>Maximum \$59,528 per worker.</p>       | <p>WHD</p>  | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(c)(4)</p> | <p><u>Immigration &amp; Nationality Act (H-2A).</u></p> <p>Repeat or willful violation of a housing or transportation safety and health provision of the work contract, or any obligation under 8 U.S.C. 1188, 20 CFR part 655, subpart B, or the regulations in this part, that proximately causes the death or serious injury of any worker.</p> | <p>1952</p>  | <p>2021</p>   | <p>Maximum \$119,055 per worker.</p>      | <p>WHD</p>  | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(d)</p>    | <p><u>Immigration &amp; Nationality Act (H-2A).</u></p> <p>Violation for failure to cooperate with a WHD investigation.</p>  | <p>1952</p>  | <p>2021</p>   | <p>Maximum \$6,012 per investigation.</p> | <p>WHD</p>  | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</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 &amp; Nationality Act (H-2A).</u><br/>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         | 2021  | Maximum \$17,859 per violation per worker. | WHD         | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>8 U.S.C. 1188(g)(2)</p> <p>29 C.F.R. 501.19(f)</p>  | <p><u>Immigration &amp; Nationality Act (H-2A).</u><br/>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         | 2021  | Maximum \$17,859 per violation per worker. | WHD         | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>8 U.S.C. 1184(c)(14)</p> <p>29 C.F.R. 503.23(b)</p> | <p><u>Immigration &amp; Nationality Act (H-2B).</u><br/>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         | 2021  | Maximum \$13,072 per violation.            | WHD         | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |

| Statutory Authority                                    | Penalty Name and Description   | Year Enacted | Latest Year of Adjustment (via Statute or Regulation) | Current Penalty (Dollar Amount or Range)   | Bureau Name | Location for Penalty Update Details   |
|--|--|--------------|---|--|-------------|---|
| <p>8 U.S.C. 1184(c)(14)</p> <p>29 CFR 503.23(c)</p>    | <p><u>Immigration &amp; Nationality Act (H-2B).</u></p> <p>For violation related to termination by layoff or otherwise or has refused to employ any worker in violation of §503.16(r), (t), or (v), within the periods described in those sections, the Administrator, WHD may assess civil money penalties that are equal to the wages that would have been earned but for the layoff or failure to hire.</p> | <p>1952</p>  | <p>2021</p>   | <p>Maximum \$13,072 per violation.</p>     | <p>WHD</p>  | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |
| <p>8 U.S.C. 1184(c)(14)</p> <p>29 C.F.R. 503.23(d)</p> | <p><u>Immigration &amp; Nationality Act (H-2B).</u></p> <p>Any other violation that meets the standards described in section 503.19.</p>   | <p>1952</p>  | <p>2021</p>   | <p>Maximum \$13,072 per violation.</p>     | <p>WHD</p>  | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</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>2021</p>   | <p>Maximum \$2,579 for each violation.</p> | <p>WHD</p>  | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</p> |

Other Information  
(Unaudited)

| Statutory Authority                                   | Penalty Name and Description  | Year Enacted | Latest Year of Adjustment (via Statute or Regulation) | Current Penalty (Dollar Amount or Range)  | Bureau Name | Location for Penalty Update Details   |
|---|---|--------------|---|---|-------------|---|
| <p>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>2021</p>   | <p>\$27 per day for each person under 16 years of age or each convict laborer knowingly employed.</p> | <p>WHD</p>  | <p><a href="https://www.ecfr.gov/86%20FR%202300,%202964-2973">https://www.ecfr.gov/86 FR 2300, 2964-2973</a><br/>(January 14, 2021)</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, 2021 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, 2021.

| Description   | Awards with Zero Dollar and Undisbursed Balances as reported in PMS* |                        |                              |                        |                                   |                        |            |                         |
|---|--|------------------------|------------------------------|------------------------|-----------------------------------|------------------------|------------|-------------------------|
|   | 2-3 Years<br>(FY 2019)   |                        | >3-5 Years<br>(FY 2017-2018) |                        | > 5 Years<br>(FY 2016 and Before) |                        | Total      |                         |
|   | Awards   | Amount                 | Awards                       | Amount                 | Awards                            | Amount                 | Awards     | Amount                  |
| Total Zero Dollar Balances                            | 62   | -                      | 72                           | -                      | 25                                | -                      | 159        | -                       |
| Total Undisbursed Balances                            | 83   | \$ 4,944,104.72        | 83                           | \$ 4,746,962.68        | 26                                | \$ 5,201,345.48        | 192        | \$ 14,892,412.88        |
| <b>Total Zero Dollar<br/>and Undisbursed Balances</b> | <b>145</b>   | <b>\$ 4,944,104.72</b> | <b>155</b>                   | <b>\$ 4,746,962.68</b> | <b>51</b>                         | <b>\$ 5,201,345.48</b> | <b>351</b> | <b>\$ 14,892,412.88</b> |

\*The expiration age is calculated based on the FY 2021 reporting date.

The above summary table displays the Department's awards for which the period of performance has elapsed more than two years in the Health and Human Services, PMS. The majority of those awards held have been administratively closed out in the Department's Financial Management System upon required work associated with the awards have been completed.

The Department has robust procedures and dedicated resources to ensure the timely closeout of awards after the period performance. The Department is aggressively working with HHS to expedite the closeout of the period of performance has elapsed awards. The FY 2021 awards (which closeout has not yet occurred, but for which the period of performance has elapsed by two years) has increased compared with FY 2020 awards, mainly due to disconnection between grants management and payment systems, and grantees delay technical deliverables.

---

## Open Government Links

### **Department of Labor**

 RSS Feeds <http://www.dol.gov/rss/>

 DOL Blog <https://blog.dol.gov>

 Follow on Twitter <https://www.twitter.com/usdol>

 Follow on Facebook <http://www.facebook.com/departmentoflabor>

 YouTube <http://www.youtube.com/usdepartmentoflabor>

 Instagram <https://www.instagram.com/USDOL>

 Flickr <http://www.flickr.com/photos/usdol>

Newsroom <https://www.dol.gov/newsroom>

About DOL <https://www.dol.gov/general/aboutdol>

Read the DOL Newsletter <https://www.dol.gov/newsroom/newsletter>

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

The Secretary's Page <https://www.dol.gov/agencies/osec>

Follow the Secretary on Twitter <https://twitter.com/SecMartyWalsh>

Follow the Secretary on Facebook <https://www.facebook.com/SecMartyWalsh/>

### **Featured Initiatives**



Open Gov <http://www.dol.gov/open/>

### **Department of Labor Agency Pages**

Bureau of International Labor Affairs <http://www.dol.gov/ILAB/>

Bureau of Labor Statistics <http://www.bls.gov/>

Employee Benefits Security Administration <http://www.dol.gov/ebsa/>

Employment and Training Administration <http://www.doleta.gov>

Mine Safety and Health Administration <http://www.msha.gov>

Occupational Safety and Health Administration <http://www.osha.gov/>

Office of Disability Employment Policy <http://www.dol.gov/odep/>

Office of Federal Contract Compliance Programs <http://www.dol.gov/ofccp/>

Office of Labor-Management Standards <http://www.dol.gov/olms/>

Office of Workers' Compensation Programs <http://www.dol.gov/owcp/>

Veterans' Employment and Training Service <http://www.dol.gov/vets/>

Wage and Hour Division <http://www.dol.gov/whd/>

Women's Bureau <http://www.dol.gov/wb/>

### **DOL Regulations and Enforcement**

DOL Regulations Search <http://www.regulations.gov>

DOL Enforcement Data <https://enforcedata.dol.gov>

**Subscribe to E-mail Updates** <https://public.govdelivery.com/accounts/USDOL/subscriber/new>

## Acronyms

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

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

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



**dol.gov**



UNITED STATES DEPARTMENT OF LABOR