DECISION AND ORDER

Before:
PATRICIA H. FITZGERALD, Deputy Chief Judge
COLLEEN DUFFY KIKO, Judge
VALERIE D. EVANS-HARRELL, Alternate Judge

JURISDICTION

On March 4, 2016 appellant filed a timely appeal from a September 10, 2015 merit decision of the Office of Workers’ Compensation Programs (OWCP). Pursuant to the Federal Employees’ Compensation Act (FECA) and 20 C.F.R. §§ 501.2(c) and 501.3, the Board has jurisdiction over the merits of this case.

1 Under the Board’s Rules of Procedure, an appeal must be filed within 180 days from the date of issuance of an OWCP decision. An appeal is considered filed upon receipt by the Clerk of the Appellate Boards. See 20 C.F.R. § 501.3(e)-(f). One hundred and eighty days from September 10, 2015, the date of the decision on appeal, was March 8, 2016. Since using March 10, 2016, the date the appeal was received by the Clerk of the Appellate Boards would result in the loss of appeal rights, the date of the postmark is considered the date of filing. The date of the U.S. Postal Service postmark is March 4, 2016, rendering the appeal timely filed. See 20 C.F.R. § 501.3(f)(1).

2 5 U.S.C. § 8101 et seq.

3 The record also contains a July 6, 2015 decision finding that appellant received an overpayment of compensation. Appellant appealed the July 6, 2015 overpayment to the Board on January 4, 2016. The Board will consider his appeal of the July 6, 2015 OWCP decision under Docket No. 16-0441.
ISSUES

The issues are: (1) whether OWCP properly reduced appellant’s compensation under 5 U.S.C. § 8113(b) to reflect his wage-earning capacity had he continued to participate in vocational rehabilitation; and (2) whether OWCP properly modified its determination of his pay rate for compensation purposes in its reduction of his compensation for failing to participate in vocational rehabilitation.

FACTUAL HISTORY

On August 9, 2004 appellant, then a 50-year-old screener, filed a traumatic injury claim (Form CA-1) alleging that on August 3, 2004 he strained a muscle in his shoulder and arm when lifting a bag. OWCP accepted the claim for right shoulder strain, cervical strain, acromioclavicular joint arthritis, and tendinitis of the right shoulder, cervical discogenic disc disease at C5-6, reflex sympathetic dystrophy of the right upper extremity, causalgia, and psychogenic pain. It paid wage-loss compensation beginning September 21, 2004 using a date-of-injury pay rate. Appellant returned to modified employment on December 13, 2004 but sustained a recurrence of disability on March 26, 2005.

On April 13, 2005 the employing establishment offered appellant a position as a modified lead transportation security screener with an annual salary of $39,158.00 in the “F” Band. The position required no lifting over 20 pounds or reaching above the right shoulder level. Appellant accepted the position and returned to work on May 7, 2005.4

On September 4, 2005 appellant stopped work as the employing establishment no longer had work available within his restrictions. OWCP paid him wage-loss compensation beginning October 30, 2005.

OWCP referred appellant on February 21, 2006 for vocational rehabilitation. Appellant underwent vocational testing on May 26, 2006. On October 13, 2006 OWCP closed vocational rehabilitation services as the medical evidence of record established that appellant was totally disabled.

In a report dated March 22, 2008, Dr. Joseph P. Conaty, an orthopedic surgeon and OWCP referral physician, diagnosed degenerative disc disease with osteophytic spur formation at C5-6 and C6-7 and a right shoulder strain/sprain with postinjury adhesive capsulitis. He found that appellant could work with restrictions on the right arm or reaching up to two hours per day, reaching over the shoulder for one hour per day, pushing and pulling up to 15 pounds for two hours per day, and lifting up to 10 pounds for two hours per day. In a work restriction evaluation dated May 16, 2008, Dr. Conaty found that appellant could push, pull, and lift up to 10 pounds for 2 hours per day, reach up to 4 hours with the right arm, and reach above the shoulder with the right arm up to 30 minutes.

4 By decision dated May 9, 2005, OWCP found that appellant received an overpayment of compensation in the amount of $471.74 because he returned to work on December 17, 2004 but received compensation through December 25, 2004. It found that he was at fault in creating the overpayment.
OWCP referred appellant to the rehabilitation counselor on June 5, 2008 for vocational rehabilitation. The counselor contacted companies regarding positions in the areas of customer service, dispatcher, and security guard. In a July 21, 2008 report, she recommended that OWCP approve a direct placement plan for appellant in either customer service or as a security guard and noted that he would need “40 hours of training to receive his security guard card.”

On August 25, 2008 OWCP requested that Dr. Nicole Pham-Bailey, an attending physiatrist, and Dr. Conaty address whether appellant could work as a security guard or customer service employee.

Dr. Conaty reevaluated appellant on September 15, 2008. In a report dated September 17, 2008, he reviewed the job descriptions for the positions of security guard and customer service worker. Dr. Conaty found that appellant could work in customer service, but would have difficulty performing the reaching required of a security guard due to his adhesive capsulitis. He opined that appellant could perform the remaining duties of the security guard position. Dr. Conaty advised that appellant could push, pull, and lift up to 10 pounds for 2 hours, reaching for 2 hours, and reach above the right shoulder for 30 minutes.

On September 23, 2008 an OWCP rehabilitation specialist requested that the rehabilitation counselor identify two positions that did not require extensive reaching and handling.

The rehabilitation counselor contacted companies that had open positions in the areas of surveillance system monitor and information clerk. She also completed job classifications for the positions. The position of surveillance system monitor was classified as sedentary requiring no lifting or reaching and the specific vocational rehabilitation required only a short demonstration of 30 days. The rehabilitation counselor found that appellant met the preparation because he had previously owned a business, had computer skills, and tested well. She also determined that the position was reasonable available within his commuting area.

On October 13, 2008 the rehabilitation counselor recommended a plan for appellant to receive training with a goal of returning to work as a surveillance monitor or information clerk. She prepared a job search plan and agreement for his signature.

On October 14, 2008 Dr. Pham-Bailey related that she did not believe that appellant could work light duty as a security guard but could perform sedentary work as a customer service representative. She generally concurred with Dr. Conaty’s work restrictions. Dr. Pham-Bailey advised that appellant could not lift, push, pull over 10 pounds with the right arm for more than 15 minutes an hour or reach above shoulder level with the right arm.

OWCP authorized appellant’s two-week training to receive his unarmed guard card.

Appellant, on October 22, 2008, notified OWCP that he would not refuse a job within his restrictions if it was “equal to, in stature and pay, the job [he] had at [the employing establishment] before” his injury. He asserted that he would not “be forced to accept anything that would be an insult to my intelligence and my dignity.”
On October 23, 2008 the rehabilitation counselor advised that appellant returned unsigned the forms regarding his rehabilitation plan that she sent by registered mail.

The rehabilitation counselor advised OWCP’s rehabilitation specialist that she met with appellant on October 31, 2008 to discuss the rehabilitation plan and advised him of the date he began his training. The specialist informed her that he would not proceed with vocational rehabilitation until OWCP provided a response to his October 22, 2008 letter. Appellant also refused to seek a job unless it was at his former salary.

By letter dated November 12, 2008, OWCP informed appellant that the rehabilitation counselor indicated that he had refused to participate in the training program for the positions of surveillance system monitor and information clerk. It advised him to contact OWCP to make arrangements to participate in the training program or provide his reasons for refusing the training in writing with supporting evidence. OWCP notified appellant that if he refused to cooperate in the training without good cause his compensation would be reduced to reflect his wage-earning capacity had he participated.

In a November 25, 2008 response, appellant related that he would not participate in vocational rehabilitation as none of the physicians found that he had reached maximum medical improvement. He contended that Dr. Conaty’s report was insufficient to show that he could work. Appellant maintained that OWCP had to provide him with limited duty at the employing establishment.

In a decision dated December 18, 2008, OWCP reduced appellant’s compensation under 5 U.S.C. § 8113(b) as he failed without good cause to participate in vocational rehabilitation. It found that had he undergone vocational rehabilitation he would have had the capacity to perform the duties of a surveillance system monitor. In applying the formula set forth in Albert C. Shadrick,5 it used a pay rate date of September 4, 2005. Based on its calculations, OWCP found that he was entitled to net compensation of $786.78 each four weeks.6

Appellant requested an oral hearing, which was held on November 5, 2009. In a February 1, 2010 decision, OWCP’s hearing representative affirmed the December 18, 2008 decision. She found that appellant failed to show good cause for failing to participate in vocational rehabilitation and thus OWCP properly reduced his compensation under section 8113(b). The hearing representative determined that the medical evidence of record was sufficient to show that he was able to work within the restrictions of the position.

On January 29, 2010 Dr. Pham-Bailey related that appellant could perform sedentary employment as a customer service employee with occasional lifting up to 10 pounds and frequent reaching if he had an ergonomic work station but could not work as a security guard occasionally handling up to 20 pounds with frequent reaching.7 She advised that she could not

---

5 5 ECAB 376 (1953); codified by regulation at 20 C.F.R. § 10.403.

6 By decision dated January 16, 2009, OWCP granted appellant a schedule award of 17 percent permanent impairment of the right upper extremity.

7 The record contains progress reports dated 2008 to 2015 describing treatment rendered for conditions including appellant’s right shoulder, neck, back, and right knee.
comment on other positions as she did not have a job description. Dr. Pham-Bailey found that appellant could lift, push, and pull up to 10 pounds with the right arm for 15 minutes per hour but perform no overhead reaching.

Appellant, on January 26, 2011, requested reconsideration. He maintained that he cooperated with vocational rehabilitation and that his injury remained disabling. Appellant noted that he had obtained disability retirement from the Social Security Administration (SSA). He questioned why he required training when he had been working in the security field. Appellant also challenged his pay rate.

By decision dated April 25, 2011, OWCP denied modification of the February 1, 2010 decision. It found that he had not demonstrated good cause for failing to cooperate with vocational rehabilitation or that he was not medically able to participate in vocational rehabilitation.

Appellant continued to provide medical evidence. On November 11, 2010 Dr. Pham-Bailey opined that appellant could not push, pull, or lift over 10 pounds with the right arm or preform overhead work. She advised that the restrictions were permanent.

In a January 5, 2012 status report, Dr. John Norton, an occupational medicine specialist, diagnosed thoracic outlet syndrome, reflex sympathetic dystrophy of the upper limb, and myofascial pain syndrome. He found that appellant could perform modified duty.

On April 12, 2012 appellant again requested reconsideration. He maintained that a physician reexamined him in July 2010 and found that his condition worsened. Appellant also indicated that SSA found him totally disabled and that Dr. Pham-Bailey determined that he had permanent work restrictions. He advised that the medical evidence did not show that he could work as a security guard and that the training center only trained security guards. Appellant also challenged his pay rate.

By decision dated August 13, 2012, OWCP denied modification of its April 25, 2011 decision. It noted that the work restrictions set forth by Dr. Pham-Bailey and Dr. Conaty were within the physical duties required for the surveillance system monitor position. OWCP also found that appellant had not indicated that he was going to cooperate with vocational rehabilitation.


Appellant, on August 13, 2013, again requested reconsideration. He argued that he should be paid at an “F” band rate as he was promoted on October 2, 2004. Appellant noted that March 26, 2004 was the date of his recurrence of disability.

OWCP on May 20, 2014 notified appellant of its proposed modification of the December 18, 2008 loss of wage-earning capacity determination. It found that it had inaccurately calculated his September 4, 2005 weekly pay rate as it had not included eight hours of Sunday premium pay and 25 hours of night shift differential. OWCP also determined that it
had not applied the formula applicable to performance based pay systems, or pay banding, prior to calculating his pay rate.

In a decision dated June 20, 2014, OWCP modified its December 18, 2008 loss of wage-earning capacity determination as it had incorrectly calculated his pay rate. It further determined that appellant had not established a basis to alter its finding that he had failed without good cause to undergo vocational rehabilitation. In another decision dated June 20, 2014, OWCP vacated in part and denied modification in part the August 13, 2012 decision as it used an inaccurate pay rate in its loss of wage-earning capacity determination.8

Appellant again requested reconsideration on June 19, 2015. He advised that he did not refuse to attend security guard school, but instead the training facility did not teach courses in surveillance system monitoring. Appellant spoke with an individual at the training center who indicated that he could receive a guard card at the end of training. He argued that his pay rate should be the higher rate he received when he returned to work in December 2004. Appellant also maintained that his condition had worsened based on an April 14, 2005 magnetic resonance imaging (MRI) scan and Dr. Norton’s July 2013 report finding that he was permanently disabled.

In a report dated July 27, 2015, Dr. Kasra Rowsha, a Board-certified orthopedic surgeon, found that appellant had an eight percent permanent impairment due to a herniated disc.

By decision dated September 10, 2015, OWCP denied modification of its June 20, 2014 decision. It found that appellant had not demonstrated cooperation with vocational rehabilitation such that it would remove the sanction of section 8113(b).

On appeal appellant asserts that OWCP did not address his allegation that the security guard school did not teach the position of surveillance system monitor. He notes that Dr. Pham-Bailey and Dr. Conaty did not review whether he could work as a surveillance system monitor and that physicians in March 29, 2013 and July 27, 2015 reports found that he had a permanent impairment.

LEGAL PRECEDENT -- ISSUE 1

Section 8113(b) of FECA provides:

“If an individual, without good cause, fails to apply for and undergo vocational rehabilitation when so directed under section 8104 of FECA, OWCP, after finding that in the absence of the failure the wage-earning capacity of the individual would probably have substantially increased, may reduce prospectively the monetary compensation of the individual in accordance with what would probably

---

8 In a decision dated June 20, 2014, OWCP also advised appellant of an overpayment of compensation and on July 6, 2015, an OWCP hearing representative found that appellant had received an overpayment of compensation. As noted, the Board will address this decision under a separate docket number. Supra note 3.
have been his wage-earning capacity in the absence of the failure, until the individual in good faith complies with the direction of OWCP.”

Section 10.519 of Title 20 of the Code of Federal Regulations details the actions OWCP will take when an employee without good cause fails or refuses to apply for, undergo, participate in, or continue to participate in a vocational rehabilitation effort when so directed. Section 10.519(a) provides, in pertinent part:

“Where a suitable job has been identified, OWCP will reduce the employee’s future monetary compensation based on the amount which would likely have been his or her wage-earning capacity had he or she undergone vocational rehabilitation. OWCP will determine this amount in accordance with the job identified through the vocational rehabilitation planning process, which includes meetings with the OWCP nurse and the employer. The reduction will remain in effect until such time as the employee acts in good faith to comply with the direction of OWCP.”

**ANALYSIS -- ISSUE 1**

OWCP accepted that appellant sustained right shoulder strain, cervical strain, acromioclavicular joint arthritis and tendinitis of the right shoulder, cervical discogenic disc disease at C5-6, reflex sympathetic dystrophy of the right upper extremity, causalgia, and psychogenic pain due to an August 3, 2004 employment injury. After sustaining periods of disability, he stopped work on September 4, 2005 and did not return.

On March 22, 2008 Dr. Conaty found that appellant could work with limitations on the right arm to reach no more than two hours per day and no more than one hour a day above the shoulder, pushing and pulling up to 15 pounds for two hours per day, and lifting up to 10 pounds for two hours per day. In a work restriction evaluation dated May 16, 2008, he found that appellant could push, pull and lift up to 10 pounds for 2 hours per day and reaching above the shoulder for 30 minutes.

Based on Dr. Conaty’s findings, OWCP referred appellant for vocational rehabilitation. Initially the rehabilitation counsel identified the position of security guard as within his limitations but both Dr. Conaty and Dr. Pham-Bailey, an attending physician, determined that he could not perform the reaching required for the position of security guard. Both physicians found, however, that appellant could perform sedentary employment and provided lifting restrictions of up to 10 pounds. The rehabilitation counselor identified the sedentary position of surveillance system worker as within his physical and vocational capabilities. She advised that appellant required two weeks of training, which OWCP authorized. The rehabilitation counselor prepared a job search plan and agreement for his signature.

---

9 5 U.S.C. § 8113(b); see also T.M., Docket No. 12-1614 (issued March 15, 2013).

10 20 C.F.R. § 10.519(a).
On October 22, 2008 appellant advised OWCP that he would not accept a job that paid less or was not of equal status to his date-of-injury position. On October 23, 2008 the rehabilitation counselor informed OWCP that he had returned the rehabilitation plan unsigned. Appellant advised the rehabilitation counselor on October 31, 2008 that he would not cooperate with vocational rehabilitation until OWCP responded to his October 22, 2008 letter and would not look for a job of lesser salary that that of his prior position. The Board finds that his actions establish that he failed to participate in vocational rehabilitation efforts.11

Prior to adjusting appellant’s compensation, OWCP advised him of the consequences of his failure to participate in vocational rehabilitation and provided him 30 days to participate or show good cause for his failure. Appellant did not, however, submit evidence showing good cause for his failure to participate. He argued that he wanted a position at the same salary and prestige as his previous position. The Board has held, however, that a claimant’s dislike for a selected position does not constitute good cause for failing to participate in vocational rehabilitation.12 Appellant also maintained that Dr. Conaty’s report was insufficient to show that he could work as a surveillance system monitor. However, Dr. Conaty determined that he could perform sedentary employment, such as that of a surveillance system monitor. The Board thus finds that OWCP properly reduced appellant’s wage-earning capacity to reflect what he would have earned had he cooperated with vocational rehabilitation.

The reduction based on appellant’s failure to cooperate remains in effect until he complies in good faith with the direction of OWCP. Subsequent to the reduction, he submitted medical evidence from Dr. Pham-Bailey and Dr. Norton. Neither physician, however, addressed his ability to work at the time his compensation was reduced or provided work restrictions that would preclude him from participating in vocational rehabilitation at the time of OWCP’s reduction of his compensation.13 Further, on January 29 and November 11, 2010, Dr. Pham-Bailey found that appellant could work occasionally lifting up to 10 pounds, which is consistent with the physical requirements for the position of surveillance system monitor. On January 5, 2012 Dr. Norton generally found that he could work in a modified position.

On appeal appellant contends that OWCP failed to discuss his allegation that the security guard school did not teach the position of surveillance system monitor. The issue, however, is not the merits of the training approved by OWCP for vocational rehabilitation but whether he cooperated with the vocational rehabilitation effort or established good cause for his failure to participate. Appellant refused to sign the rehabilitation plan and award prepared by his vocational counselor in October 2008 because he wanted a job at the same pay and prestige as his prior position. As noted, dislike for a position does not constitute an acceptable reason for failing to participate with vocational rehabilitation.14

12 See B.A., Docket No. 11-0686 (issued October 14, 2011).
14 See supra note 12.
Appellant notes that Dr. Pham-Bailey and Dr. Conaty did not review whether he could work as a surveillance system monitor. Both Dr. Pham-Bailey and Dr. Conaty, however, found that he could perform sedentary employment lifting up to 10 pounds. The physical requirements of a surveillance system monitor were within the restrictions set forth by the physicians.

Appellant further asserts that physicians in March 29, 2013 and July 27, 2015 reports found that he had a permanent impairment. The issue, however, is cooperation with vocational rehabilitation rather than whether he has a permanent impairment. Additionally, disability is not synonymous with physical impairment, which may or may not result in incapacity to earn wages.\(^{15}\)

Appellant may request modification of the wage-earning capacity determination supported by new evidence or argument, at any time before OWCP.

**LEGAL PRECEDENT -- ISSUE 2**

Section 8105(a) of FECA provides: If the disability is total, the United States shall pay the employee during the disability monthly monetary compensation equal to 66 2/3 percent of his monthly pay, which is known as his basic compensation for total disability.\(^{16}\) Section 8101(4) of FECA defines monthly pay for purposes of computing compensation benefits as follows: [T]he monthly pay at the time of injury, or the monthly pay at the time disability begins, or the monthly pay at the time compensable disability recurs, if the recurrence begins more than six months after the injured employee resumes regular full-time employment with the United States, whichever is greater.\(^{17}\)

The formula for determining loss of wage-earning capacity has been codified at section 10.403(c)-(e) of OWCP’s regulations.\(^{18}\) Under the *Shadrick* formula, OWCP calculates an employee’s wage-earning capacity in terms of percentage by dividing the employee’s actual earnings (or constructed earnings) by the current or updated pay rate for the position held at the time of injury.\(^{19}\) The employee’s wage-earning capacity in dollars is computed by first multiplying the pay rate for compensation purposes, defined in 20 C.F.R. § 10.5(a) as the pay rate at the time of injury, the time disability begins or the time disability recurs, whichever is greater, by the percentage of wage-earning capacity. The resulting dollar amount is then subtracted from the pay rate for compensation purposes to obtain loss of wage-earning capacity.\(^{20}\) It has been administratively determined that certain pay elements will be included in

\(^{15}\) See *Cheryl L. Decavitch*, 50 ECAB 397 (1999).

\(^{16}\) 5 U.S.C. § 8105(a). Section 8110(b) of FECA provides that total disability compensation will equal three fourths of an employee’s monthly pay when the employee has one or more dependents. 5 U.S.C. § 8110(b).

\(^{17}\) *Id.* at § 8101(4).

\(^{18}\) 20 C.F.R. § 10.403(c)-(e).

\(^{19}\) *Id.* at § 10.403(c)-(d).

\(^{20}\) *Id.* at § 10.403(e).
computing an employee’s pay rate, including night or shift differential, Saturday premium, Sunday premium, holiday and retention pay.21

**ANALYSIS – ISSUE 2**

As discussed, OWCP reduced appellant’s compensation benefits under section 8113(b), effective December 18, 2008, to reflect the amount that he could have earned as a surveillance system monitor had he cooperated in vocational rehabilitation. It utilized a recurrent pay rate date of September 4, 2005 in determining his wage-earning capacity using the *Shadrick* formula. OWCP subsequently modified its December 18, 2008 decision after finding that it had inaccurately calculated appellant’s pay rate for compensation purposes. It determined that it had not included Sunday premium pay or night shift differential and had not applied the formula applicable to performance-based pay systems. OWCP again used a recurrent pay rate date when applying the *Shadrick* formula. Appellant, however, did not resume regular full-time employment with the United States following his August 3, 2004 employment injury. Instead, he returned to modified employment on December 13, 2004 and again on May 7, 2005 before his September 4, 2005 work stoppage. The Board, therefore, finds that OWCP erroneously used appellant’s pay at the time compensable disability recurred on September 4, 2005 in its loss of wage-earning capacity determination as he had not returned to his regular employment following his injury.22 Appellant’s date of injury is August 3, 2004 and the date disability began is August 7, 2004. OWCP should use the pay rate that is the greater of these two days as the applicable pay rate date. If the pay rate is the same, the pay rate should be set as the date disability begins.23 It should also utilize the pay banding formula and include any applicable Sunday premium pay and night differential.24 Accordingly the Board will set aside OWCP’s pay rate determination and remand the case for a proper calculation of appellant’s compensation for partial disability based on its reduction of his compensation for failure to participate in vocational rehabilitation.

**CONCLUSION**

The Board finds that OWCP properly reduced appellant’s compensation for failure to participate in vocational rehabilitation under 5 U.S.C. § 8113(b). The Board further finds that OWCP erred in determining his pay rate for compensation purposes in its reduction of his compensation benefits for failing to participate in vocational rehabilitation.

---


24 *Id.* at Chapter 2.900.6 (b) and 2.900.12(g) (September 2011).
ORDER

IT IS HEREBY ORDERED THAT the September 10, 2015 decision of the Office of Workers’ Compensation Programs is affirmed in part and set aside in part and the case is remanded for further proceedings consistent with this opinion of the Board.

Issued: October 19, 2016
Washington, DC

Patricia H. Fitzgerald, Deputy Chief Judge
Employees’ Compensation Appeals Board

Colleen Duffy Kiko, Judge
Employees’ Compensation Appeals Board

Valerie D. Evans-Harrell, Alternate Judge
Employees’ Compensation Appeals Board