United States Department of Labor
Employees' Compensation Appeals Board

G.C., Appellant **and** **DEPARTMENT OF HOMELAND SECURITY, TRANSPORTATION SECURITY ADMINISTRATION, O'HARE INTERNATIONAL AIRPORT, Chicago, IL, Employer**	)))))))))))	**Docket No. 26-0461** **Issued: August 12, 2026**

Appearances:
Appellant, pro se
Office of Solicitor, for the Director

Case Submitted on the Record

DECISION AND ORDER

Before:
ALEC J. KOROMILAS, Chief Judge
PATRICIA H. FITZGERALD, Deputy Chief Judge
VALERIE D. EVANS-HARRELL, Alternate Judge

JURISDICTION

On April 22, 2026 appellant filed a timely appeal from an April 9, 2026 merit decision of the Office of Workers' Compensation Programs (OWCP). Pursuant to the Federal Employees' Compensation Act[1] (FECA) and 20 C.F.R. §§ 501.2(c) and 501.3, the Board has jurisdiction over the merits of this case.[2]

ISSUES

The issues are: (1) whether appellant received an overpayment of compensation in the amount of $2,688.00 for the period March 26, 2023 through February 22, 2025, for which she was without fault, because OWCP failed to properly deduct life insurance premiums from her FECA

[1] 5 U.S.C. § 8101 *et seq*.

[2] The Board notes that following the April 9, 2026 decision, OWCP received additional evidence. However, the Board's *Rules of Procedure* provides: "The Board's review of a case is limited to the evidence in the case record that was before OWCP at the time of its final decision. Evidence not before OWCP will not be considered by the Board for the first time on appeal." 20 C.F.R. § 501.2(c)(1). Thus, the Board is precluded from reviewing this additional evidence for the first time on appeal. *Id*.

wage-loss compensation; (2) whether OWCP properly denied waiver of recovery of the overpayment; and (3) whether OWCP properly required recovery of the overpayment by deducting $69.23 from appellant's continuing compensation payments, every 28 days.

FACTUAL HISTORY

On September 14, 2021 appellant, then a 74-year-old transportation security officer, filed a traumatic injury claim (Form CA-1) alleging that on September 8, 2021 she injured her knees, back, neck, shoulders, arms, and hands when she tripped and fell while in the performance of duty.[3] OWCP accepted the claim for subluxation of L4-5 lumbar vertebra, lumbar radiculitis, L4-5 segmental and somatic dysfunction, lumbar spinal stenosis, and right wrist ganglion cyst. Appellant stopped work on the date of injury, returned to work on November 1, 2021, and stopped work again on March 14, 2022. OWCP paid her wage-loss compensation on the supplemental rolls effective November 3, 2021, and on the periodic rolls effective November 6, 2022.

On February 5, 2025 the Office of Personnel Management (OPM) informed OWCP that, as a compensationer, appellant was eligible to continue Federal Employees' Group Life Insurance (FEGLI) coverage. The final base salary on which her FEGLI coverage was based was $49,332.00. OPM requested that OWCP deduct insurance premiums for basic life insurance (BLI) at no reduction. It noted that the commencing date for the postretirement deductions was March 14, 2023, and that the basic and optional coverage premiums were to begin on the OWCP commencing date.

On a completed Continuation of Life Insurance Coverage as an Annuitant or Compensationer form (Standard Form (SF) 2818), signed on May 1, 2024, appellant elected BLI at no reduction.

In an Agency Certification of Insurance Status dated January 15, 2025, the employing establishment noted that appellant had reached 12 months in a non-pay status on March 14, 2023.

In an April 3, 2025 overpayment referral memorandum, OWCP found that an overpayment of compensation for the period March 14, 2023 through February 22, 2025 had occurred as it had failed to properly deduct life insurance premiums from appellant's wage-loss compensation payments.

In an April 7, 2025 manual adjustment form, OWCP determined that an overpayment of compensation in the amount of $2,688.00 was created because it failed to properly deduct life insurance premiums from appellant's FECA wage-loss compensation for the period March 14, 2023 through February 22, 2025.

In a preliminary overpayment determination dated April 7, 2025, OWCP notified appellant of its preliminary finding that she had received an overpayment of compensation in the amount of $2,688.00 for the period March 14, 2023 through February 22, 2025, because it failed to properly deduct life insurance premiums from her FECA wage-loss compensation. It provided its calculation of the overpayment, finding that life insurance premiums should have been deducted

[3] OWCP assigned the present claim OWCP File No. xxxxxx053. Appellant previously filed a Form CA-1 for a July 30, 2017 injury, which OWCP accepted for left shoulder tendinitis and tenosynovitis, and cervical disc disorder at C5-6 with radiculopathy under OWCP File No. xxxxxx985. OWCP administratively combined OWCP File Nos. xxxxxx985 and xxxxxx053, with the latter serving as the master file.

in the amount of $2,688.00. OWCP determined that appellant was without fault in the creation of the overpayment. It requested that she complete an overpayment recovery questionnaire (Form OWCP-20) and submit supporting financial documentation, including copies of income tax returns, bank account statements, bills, cancelled checks, pay slips, and other records that support income and expenses. Additionally, OWCP provided an overpayment action request form and notified appellant that, within 30 days, she could request a final decision based on the written evidence, or a prerecoupment hearing.

On May 6, 2025 appellant requested a prerecoupment hearing before a representative of OWCP's Branch of Hearings and Review. She also submitted a partially completed Form OWCP-20.

OWCP again requested that appellant complete a Form OWCP-20 and submit supporting financial documentation.

A hearing was held on January 30, 2026. Appellant testified that she initially signed paperwork on February 13, 2023, in which she elected BLI at no reduction. She contended that she subsequently requested a 75 percent reduction retroactive to March 2023, but OPM and OWCP did not apply the change until June 1, 2025.[4] Appellant testified as to her expenses, including a recent increase in her mortgage payment due to property taxes. The hearing representative requested that she submit financial documentation to establish the claimed monthly expenses.

Appellant submitted a completed Form OWCP-20 dated February 27, 2026, wherein she reported total monthly income of $4,800.00; total monthly expenses of $4,242.00; and $7,000.00 in assets. She did not submit any supporting financial documentation.

By decision dated April 9, 2026, OWCP's hearing representative finalized the April 7, 2025 preliminary overpayment determination. She found that appellant had received an overpayment of compensation in the amount $2,688.00 for the period March 26, 2023 through February 22, 2025, for which she was without fault, because OWCP failed to properly deduct life insurance premiums from her FECA wage-loss compensation. The hearing representative denied waiver of recovery of the overpayment and required recovery by deducting $69.23 from her continuing compensation payments, every 28 days.[5]

LEGAL PRECEDENT -- ISSUE 1

FECA provides that the United States shall pay compensation for the disability or death of an employee resulting from personal injury sustained while in the performance of duty.[6] When an overpayment has been made to an individual because of an error of fact or law, adjustment shall be made under regulations prescribed by the Secretary of Labor by decreasing later payments to which the individual is entitled.[7]

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[4] On August 19, 2025 OPM informed OWCP that appellant had submitted a request to change her life insurance coverage. It requested that OWCP deduct premiums for BLI at 75 percent reduction effective June 1, 2025.

[5] The record indicates that appellant received FECA wage-loss compensation $2,161.60, every 28 days.

[6] 5 U.S.C. § 8102(a).

[7] 20 C.F.R. §§ 10.434-10.437; *J.L.,* Docket No. 18-0212 (issued June 8, 2018).

When an under withholding of life insurance premiums occurs, the entire amount is deemed an overpayment of compensation because OWCP must pay the full premium to OPM upon discovery of the error.[8]

ANALYSIS -- ISSUE 1

The Board finds that appellant received an overpayment of compensation in the amount of $2,688.00 for the period March 26, 2023 through February 22, 2025, for which she was without fault, because OWCP failed to properly deduct life insurance premiums from her FECA wage-loss compensation.

On February 5, 2025 OPM informed OWCP that, as a compensationer, appellant was eligible to continue FEGLI coverage. The final base salary on which her FEGLI coverage was based was $49,332.00. OPM requested that OWCP deduct insurance premiums for BLI at no reduction. It noted that the commencing date for the postretirement deductions was March 14, 2023, and that the basic and optional coverage premiums were to begin on the OWCP commencing date. On a completed SF 2818, signed on May 1, 2024, appellant elected BLI at no reduction.

The case record establishes, however, that the appropriate deductions were not made for appellant's elected life insurance premiums for the period March 26, 2023 through February 22, 2025. The Board finds, therefore, that an overpayment of compensation was created for this period.[9]

With regard to the amount of the overpayment, OWCP explained its calculation that appellant received a total of $2,688.00 to which she was not entitled, because it failed to properly deduct life insurance premiums from her FECA wage-loss compensation. The Board has reviewed OWCP's calculation and finds that it properly determined that appellant received an overpayment of compensation in the amount of $2,688.00 for the period March 26, 2023 through February 22, 2025.[10]

LEGAL PRECEDENT -- ISSUE 2

Section 8129 of FECA provides that adjustment or recovery by the United States may not be made when incorrect payment has been made to an individual who is without fault and when adjustment or recovery would defeat the purpose of FECA or would be against equity and good conscience.[11] Thus, a finding that appellant was without fault does not automatically result in waiver of the overpayment. OWCP must then exercise its discretion to determine whether

[8] 5 U.S.C. § 8707(d); *see also A.V.,* Docket No. 21-0887 (issued May 12, 2022); *J.H.,* Docket No. 20-0281 (issued May 18, 2021).

[9] *Id. See also T.P.*, Docket No. 24-0333 (issued April 2, 2026); *J.K.,* Docket No. 24-0784 (issued January 30, 2026); *S.C.,* Docket No. 22-0809 (issued August 22, 2025).

[10] 5 U.S.C. § 8102; *J.H., supra* note 8; *see T.P.*, Docket No. 24-0333 (issued April 2, 2026); *C.R.,* Docket No. 24-0400 (issued January 29, 2026); *I.J.,* Docket No. 19-1672 (issued March 10, 2020); *D.H.,* Docket No. 19-0384 (issued August 12, 2019); *R.W.,* Docket No. 19-0451 (issued August 7, 2019).

[11] 5 U.S.C. § 8129(b).

recovery of the overpayment would defeat the purpose of FECA or would be against equity and good conscience.[12]

Recovery of an overpayment will defeat the purpose of FECA if such recovery would cause hardship to a currently or formerly entitled beneficiary, because the beneficiary from whom OWCP seeks recovery needs substantially all of his or her current income, including compensation benefits, to meet current ordinary and necessary living expenses, and the beneficiary's assets do not exceed a specified amount as determined by OWCP.[13] An individual is deemed to meet current ordinary and necessary living expenses if monthly income does not exceed monthly expenses by more than $50.00.[14]

Additionally, recovery of an overpayment is considered to be against equity and good conscience when an individual who received an overpayment would experience severe financial hardship in attempting to repay the debt or when an individual, in reliance on such payment or on notice that such payments would be made, gives up a valuable right or changes his or her position for the worse.[15]

OWCP's regulations provide that the individual who received the overpayment is responsible for providing information about income, expenses, and assets as specified by OWCP.[16] This information is needed to determine whether or not recovery of an overpayment would defeat the purpose of FECA or be against equity and good conscience. The information is also used to determine the repayment schedule, if necessary.[17] Failure to submit the requested information within 30 days of the request shall result in a denial of waiver of recovery of the overpayment, and no further request for waiver shall be considered until the requested information is furnished.[18]

ANALYSIS -- ISSUE 2

The Board finds that OWCP properly denied waiver of recovery of the overpayment.

As OWCP found appellant without fault in the creation of the $2,688.00 overpayment for the period March 26, 2023 through February 22, 2025, waiver must be considered, and repayment is still required unless adjustment or recovery of the overpayment would defeat the purpose of FECA or be against equity and good conscience.[19] In order to establish that recovery of the

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[12] 20 C.F.R. § 10.436.

[13] *Id.* at § 10.436(a)-(b). For an individual with no eligible dependents the asset base is $6,200.00. The base increases to $10,300.00 for an individual with a spouse or one dependent, plus $1,200.00 for each additional dependent. Federal (FECA) Procedure Manual, Part 6 -- Debt Management, *Final Overpayment Determinations*, Chapter 6.400.4a(2) (September 2020).

[14] *Id*. at Chapter 6.400.4.a(3); *see also B.M.*, Docket No. 23-0891 (issued January 30, 2024); *N.J.*, Docket No. 19-1170 (issued January 10, 2020); *M.A*., Docket No. 18-1666 (issued April 26, 2019).

[15] 20 C.F.R. § 10.437(a)-(b).

[16] *Id*. at 10.438(a).

[17] *Id*.; *M.S.*, Docket No. 18-0740 (issued February 4, 2019).

[18] *Supra* note 13 at § 10.438(b); *see G.S.*, Docket No. 20-1580 (issued March 19, 2021).

[19] *Id.* at § 10.436.

overpayment would defeat the purpose of FECA, appellant must show that she requires substantially all of her income to meet current ordinary and necessary living expenses, and that her assets do not exceed the established limit as determined by OWCP procedures.[20]

Appellant submitted a completed Form OWCP-20, wherein she reported monthly income totaling $4,800.00, and monthly expenses totaling $4,242.00. As her total monthly income exceeded her total monthly expenses by more than $50.00, she has not shown that she needs substantially all of her current income to meet current ordinary and necessary living expenses.[21] Consequently, appellant has not demonstrated that recovery of the overpayment would defeat the purpose of FECA. Because she has not met the first prong of the two-prong test of whether recovery of the overpayment would defeat the purpose of FECA, it is unnecessary for OWCP to consider the second prong of the test, *i.e.*, whether her assets exceed the allowable resource base.[22]

The Board also finds that appellant has not established that she was entitled to waiver on the basis that recovery of the overpayment would be against equity and good conscience.[23] Appellant has not shown, for the reasons noted above, that she would experience severe financial hardship in attempting to repay the debt, or that she has relinquished a valuable right, or changed her position for the worse in reliance on the payments which created the overpayment.[24]

Because appellant has not established that recovery of the overpayment would defeat the purpose of FECA or be against equity and good conscience, the Board finds that OWCP properly denied waiver of recovery of the overpayment.[25]

LEGAL PRECEDENT -- ISSUE 3

The Board's jurisdiction over recovery of an overpayment is limited to reviewing those cases where OWCP seeks recovery from continuing compensation under FECA.[26] Section 10.441(a) of the regulations provides:

> "When an overpayment has been made to an individual who is entitled to further payments, the individual shall refund to OWCP the amount of the overpayment as soon as the error is discovered or his or her attention is called to same. If no refund is made, OWCP shall decrease later payments of compensation, taking into account the probable extent of future payments, the rate of compensation, the financial circumstances of the individual, and any other relevant factors, so as to minimize any hardship."[27]

[20] *Id*. at § 10.441.

[21] *Supra* note 13 at § 10.436(a)-(b).

[22] *See B.A.,* Docket No. 25-0630 (issued August 6, 2025).

[23] *See J.D.,* Docket No. 94-2567 (issued October 17, 1996).

[24] *See B.C.,* Docket No. 19-0629 (issued June 2, 2020); *William J. Murphy,* 41 ECAB 569, 571-72 (1989).

[25] *J.R.,* Docket No. 24-0852 (issued November 14, 2024); *S.W.,* Docket No. 20-0363 (issued November 23, 2020).

[26] *Lorenzo Rodriguez,* 51 ECAB 295 (2000).

[27] *Supra* note 20 at § 10.441(a).

ANALYSIS -- ISSUE 3

The Board finds that OWCP properly required recovery of the overpayment by deducting $69.23 from appellant's continuing compensation payments, every 28 days.

The case record supports that in requiring recovery of the overpayment by deducting $69.23 from appellant's continuing compensation payments every 28 days, OWCP took into consideration the financial information submitted by appellant, as well as factors set forth in 20 C.F.R. § 10.441. It found that this method of recovery would minimize any resulting hardship on appellant, while at the same time liquidating the debt in a reasonably prompt fashion.[28] The Board thus finds that OWCP properly required recovery of the overpayment by deducting $69.23 from appellant's continuing compensation payments, every 28 days.

The Board, therefore, finds that OWCP properly required recovery of the overpayment by deducting $69.23 from appellant's continuing compensation payments, every 28 days.

CONCLUSION

The Board finds that appellant received an overpayment of compensation in the amount of $2,688.00 for the period March 26, 2023 through February 22, 2025, for which she was without fault, because life insurance premiums were not properly deducted from her FECA compensation. The Board further finds that OWCP properly denied waiver of recovery of the overpayment and properly required recovery of the overpayment by deducting $69.23 from her continuing compensation payments, every 28 days.

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[28] *See L.F.*, Docket No. 15-0489 (issued May 11, 2015).

ORDER

IT IS HEREBY ORDERED THAT the April 9, 2026 decision of the Office of Workers' Compensation Programs is affirmed.

Issued: August 12, 2026
Washington, DC

Alec J. Koromilas, Chief Judge
Employees' Compensation Appeals Board

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

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