

FY 2015

CONGRESSIONAL BUDGET JUSTIFICATION

SPECIAL BENEFITS

SPECIAL BENEFITS

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APPROPRIATION LANGUAGE

(INCLUDING TRANSFER OF FUNDS)

For the payment of compensation, benefits, and expenses (except administrative expenses) accruing during the current or any prior fiscal year authorized by 5 U.S.C. 81; continuation of benefits as provided for under the heading "Civilian War Benefits" in the Federal Security Agency Appropriation Act, 1947; the Employees' Compensation Commission Appropriation Act, 1944; sections 4(c) and 5(f) of the War Claims Act of 1948; and 50 percent of the additional compensation and benefits required by section 10(h) of the Longshore and Harbor Workers' Compensation Act, [\$396,000,000] \$210,000,000, together with such amounts as may be necessary to be charged to the subsequent year appropriation for the payment of compensation and other benefits for any period subsequent to August 15 of the current year: *Provided*, That amounts appropriated may be used under 5 U.S.C. 8104 by the Secretary to reimburse an employer, who is not the employer at the time of injury, for portions of the salary of a re-employed, disabled beneficiary: *Provided further*, That balances of reimbursements unobligated on September 30, [2013]2014, shall remain available until expended for the payment of compensation, benefits, and expenses: *Provided further*, That in addition there shall be transferred to this appropriation from the Postal Service and from any other corporation or instrumentality required under 5 U.S.C. 8147(c) to pay an amount for its fair share of the cost of administration, such sums as the Secretary determines to be the cost of administration for employees of such fair share entities through September 30, [2014]2015: *Provided further*, That of those funds transferred to this account from the fair share entities to pay the cost of administration of the Federal Employees' Compensation Act, [\$60,017,000]\$60,334,000 shall be made available to the Secretary as follows: (1) For enhancement and maintenance of automated

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data processing systems operations and telecommunications systems, \$19,499,000; (2) For automated workload processing operations, including document imaging, centralized mail intake, and medical bill processing, \$22,968,000; (3) For periodic roll disability management and medical review, [~~\$16,190,000~~]*\$16,482,000*; (4) For program integrity, [~~\$1,360,000~~]*\$1,385,000*; and (5) The remaining funds shall be paid into the Treasury as miscellaneous receipts:

Provided further, That the Secretary may require that any person filing a notice of injury or a claim for benefits under 5 U.S.C. 81, or the Longshore and Harbor Workers' Compensation Act, provide as part of such notice and claim, such identifying information (including Social Security account number) as such regulations may prescribe. (*Department of Labor Appropriations Act, 2014.*)

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ANALYSIS OF APPROPRIATION LANGUAGE

“ . . . together with such amounts as may be necessary to be charged to the subsequent year appropriation for the payment of compensation and other benefits for any period subsequent to August 15 of the current year: . . . ”

This language provides authority to advance funds from the next fiscal year appropriation anytime between August 15 and September 30 of the current year should such action be required to pay benefits. It enables the Office of Workers' Compensation Programs to meet any immediate shortage of funds to pay compensation and other benefits during this period without having to request additional resources through a supplemental appropriation.

" . . . *Provided*, That amounts appropriated may be used under 5 U.S.C. 8104, by the Secretary of Labor to reimburse an employer, who is not the employer at the time of injury, for portions of the salary of a reemployed, disabled beneficiary: . . . ”

This language provides authority to use the Employees' Compensation Fund to pay a portion of the salary of a newly reemployed injured Federal worker receiving long-term benefits. New employers will be reimbursed during the first three years of employment in amounts up to 75% of salary in the workers' first year, declining thereafter. The total amount of salary reimbursement and compensation in a given year will not exceed the total amount which would be paid to the claimant in wage loss compensation at the total rate. Such reimbursement shall be charged to the Employees' Compensation Fund, as are other costs of rehabilitating and arranging reemployment of FECA recipients. The incentive of assisted reemployment increases the possibility that job offers will be made to current FECA beneficiaries who have been difficult to place with their former employer.

" . . . *Provided further*, That balances of reimbursements and appropriations unobligated on September 30, [2013]2014, shall remain available until expended for the payment of compensation, benefits, and expenses . . . ”

This language provides authority to carry over an unobligated balance of both appropriations and deposits to the FECA account at the end of the fiscal year for use in the following fiscal year. If this proviso were not in this language, any unobligated deposits remaining at the end of the fiscal year would lapse to Treasury and therefore be unavailable to the Office of Workers' Compensation Programs

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as resources to offset compensation, medical and other benefit payments and expenses.

“ . . . Provided further, That in addition there shall be transferred to this appropriation from the Postal Service and from any other corporation or instrumentality required under section 5 U.S.C. 8147(c) to pay an amount for its fair share of the cost of administration, such sums as the Secretary determines to be the cost of administration for employees of such fair share entities through September 30, [2014]2015: . . . ”

This language provides that those funds paid by the Postal Service, the Tennessee Valley Authority, and other entities required to pay their "fair share" of the costs of administering the claims by their employees under the Federal Employees' Compensation Act, shall be paid into the Special Benefits Account of the Employees' Compensation Fund.

“ . . . Provided further, That of those funds transferred to this account from the fair share entities to pay the cost of administration of the Federal Employees' Compensation Act, [\$60,017,000]\$60,334,000 shall be made available to the Secretary for automated systems operation and maintenance and for periodic roll disability management and medical review. The remaining funds shall be paid into the Treasury as miscellaneous receipts: . . . ”

It further provides that \$60,334,000 of those funds shall be made available to the Secretary of Labor for automated systems operation and maintenance and for periodic roll disability management and medical review. The balance of the "fair share" funds shall revert to Treasury.

“ . . . Provided further, That the Secretary may require that any person filing a notice of injury or a claim for benefits under 5 U.S.C. 81, or the Longshore and Harbor Workers' Compensation Act, provide as part of such notice and claim, such identifying information (including Social Security account number) as such regulations may prescribe . . . ”

This language provides authority to require disclosure of Social Security account numbers (SSNs) by individuals filing claims under the Federal Employees' Compensation Act (FECA) or the Longshore and Harbor Workers' Compensation Act (LHWCA) and its extensions. Their use will help prevent duplicate claims being filed by the same claimant in different district offices and make it easier to match data from different benefit programs to detect errors (including fraud), consistent with Congressional mandates to do so. A legislative change is needed because the Privacy Act prevents agencies from requiring disclosure of SSNs unless disclosure is required by Federal statute. (See Privacy Act, Dec. 31, 1974, P.L. 93-579, section 7, Stat. 909.)

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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2013 Enacted		FY 2014 Enacted		FY 2015 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	116	\$350,000	114	\$396,000	114	\$210,000
Offsetting Collections For:						
Benefits	0	\$2,975,273	0	\$2,915,707	0	\$2,968,443
Fair Share	0	\$59,488	0	\$60,017	0	\$60,334
Unobligated Balance Carried Forward from Prior Year		\$644,401		\$1,017,786		\$1,312,280
Recoveries of Prior Year Unpaid Obligations		\$1,410				
B. Gross Budget Authority	116	\$4,030,572	114	\$4,389,510	114	\$4,551,057
Total Collections	0	-\$3,034,761	0	-\$2,975,724	0	-\$3,028,777
Unobligated Balance Carried Forward from Prior Year	0	-\$644,401	0	-\$1,017,786	0	-\$1,312,280
Recoveries of Prior Year Unpaid Obligations		-\$1,410				
C. Budget Authority Before the Committee	116	\$350,000	114	\$396,000	114	\$210,000
Total Collections	0	\$3,034,761	0	\$2,975,724	0	\$3,028,777
Unobligated Balance Carried Forward from Prior Year	0	\$644,401	0	\$1,017,786	0	\$1,312,280
Recoveries of Prior Year Unpaid Obligations		\$1,410				
D. Total Budgetary Resources	116	\$4,030,572	114	\$4,389,510	114	\$4,551,057
Unobligated Balances	-2	-\$1,017,786	0	-\$1,312,280	0	-\$1,529,882
E. Total, Estimated Obligations	114	\$3,012,786	114	\$3,077,230	114	\$3,021,175

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SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2014 Enacted	FY 2015 Request	Net Change
Budget Authority			
General Funds	\$3,371,724	\$3,238,777	-\$132,947
Total	\$3,371,724	\$3,238,777	-\$132,947

Full Time Equivalents			
General Funds	114	114	0
Total	114	114	0

Explanation of Change	FY 2014 Base		Trust Funds		FY 2015 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	114	\$10,678	0	\$0	0	\$123	0	\$123
Personnel benefits	0	\$2,815	0	\$0	0	\$32	0	\$32
Employee health benefits	0	\$201	0	\$0	0	\$2	0	\$2
Moving allowance	0	\$0	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act (FECA)	0	\$1,039	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$108	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$2,336	0	\$0	0	\$160	0	\$160
Rental payments to others	0	\$0	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$222	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$2	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$0	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$22,711	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$1,068	0	\$0	0	\$0	0	\$0
Other Federal sources (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$152	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$6,644	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$11,953	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$41	0	\$0	0	\$0	0	\$0

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Explanation of Change	FY 2014 Base		Trust Funds		FY 2015 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Equipment	0	\$47	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$0	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	114	+\$60,017	0	\$0	0	+\$317	0	+\$317
B. Programs:								
Programs Subtotal			0	\$0	0	\$0	0	\$0
Total Increase	114	+\$60,017	0	\$0	0	+\$317	0	+\$317
Decreases:								
A. Built-Ins:								
To Provide For:								
Insurance claims and indemnities	0	\$3,311,707	0	\$0	0	-\$133,264	0	-\$133,264
Built-Ins Subtotal	0	+\$3,311,707	0	\$0	0	-\$133,264	0	-\$133,264
B. Programs:								
Total Decrease	0	+\$3,311,707	0	\$0	0	-\$133,264	0	-\$133,264
Total Change	114	+\$3,371,724	0	\$0	0	-\$132,947	0	-\$132,947

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2013 Enacted		FY 2014 Enacted		FY 2015 Request		Diff. FY15 Request / FY14 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Federal Employees' Compensation Act Benefits	0	2,975,273	0	2,915,707	0	2,968,443	0	52,736
Offsetting Benefits Collections	0	2,975,273	0	2,915,707	0	2,968,443	0	52,736
FECA Fair Share	114	59,488	114	60,017	114	60,334	0	317
General Funds	114	59,488	114	60,017	114	60,334	0	317
Federal Employees' Compensation Act Appropriation	0	347,000	0	393,000	0	207,000	0	-186,000
General Funds	0	347,000	0	393,000	0	207,000	0	-186,000
Longshore and Harbor Workers' Compensation Benefits	0	3,000	0	3,000	0	3,000	0	0
General Funds	0	3,000	0	3,000	0	3,000	0	0
Total	114	3,384,761	114	3,371,724	114	3,238,777	0	-132,947
General Funds	114	409,488	114	456,017	114	270,334	0	-185,683
Offsetting Benefits Collections	0	2,975,273	0	2,915,707	0	2,968,443	0	52,736

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
	Full-Time Equivalent				
	Full-time Permanent	116	114	114	0
	Total	116	114	114	0
	Average ES Salary	\$169,229	\$169,229	\$172,614	\$3,385
	Average GM/GS Grade	13/1	13/1	13/1	0
	Average GM/GS Salary	\$89,306	\$89,306	\$91,092	\$1,786
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	10,854	10,578	10,701	123
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	0	100	100	0
11.9	Total personnel compensation	10,854	10,678	10,801	123
12.1	Civilian personnel benefits	3,874	4,055	4,089	34
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	193	108	108	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	600	2,336	2,496	160
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	403	222	222	0
24.0	Printing and reproduction	3	2	2	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	16,877	22,711	22,711	0
25.3	Other goods and services from Federal sources 1/	6,777	7,864	7,864	0
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	19,588	11,953	11,953	0
26.0	Supplies and materials	172	41	41	0
31.0	Equipment	147	47	47	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	3,235,273	3,311,707	3,178,443	-133,264
51.1	Benefits	0	0	0	0
	Total	3,384,761	3,371,724	3,238,777	-132,947
	1/Other goods and services from Federal sources				
	Working Capital Fund	1,120	1,068	1,068	0
	DHS Services	152	152	152	0
	Services by DOL Agencies	5,477	6,627	6,627	0
	GSA Services	2	2	2	0
	Services by Other Government Departments	26	15	15	0

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AUTHORIZING STATUTES

Public Law / Act	Legislation	Statute No. / US Code	Volume No.	Page No.	Expiration Date
P.L. No. 267, 39 Stat. 742	Federal Employees' Compensation Act approved September 7, 1916	5 U.S.C. 8101 et seq.			N/A
P.L. 77-784	War Hazards Compensation Act of 1942	42 U.S.C. 1701			N/A
P.L. 80-896	War Claims Act of 1948	50 U.S.C. 2001-30013			N/A
P.L. 69-803	Longshore and Harbor Workers' Compensation Act, approved March 4, 1927, section 44(a) and 44(j)	33 U.S.C. 901			N/A

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APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2005					
Base Appropriation	\$233,000	\$233,000	\$233,000	\$233,000	128
Legislative Proposal	-\$30,000	\$200,000	\$200,000	\$0	0
2006					
Base Appropriation	\$237,000	\$3,000	\$163,000	\$237,000	127
Legislative Proposal	-\$17,000	\$184,000	\$184,000	\$0	0
2007					
Base Appropriation	\$230,000	\$183,000	\$183,000	\$227,000	127
Legislative Proposal	-\$3,000	\$0	\$347,000	\$0	0
2008					
Base Appropriation	\$203,000	\$3,000	\$3,000	\$203,000	127
Legislative Proposal	-\$9,000	\$0	\$0	\$0	0
2009					
Base Appropriation	\$163,000	\$0	\$3,000	\$163,000	127
Legislative Proposal	-\$10,000	\$0	\$0	\$0	0
2010					
Base Appropriation	\$187,000	\$3,000	\$3,000	\$187,000	127
2011					
Base Appropriation	\$183,000	\$3,000	\$3,000	\$183,000	113
Legislative Proposal	-\$10,000	\$0	\$0	\$0	0
2012					
Base Appropriation	\$350,000	\$0	\$3,000	\$350,000	109
Legislative Proposal	-\$10,000	\$0	\$0	\$0	0
2013					
Base Appropriation	\$396,000	\$0	\$0	\$350,000	116
Legislative Proposal	-\$9,000	\$0	\$0	\$0	0
2014					
Base Appropriation	\$396,000	\$0	\$0	\$396,000	114
Legislative Proposal	-\$9,000	\$0	\$0	\$0	0
2015					
Base Appropriation	\$210,000	\$0	\$0	\$0	114
Legislative Proposal	-\$10,000	\$0	\$0	\$0	0

SPECIAL BENEFITS

OVERVIEW

Introduction

The Special Benefits (SB) fund, administered by the Office of Workers' Compensation Programs (OWCP), supports the Secretary's vision of *Promoting and Protecting Opportunity* through the Department of Labor's Strategic Objective 4.1: *Provide income support when work is impossible or unavailable and facilitate return to work.*

Special Benefits comprises two accounts representing obligations for benefits under the Federal Employees' Compensation Act (FECA), as amended, with extensions, and the Longshore and Harbor Workers' Compensation Act (LHWCA), as amended, with extensions. The requested funding provides resources necessary to meet required payments for compensation, medical costs, vocational rehabilitation, and other benefits made to eligible claimants or their survivors as mandated by each of the Acts. Under extensions of FECA, benefits are also paid to certain groups such as War Hazards Compensation Act claimants, non-Federal law enforcement officers, Job Corps enrollees, and certain Federally supported volunteers.

Spending authority is also provided for FECA program administration out of annual "Fair Share" collections. Historically, Fair Share assessments have been legally mandated under Section 8147(c) of the FECA for 23 non-appropriated agencies, like the Postal Service, with each paying a pro rata share for OWCP's cost to administer FECA claims filed by their employees.

Section 10(h) of the amended LHWCA authorized annual adjustments in compensation to beneficiaries in cases of permanent total disability or death occurring on or prior to October 27, 1972, with the Federal Government paying half the costs of the annual increase for compensating those cases. A direct appropriation provides the necessary resources to meet the required annual increase in benefits for the Federal share of the costs for compensation and related benefits for the pre-1972 cases. The remaining 50 percent of the compensation is paid by private insurance companies and/or employers.

Proposed Legislative Reform

In FY 2015, the Department of Labor again proposes a reform of the Federal Employees' Compensation Act. The proposal would standardize FECA benefit rates, establish a "conversion benefit rate" for beneficiaries at the age of retirement, modernize benefits for burials and facial disfigurements, increase focus on return to work, data match with the Social Security Administration, and increase recovery of particular costs. Other DOL provisions would make FECA more equitable and easier to administer, improve FECA program management, and strengthen program integrity. As part of the reform, DOL proposes to amend FECA Section 8147 to expand the Fair Share assessment to appropriated Federal agencies not currently subject to the assessment. Overall ten-year projected Government-wide savings of the DOL FECA reform proposal are estimated to be more than \$340,000,000.

DOL's proposed reforms would also amend Section 8147 of the FECA to authorize the expenses of administering FECA to be paid from the Employees' Compensation Fund and would require

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all Federal agencies to pay, through the current Chargeback system, their share of costs associated with FECA program administration beginning in FY 2016. This would provide authority similar to that currently provided in Section 8147 (c) of FECA that requires certain (non-appropriated) agencies, such as the United States Postal Service, to pay their “Fair Share” of FECA program administration (portions of which have been appropriated to OWCP for FECA administration for a number of years).

Both the House and the Senate are considering FECA amendments. Jurisdiction over FECA Reform in the House is divided between the House Oversight and Government Reform Committee and the House Education and Workforce Committee. Reform proposals are still under consideration by each committee. The Senate Homeland Security and Government Affairs Committee passed the Postal Reform Act of 2014 S. 1486 on February 6, 2014. That bill contains a comprehensive re-write of the FECA system. Similar legislation was passed by the Senate in 2012.

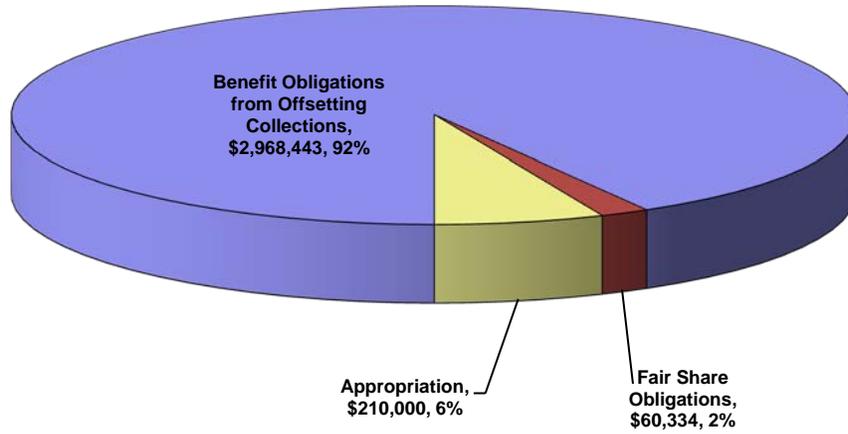
Some changes proposed to FECA in S. 1486 are similar to the DOL proposal; however key elements are markedly different from the DOL proposal in several respects and significantly contrast the estimated cost/benefit outcomes of the proposals. S. 1486 contains several provisions that if enacted, would create unfunded administrative costs for the program. The Department of Labor looks forward to continuing to work with Congress to achieve successful reform of the FECA program.

Cost Model

Total new budget authority requested for Special Benefits in FY 2015 is \$3,238,777,000, including a direct appropriation of \$207,000,000 for FECA and \$3,000,000 for Longshore Harbor Workers’ benefits, and \$3,028,777,000 in offsetting collections from Federal agencies, including \$2,968,443,000 for FECA benefits and \$60,334,000 for Fair Share expenditures. Fair Share funding will provide 114 FTE and other resources for Program Integrity, Periodic Roll Management and Medical Bill Review activities, as well as centralized mail intake and medical bill processing, and automated data system operations.

SPECIAL BENEFITS

FY 2015 Budget Request
Special Benefits Budget Request \$3,238,777
(Dollars in Thousands)



FEDERAL EMPLOYEES' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	59,488	60,017	60,334	317
FTE	114	114	114	0

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 116.

Introduction

The principal costs of the Federal Employees' Compensation Act (FECA) program are compensation benefits for disability and death and medical expenses. Factors influencing the cost of compensation benefits and medical expenses include the number of covered employees (including, with respect to War Hazards Compensation, the number of contracted employees in war zones overseas); the wage levels on which compensation is based; the severity and frequency of injuries; the average length of disability; the cost of medical care; cost-of-living changes based on changes in the Consumer Price Index (CPI); and the number of employees choosing this compensation instead of using sick or annual leave. Most beneficiaries receive payments on a four-week cycle based on a program year beginning July 1, so there are thirteen payments made during a fiscal year under normal circumstances.

The Special Benefits account also provides for FECA program administration using "Fair Share" funds collected pursuant to FECA Section 8147 (c). Program operations that are supported by this funding include Periodic Roll Management (PRM) and medical bill review and processing.

Fair Share funding also provides for operation and maintenance of the Integrated Federal Employees' Compensation System (iFECS) and the document imaging system; centralized mail intake and case create functions; and maintenance of the Division of Federal Employees' Compensation telecommunications system.

DFEC's data processing and communications systems provide essential support for claims, case management, and fiscal operations, and enable evaluations of program performance and accountability. DFEC will capitalize on prior year investments and leverage such to lead its transformation into a 21st Century program.

Five-Year Budget Activity History (Dollars in Thousands)

Fiscal Year	Appropriation	Fair Share Funding	FTE
2010	\$187,000	\$58,120	127
2011	\$183,000	\$58,364	113
2012	\$350,000	\$59,488	109
2013	\$350,000	\$59,488	116
2014	\$396,000	\$60,017	114

FEDERAL EMPLOYEES' COMPENSATION

FY 2015

Total new budget authority requested in FY 2015 is \$3,238,777,000. This consists of \$210,000,000 in direct appropriations and \$3,028,777,000 in offsetting collections from Federal agencies. Total obligations in FY 2015 are estimated to be \$3,021,175,000, including \$2,957,841,000 in FECA benefits; \$3,000,000 for Longshore Act 10(h) expenditures; and Fair Share funding authority of \$60,334,000 and 114 FTE for FECA program administration. Included in the Fair Share amount are inflationary built-in increases of \$317,000.

A FECA program performance priority includes management of long-term disability cases under Periodic Roll Management (PRM). Currently, there are nearly 43,000 cases receiving compensation benefits for long-term disability. These injured Federal workers have typically sustained more severe injuries with longer recovery periods and have permanent impairments that require long term monitoring. In addition, PRM staff manages survivor benefits for 3,700 fatal cases. DFEC paid over \$2,037,000,000 in compensation benefits to these two groups in FY 2013.

Periodic Entitlement Reviews (PER) of periodic roll cases are conducted regularly by DFEC claims examiners to review medical evidence supporting continued entitlement to benefits and to identify cases where the level of disability has resolved or lessened and the individuals may benefit from vocational rehabilitation and have the potential to return to work. Verification of proper continuation of benefits through the PER process also reinforces the fiscal integrity of FECA program where evidence supports the adjustment or termination of benefits.

DFEC will build upon the performance gains achieved in FY 2014 and will continue to improve management of PER workloads and strengthen PER review quality. Quality standards include making eligibility determinations based upon solid medical evidence, making prompt and appropriate referrals to vocational rehabilitation, and taking action to reduce or terminate benefits when supported by evidence.

FY 2014

Total new budget authority in FY 2014 is \$3,371,724,000. This consists of \$396,000,000 in direct appropriations and \$2,975,724,000 in offsetting collections from Federal agencies. Total obligations in FY 2014 are estimated to be \$3,077,230,000, including \$3,014,213,000 in FECA benefits; \$3,000,000 for Longshore Act 10(h) expenditures; and Fair Share funding authority of \$60,017,000 and 114 FTE for FECA program administration.

In FY 2014, DFEC will use \$1,360,000 and 5 FTE to strengthen program integrity. One step will include funding for an independent outside contractor to develop a statistically valid methodology for estimating the FECA improper payment rate. Another step will establish an operations unit to identify areas of improper payment vulnerability and implementing corrective actions. The unit would also be responsible for developing management strategies for preventing improper payments that incorporates recommendations made by the Government Accountability Office, Labor's Office of Inspector General, and others. DFEC will return to full improper payment measurement and reporting under the Improper Payment Elimination and

FEDERAL EMPLOYEES' COMPENSATION

Recovery Act (IPERA) in FY 2015. DOL will enhance its payment recapture program for DFEC (as required under IPERA) to recover overpayments due to error or fraud in compensation payments; measure performance to improve payment accuracy; and coordinate the FECA program integrity efforts with DOL's Do Not Pay plan.

FY 2014 Fair Share funding will also provide:

- Maintenance of the web-based application Employees' Compensation Operations and Management Portal (ECOMP) to enable Federal employers and claimants to submit claims forms electronically and enable all stakeholders (medical providers, employing agencies and injured workers) to upload documents directly into the case file making them immediately available to FECA claims staff.
- Accessibility for employing agencies through DFEC's Internet site to general FECA program information, regulations, forms and publications, as well as case-specific information;
- Maintenance of the new interactive voice response (IVR) system to provide claimants with greater access to OWCP claims staff to answer questions as well as offer self-help features that will provide timely case status information.
- Continued efforts to increase program efficiency and productivity by exploring business process and organizational design improvements and workload management innovations such as Telework and Flexiplace expansion.

FY 2013

Total obligations in FY 2013 were \$3,012,786,000, including \$2,949,367,000 in FECA benefits; \$4,184,000 for Longshore Act 10(h) expenditures; and Fair Share administrative obligations of \$59,234,000.

In FY 2013, DFEC put significant effort into streamlining processes and making the FECA program a more efficient and effective workplace. The web-based Employees' Compensation Operations and Management Portal (ECOMP) provides e-filing capability for Federal employers to use for submission of initial claims and claims for wage loss compensation. DFEC enhanced the ECOMP system in FY 2013 to enable Federal employing agency representatives to view their agency's imaged case documents from their desktops, allowing them to work more efficiently and effectively with FECA on all claims.

The PER process injects greater program integrity features into periodic roll management by establishing a broad and regular inspection of cases. PER review productivity is supported by two processing time standards that ensure prompt completion of the work as well as attention to unprocessed work. Review of PRM cases in FY 2013 led to benefit adjustments or terminations (counted as "PRM Resolutions") in approximately 1,400 cases and produced \$16,850,000 in FECA compensation benefit savings in FY 2013. Those "first-year" savings also produce several times that amount in compounded savings in subsequent out-years.

FEDERAL EMPLOYEES' COMPENSATION

DETAILED WORKLOAD AND PERFORMANCE					
		FY 2013 Enacted		FY 2014 Enacted	FY 2015 Request
		Target	Result	Target	Target
FECA Fair Share					
Strategic Goal 4 - Secure retirement, health, and other employee benefits and, for those not working, provide income security					
Strategic Objective 4.1 - Provide income support when work is impossible or unavailable and facilitate return to work					
Output and Performances Measures					
Periodic Roll Cases Being Paid - Long term disability		45,000[p]	43,726	43,500[p]	43,500[p]
PRM Cases Being Paid - Fatal		4,000[p]	3,786	3,500[p]	3,500[p]
FEC 4a	Percent of PER Reviews completed or developed within 60 days	90.00%	98.30%	90.00%	95.00%
FEC 4b	Percent of PER Reviews requiring development that are closed within 180 days	90.00%	88.30%	90.00%	90.00%
Periodic Roll Savings					
Annual new PRM savings		\$14,000,000.00	\$16,850,000.00	\$14,000,000.00	\$14,000,000.00
Five-year cumulative projected savings		\$84,000,000.00	\$101,000,000.00	\$84,000,000.00	\$84,000,000.00

Legend: (r) Revised (e) Estimate (base) Baseline -- Not Applicable TBD - To Be Determined [p] - Projection

FEDERAL EMPLOYEES' COMPENSATION

Workload Summary

DFEC's Disability Management (DM) activity integrates the Quality Case Management (QCM), Periodic Roll Management (PRM), and Vocational Rehabilitation activities. DM's first performance focus is to assist newly injured Federal employees to return to work (coordinated between contract nurses and DFEC claims staff in the QCM phase). If early return is unsuccessful, DFEC will continue to monitor the cases (PRM phase) for improvement in medical condition and, as appropriate to the claimant's ability to work, will use rehabilitative services to assist reemployment.

While approximately 92 percent of injured workers who file for FECA wage-loss benefits will return to work within two years, periodic compensation payments are typically being made to more than 43,000 cases for ongoing disability. These Federal workers have typically sustained more severe injuries with longer recovery periods and have permanent impairments that require long term monitoring. In addition, DFEC also manages survivor benefits for approximately 3,700 fatality cases. DFEC paid \$2,037,000,000 in compensation benefits to these two groups in FY 2013.

Regular Periodic Entitlement Reviews (PER) are conducted by PRM staff to update and review medical evidence to identify cases where the level of disability has resolved or lessened and the individuals may benefit from vocational rehabilitation and have the potential to return to work. Verification of proper continuation of benefits through the PER process also reinforces the fiscal integrity of the FECA program where evidence supports the adjustment or termination of benefits.

PRM claims examiners, funded from the Special Benefits Fair Share account, have historically assumed management of disability cases only at the very late stages of QCM (approximately month 30 from QCM start). To make more effective use of claims staff and ensure continuity in services to injured workers, DFEC has been using PRM claims examiners more extensively and earlier in the timeline, including conducting regular review of medical evidence and assessment of return to work potential.

Review of PRM cases led to benefit adjustments or terminations (counted as "PRM Resolutions") in over 1,400 cases and produced \$16,850,000 in FECA compensation benefit savings in FY 2013. Those "first-year" savings also produce several times that amount in compounded savings in subsequent out-years. (Annual PRM savings are calculated as the combined cumulative value of FECA periodic (28-day cycle) payment reductions for all cases reduced within that fiscal year. The value of each year's new savings is compounded in the out-years, so that, for example, an initial annual savings of \$16,000,000 avoids future costs of \$96,000,000 over five years.)

FEDERAL EMPLOYEES' COMPENSATION

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
11.1	Full-time permanent	10,854	10,578	10,701	123
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	0	100	100	0
11.9	Total personnel compensation	10,854	10,678	10,801	123
12.1	Civilian personnel benefits	3,874	4,055	4,089	34
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	193	108	108	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	600	2,336	2,496	160
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	403	222	222	0
24.0	Printing and reproduction	3	2	2	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	16,877	22,711	22,711	0
25.3	Other goods and services from Federal sources 1/	6,777	7,864	7,864	0
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	19,588	11,953	11,953	0
26.0	Supplies and materials	172	41	41	0
31.0	Equipment	147	47	47	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
51.1	Benefits	0	0	0	0
	Total	59,488	60,017	60,334	317
	1/Other goods and services from Federal sources				
	Working Capital Fund	1,120	1,068	1,068	0
	DHS Services	152	152	152	0
	Services by DOL Agencies	5,477	6,627	6,627	0
	GSA Services	2	2	2	0
	Services by Other Government Departments	26	15	15	0

FEDERAL EMPLOYEES' COMPENSATION

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$123
Personnel benefits	32
Employee health benefits	2
Moving allowance	0
Federal Employees' Compensation Act (FECA)	0
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	160
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	0
Other Federal sources (Census Bureau)	0
Other Federal sources (DHS Charges)	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **\$317**

Net Program **\$0**

Direct FTE **0**

	Estimate	FTE
Base	\$60,334	114
Program Increase	\$0	0
Program Decrease	\$0	0

LONGSHORE AND HARBOR WORKERS' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request	Diff. FY15 Request / FY14 Enacted
Activity Appropriation	3,000	3,000	3,000	0
FTE	0	0	0	0

Introduction

Section 10(h) of the amended Longshore and Harbor Workers' Compensation Act (LHWCA) authorized annual adjustments in compensation to beneficiaries in cases of permanent total disability or death occurring on or prior to October 27, 1972, with the Federal Government paying half the costs of the annual increase for compensating those cases. Direct appropriation provides the necessary resources to meet the required annual increase in benefits for the Federal share of the costs for compensation and related benefits for the pre-1972 cases. The remaining 50 percent of the compensation is paid by private insurance companies and/or employers.

Income support for those unable to work is ensured through proper adjudication, efficient case processing, and accurate and timely payment of benefits. All program resources support mission critical functions, and the Department's Strategic Objective 4.1: *Provide income support when work is impossible or unavailable and facilitate return to work.*

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$3,000	0
2011	\$3,000	0
2012	\$3,000	0
2013	\$3,000	0
2014	\$3,000	0

FY 2015

Priority for this activity will be to continue providing prompt and accurate payment of compensation and related benefits to claimants, pursuant to Section 10(h)(2) of the amended Act. In FY 2015, the Federal share of required payments will be \$3,000,000 which will include the increase necessary for the annual October weekly wage adjustment.

FY 2014

Priority for this activity will be to continue providing prompt and accurate payment of compensation and related benefits to claimants, pursuant to Section 10(h)(2) of the amended Act.

LONGSHORE AND HARBOR WORKERS' COMPENSATION

In FY 2014, the Federal share of required payments will be \$3,000,000 which will include the increase necessary for the annual October weekly wage adjustment.

FY 2013

In FY 2013, the Federal share of required payments was \$4,184,133.

LONGSHORE AND HARBOR WORKERS' COMPENSATION

CHANGES IN FY 2015

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Insurance claims and indemnities

\$0

Built-Ins Subtotal

\$0

Net Program

\$0

Direct FTE

0

	Estimate	FTE
Base	\$3,000	0
Program Increase	\$0	0
Program Decrease	\$0	0