

FY 2011

CONGRESSIONAL BUDGET JUSTIFICATION

OFFICE OF WORKERS' COMPENSATION PROGRAMS

FEDERAL PROGRAMS FOR WORKERS COMPENSATION

OFFICE OF WORKERS' COMPENSATION PROGRAMS

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OFFICE OF WORKERS' COMPENSATION PROGRAMS

APPROPRIATION LANGUAGE

Salaries and Expenses

For necessary expenses for the Office of Workers' Compensation Programs, \$125,165,000, together with \$2,181,000 which may be expended from the Special Fund in accordance with sections 39(c), 44(d), and 44(j) of the Longshore and Harbor Workers' Compensation Act.

OFFICE OF WORKERS' COMPENSATION PROGRAMS

EXPLANATION OF LANGUAGE CHANGE

In FY 2010, the Department implemented a plan to abolish the former Employment Standards Administration (ESA) and realign its individual offices within the Department of Labor under the Office of the Assistant Secretary. As a result, ESA funding that previously was requested under the heading "Employment Standards Administration Salaries and Expenses" is requested separately in FY 2011 for the previous component offices. For the Federal Programs for Workers' Compensation, changes to the appropriations language reflect a deletion of references unrelated to the workers' compensation programs.

OFFICE OF WORKERS' COMPENSATION PROGRAMS

AMOUNTS AVAILABLE FOR OBLIGATION								
(Dollars in Thousands)								
	FY 2009 Comparable		Recovery Act		FY 2010 Estimate		FY 2011 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	888	111,400	0	0	888	116,171	912	125,165
Reduction pursuant to (P.L. 111-8) in FY 2009	0	0	0	0	0	0	0	0
Other Supplementals and Rescissions	0	0	0	0	0	0	0	0
Appropriation, Revised	888	111,400	0	0	888	116,171	912	125,165
<i>Subtotal Appropriation</i>	<i>888</i>	<i>111,400</i>	<i>0</i>	<i>0</i>	<i>888</i>	<i>116,171</i>	<i>912</i>	<i>125,165</i>
(adjusted)	0	0	0	0	0	0	0	0
Comparative Transfer To:	0	0	0	0	0	0	0	0
Comparative Transfer From:	0	0	0	0	0	0	0	0
Offsetting Collections From:	0	0	0	0	0	0	0	0
Reimbursements (CMP's)	0	0	0	0	0	0	0	0
Trust Funds	190	34,409	0	0	190	34,844	190	35,256
H-1B L Fraud Fees	0	0	0	0	0	0	0	0
Non-Expenditure Transfers from DM	0	0	0	0	0	0	0	0
<i>Subtotal</i>	<i>190</i>	<i>34,409</i>	<i>0</i>	<i>0</i>	<i>190</i>	<i>34,844</i>	<i>190</i>	<i>35,256</i>
B. Gross Budget Authority	1,078	145,809	0	0	1,078	151,015	1,102	160,421
Offsetting Collections	0	0	0	0	0	0	0	0
Deduction:	0	0	0	0	0	0	0	0
Reimbursements	0	0	0	0	0	0	0	0
H-1B L Fraud Fees	0	0	0	0	0	0	0	0
Non-Expenditure Transfers from DM	0	0	0	0	0	0	0	0
<i>Subtotal</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
C. Budget Authority	1,078	145,809	0	0	1,078	151,015	1,102	160,421
Before Committee	0	0	0	0	0	0	0	0
Offsetting Collections From:	0	0	0	0	0	0	0	0
Reimbursements	0	0	0	0	0	0	0	0
H-1B L Fraud Fees	0	0	0	0	0	0	0	0
IT Crosscut	0	0	0	0	0	0	0	0
Legal Services	0	0	0	0	0	0	0	0
Non-Expenditure Transfers from DM	0	0	0	0	0	0	0	0
<i>Subtotal</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
D. Total Budgetary Resources	1,078	145,809	0	0	1,078	151,015	1,102	160,421
Other Unobligated Balances	0	0	0	0	0	0	0	0
Unobligated Balance Expiring	0	0	0	0	0	0	0	0
Unobligated Balance Permanently Reduced	0	0	0	0	0	0	0	0
E. Total, Estimated Obligations	1,078	145,809	0	0	1,078	151,015	1,102	160,421

OFFICE OF WORKERS' COMPENSATION PROGRAMS

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2010 Estimate	FY 2011 Request	Net Change
Budget Authority			
General Funds	116,171	125,165	+8,994
Trust Funds	34,844	35,256	+412
Total	151,015	160,421	+9,406
Full Time Equivalents			
General Funds	888	912	+24
Trust Funds	190	190	0
Total	1,078	1,102	+24

Explanation of Change	FY 2010 Base		Trust Funds		FY 2011 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
	Increases:							
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	1,078	87,313	0	0	0	2,292	0	2,292
Personnel benefits	0	16,565	0	0	0	453	0	453
Employee health benefits	0	5,216	0	0	0	141	0	141
Federal Employees Compensation Act (FECA)	0	2,061	0	0	0	0	0	0
Travel and transportation of persons	0	606	0	0	0	0	0	0
Transportation of things	0	47	0	0	0	0	0	0
Rental payments to GSA	0	9,284	0	0	0	659	0	659
All Other Rental	0	80	0	0	0	7	0	7
Communications, utilities, and miscellaneous charges	0	1,850	0	0	0	0	0	0
Printing and reproduction	0	149	0	0	0	0	0	0
Other services	0	4,973	0	0	0	4	0	4
Working Capital Fund	0	4,289	0	0	0	0	0	0
Homeland Security	0	1,102	0	0	0	0	0	0
Other purchases of goods and services from Government accounts	0	1,336	0	0	0	0	0	0
Operation and maintenance of equipment	0	5,644	0	0	0	2	0	2
Supplies and materials	0	1,279	0	0	0	0	0	0
Equipment	0	2,008	0	0	0	0	0	0
Built-Ins Subtotal	1,078	143,812	0	0	0	3,558	0	3,558
B. Programs:								
To provide for FECA Reemployment of Persons with Disabilities	772	98,432	0	0	15	2,800	15	2,800
To provide for Transformation of Longshore Operations	91	11,410	0	0	9	3,200	9	3,200
Programs Subtotal	0	0	+24	+6,000	+24	+6,000	+24	+6,000

OFFICE OF WORKERS' COMPENSATION PROGRAMS

Explanation of Change	FY 2010 Base		FY 2011 Change				Total	
			Trust Funds		General Funds			
C. Financing:								
Total Increase	+1,078	+143,812	0	0	+24	+9,558	+24	+9,558
Decreases:								
A. Built-Ins:								
To Provide For:								
Federal Employees Compensation Act (FECA)	0	63	0	0	0	-2	0	-2
Working Capital Fund	0	7,140	0	0	0	-150	0	-150
Built-Ins Subtotal		7,203	0	0	0	-152	0	-152
B. Programs:								
C. Financing:								
Total Decrease	0	+7,203	0	0	0	-152	0	-152
Total Change	+1,078	+151,015	0	0	+24	+9,406	+24	+9,406

OFFICE OF WORKERS' COMPENSATION PROGRAMS

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2009 Comparable		Recovery Act		FY 2010 Estimate		FY 2011 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Division of Federal Employees' Compensation	760	94,329	0	0	772	98,432	787	103,542
General Funds	760	94,329	0	0	772	98,432	787	103,542
Division of Longshore and Harbor Workers' Compensation	98	13,307	0	0	100	13,534	109	17,212
General Funds	89	11,206	0	0	91	11,410	100	15,031
Longshore Trust Funds	9	2,101	0	0	9	2,124	9	2,181
Division of Information Technology Management and Services (DITMS)	25	5,865	0	0	25	6,329	25	6,592
General Funds	25	5,865	0	0	25	6,329	25	6,592
Division of Coal Mine Workers' Compensation	171	32,308	0	0	181	32,720	181	33,075
Black Lung Disability Trust Funds	171	32,308	0	0	181	32,720	181	33,075
Total	1,054	145,809	0	0	1,078	151,015	1,102	160,421
General Funds	874	111,400	0	0	888	116,171	912	125,165
Longshore Trust Funds	9	2,101	0	0	9	2,124	9	2,181
Black Lung Disability Trust Funds	171	32,308	0	0	181	32,720	181	33,075

NOTE: FY 2009 reflects actual FTE.

OFFICE OF WORKERS' COMPENSATION PROGRAMS

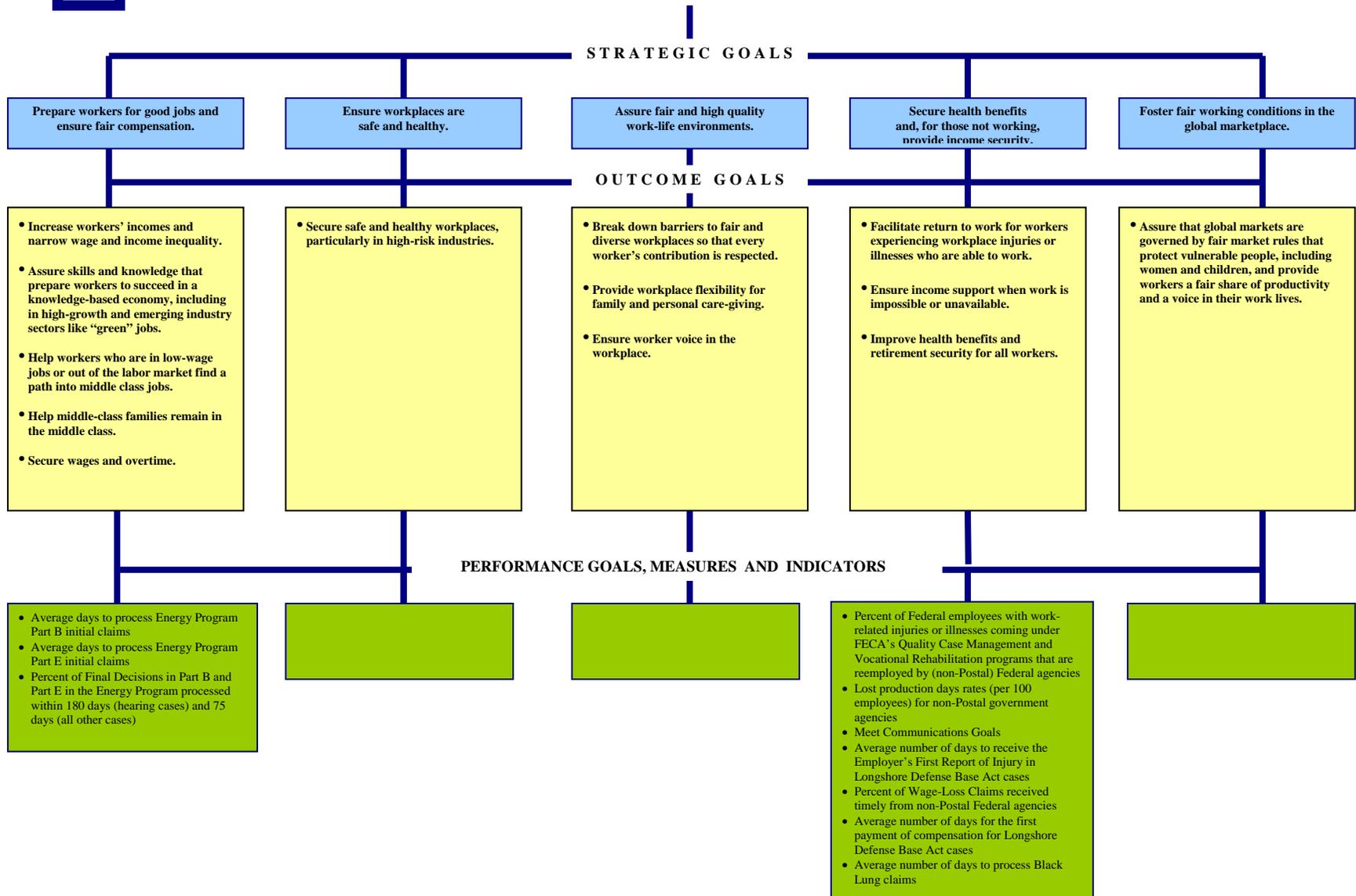
BUDGET AUTHORITY BY OBJECT CLASS						
(Dollars in Thousands)						
		FY 2009 Comparable	Recovery Act	FY 2010 Estimate	FY 2011 Request	Change FY 11 Req. / FY 10 Est.
	Full-Time Equivalent					
	Full-time Permanent	1,078	0	1,078	1,102	24
	Total	1,078	0	1,078	1,102	24
	Total Number of Full-time Permanent Positions	1,078	0	1,078	1,102	24
	Average ES Salary	151,659	0	155,450	158,559	3109
	Average GM/GS Grade	12.3	0	12.3	12.3	0
	Average GM/GS Salary	77,364	0	79,677	83,262	3585
11.1	Full-time permanent	82,827	0	84,003	88,393	4390
11.3	Other than full-time permanent	369	0	505	509	4
11.5	Other personnel compensation	808	0	2,805	2,831	26
11.9	Total personnel compensation	84,004	0	87,313	91,733	4420
12.1	Civilian personnel benefits	22,594	0	23,905	25,041	1136
21.0	Travel and transportation of persons	672	0	606	808	202
22.0	Transportation of things	51	0	47	47	0
23.1	Rental payments to GSA	8,697	0	9,284	10,140	856
23.2	Rental payments to others	1	0	80	100	20
23.3	Communications, utilities, and miscellaneous charges	2,357	0	1,850	1,869	19
24.0	Printing and reproduction	179	0	149	173	24
25.1	Advisory and assistance services	579	0	180	180	0
25.2	Other services	3,537	0	4,973	5,557	584
25.3	Other purchases of goods and services from Government accounts 1/	12,345	0	13,687	14,206	519
25.4	Operation and maintenance of facilities	1	0	10	10	0
25.7	Operation and maintenance of equipment	7,635	0	5,644	7,042	1398
26.0	Supplies and materials	1,684	0	1,279	1,335	56
31.0	Equipment	1,463	0	2,008	2,180	172
42.0	Insurance claims and indemnities	9	0	0	0	0
	Total	145,809	0	151,015	160,421	9,406
	1/Other Purchases of Goods and Services From Government Accounts					
	Services by Other Government Departments	818	0	893	968	75
	Working Capital Fund	10,217	0	11,429	11,473	44
	DHS Services	1,094	0	1,102	1,102	0
	Services by DOL Agencies	27	0	27	27	0
	GSA Services	189	0	236	636	400

NOTE: FY 2009 reflects actual FTE.

OFFICE OF WORKERS' COMPENSATION PROGRAMS



Secretary's Vision: "Good Jobs for Everyone"



OFFICE OF WORKERS' COMPENSATION PROGRAMS

TOTAL BUDGETARY RESOURCES													
FY 2009 - 2011													
(Dollars in Thousands)													
	FY 2009 Comparable				Recovery Act	FY 2010 Estimate				FY 2011 Request			
	Activity Approp.	Other Approp. ^{1/}	Other Resrcs. ^{2/}	Total		Activity Approp.	Other Approp. ^{1/}	Other Resrcs. ^{2/}	Total	Activity Approp.	Other Approp. ^{1/}	Other Resrcs. ^{2/}	Total
Office of Workers' Compensation Programs	145,809	0	0	145,809	0	151,015	0	0	151,015	160,421	0	0	160,421
Division of Federal Employees' Compensation	94,329	0	0	94,329	0	98,432	0	0	98,432	103,542	0	0	103,542
Division of Longshore and Harbor Workers' Compensation	13,307	0	0	13,307	0	13,534	0	0	13,534	17,212	0	0	17,212
Division of Information Technology Management and Services (DITMS)	5,865	0	0	5,865	0	6,329	0	0	6,329	6,592	0	0	6,592
Division of Coal Mine Workers' Compensation	32,308	0	0	32,308	0	32,720	0	0	32,720	33,075	0	0	33,075
Special Benefits	163,000	0	1,531,362	1,694,362	0	187,000	0	2,709,400	2,896,400	183,000	0	2,759,461	2,942,461
FECA Fair Share (non-add)	0	0	(52,720)	(52,720)	0	0	0	(58,120)	(58,120)	0	0	(58,364)	(58,364)

^{1/} "Other Appropriation" is comprised of resources appropriated elsewhere, but for which the benefits accrue toward the operation of the budget activities. (Executive Direction, and IT Crosscut)

^{2/} "Other Resources" include funds that are available for a budget activity, but not appropriated such as, reimbursements and fees

OFFICE OF WORKERS' COMPENSATION PROGRAMS

TOTAL BUDGETARY RESOURCES

FY 2009 - 2011
(Dollars in Thousands)

	FY 2009 Comparable				Recovery Act	FY 2010 Estimate				FY 2011 Request			
	Activity Approp.	Other Approp. ^{1/}	Other Resrcs. ^{2/}	Total		Activity Approp.	Other Approp. ^{1/}	Other Resrcs. ^{2/}	Total	Activity Approp.	Other Approp. ^{1/}	Other Resrcs. ^{2/}	Total
Federal Employees' Compensation Act Appropriation ^{3/}	160,000	0	1,531,362	1,691,362	0	184,000	0	2,709,400	2,893,400	180,000	0	2,759,461	2,939,461
Longshore and Harbor Workers' Compensation Benefits	3,000	0	0	3,000	0	3,000	0	0	3,000	3,000	0	0	3,000
Special Benefits for Disabled Coal Miners	250,130	0	0	250,130	0	225,180	0	0	225,180	203,220	0	0	203,220
Special Benefits for Disabled Coal Miners	5,130	0	0	5,130	0	5,180	0	0	5,180	5,220	0	0	5,220
Advanced Appropriation - Benefits	62,000	0	0	62,000	0	56,000	0	0	56,000	45,000	0	0	45,000
Benefit Payments	183,000	0	0	183,000	0	164,000	0	0	164,000	153,000	0	0	153,000
Energy Employees Occupational Illness Compensation Program	115,249	0	808,379	923,628	0	123,945	0	956,114	1,080,059	126,567	0	832,973	959,540
Energy Employees Occupational	49,654	0	441,134	490,788	0	51,900	0	497,179	549,079	53,778	0	433,146	486,924

OFFICE OF WORKERS' COMPENSATION PROGRAMS

TOTAL BUDGETARY RESOURCES

FY 2009 - 2011
(Dollars in Thousands)

	FY 2009 Comparable				Recovery Act	FY 2010 Estimate				FY 2011 Request			
	Activity Approp.	Other Approp. ^{1/}	Other Resrcs. ^{2/}	Total		Activity Approp.	Other Approp. ^{1/}	Other Resrcs. ^{2/}	Total	Activity Approp.	Other Approp. ^{1/}	Other Resrcs. ^{2/}	Total
Illness Compensation Program Part B													
Energy Employees Occupational Illness Compensation Program Part E	65,595	0	367,245	432,840	0	72,045	0	458,935	530,980	72,789	0	399,827	472,616
Black Lung Disability Trust Fund ^{4/}	7,134,469	0	0	7,134,469	0	630,154	0	0	630,154	676,092	0	0	676,092
Total	7,808,657	0	2,339,741	10,148,398	0	1,317,294	0	3,665,514	4,982,808	1,349,300	0	3,412,434	4,761,734

^{3/} "Other Resources" for FECA Special Benefits consists of offsetting collections from Federal agencies.

^{4/} Excludes administrative expenses for the Division of Coal Mine Workers' Compensation and for the U.S. Treasury.

OFFICE OF WORKERS' COMPENSATION PROGRAMS

SUMMARY OF PERFORMANCE

Strategic Goal: Secure health benefits and, for those not working, provide income security

Outcome Goals: Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work
 Ensure income support when work is impossible or unavailable

Strategic Goal: Prepare workers for good jobs and ensure fair compensation

Outcome Goal: Help middle class families remain in the middle class

OWCP has continued to develop and improve performance measurement over the past two decades. Through FY 2011, performance measurement will include the following ten indicators, including new indicators in the FECA and Longshore programs which focus on the employers' role in achievement of program results. Recent changes to OWCP's performance measures have included adjustment of targets to better match performance potential and retirement of several older measures for which performance results have reached optimal improvement, the indicators do not directly align to Departmental priorities, or the indicators are no longer accurate measures of performance or whose performance objectives are being reconsidered.

	FY 2006		FY 2007		FY 2008		FY 2009		FY 2010	FY 2011
Performance Indicator	Target	Result	Target	Result	Target	Result	Target	Result	Target	Target
Lost Production days per 100 employees for all other government agencies	49	46.3	60	52.2	48.5	41.3	42	35.8	35.4	35
Percent of injured Federal workers (from major Federal agencies) that return to Federal employment, either with their previous Federal employer or another Federal agency.	--	--	--	--	--	--	Baseline	80.6%	81.4%	83%
Percent of Wage-Loss Claims received timely from non-Postal agencies	--	--	--	--	--	--	Baseline	57%	60%	64%
Meet Communications Goals	4 of 5	4 of 5	4 of 6	4 of 6	5 of 6	5 of 6	5 of 6	5 of 6	3 of 4	4 of 4

OFFICE OF WORKERS' COMPENSATION PROGRAMS

Average days between the date of injury and Longshore's receipt of the Employer's First Report of Injury.	--	--	--	--	--	--	Baseline	113	90	81
Average days between the onset of disability and the date of first payment of Longshore compensation.	--	--	--	--	--	--	Baseline	132	112	101
Average number of days to process Black Lung claims	250	247	247	224	220	205	218	201	200	199
Average days to process Energy Program Part B initial claims	--	--	Set Baseline	238	226	164	160	113	120	118
Average days to process Energy Program Part E initial claims	--	--	Set Baseline	293	290	284	195	159	160	158
Percent of Final Decisions in Part B and Part E in the Energy Program processed within 180 days (hearing cases) and 75 days (all other cases).	80%	89%	85%	87.5%	87%	93%	88%	92%	89%	90%

OFFICE OF WORKERS' COMPENSATION PROGRAMS

SIGNIFICANT ITEMS IN APPROPRIATION COMMITTEES' REPORTS

S. Report 111-66 Page 25	The Committee recommends continuation of appropriation language that provides authority to use the FECA fund to reimburse a new employer for a portion of the salary of a newly re-employed injured Federal worker.	ESA
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<u>House Report</u> 111-220 Page 33	The Committee request an updated report on ESA's human capital strategy to be submitted to the Committees on Appropriations of the House of Representatives and the Senate within 90 days of the enactment of this Act. The report should include the number of staff hired with funds from the Recovery Act and the Omnibus Appropriations Act, 2009, respectively; and a detailed hiring plan for the additional full-time equivalents the agency plans to hire in fiscal year 2010.	ESA
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OFFICE OF WORKERS' COMPENSATION PROGRAMS

AUTHORIZING STATUTES

Public Law / Act	Legislation	Statute No. / US Code	Volume No.	Page No.	Expiration Date
PUB. L. 267, 39 Stat. 742	Federal Employees Compensation Act, as amended.	5 U.S.C. 8101 et seq.			N/A
PUB. L. 69-803	Longshore and Harbor Workers' Compensation Act, as amended.	33 U.S.C. 901, et seq.			N/A
PUB. L. 91-173	Federal Coal Mine Health and Safety Act of 1969, (now called Federal Mine Safety and Health Act of 1977), as amended.	30 U.S.C. 901, et seq.			N/A
PUB. L. 107-275	Black Lung Consolidation of Administrative Responsibility Act, as amended.				N/A
PUB. L. 106-398	Energy Employees Occupational Illness Compensation Act (EEOICPA) of 2000, as amended.	42 U.S.C. 7385s et. seq.			N/A

OFFICE OF WORKERS' COMPENSATION PROGRAMS

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2001	90,858	0	0	90,668	970
2002	92,079	0	0	93,094	952
2003	99,062	0	0	98,582	946
2004	100,217	0	0	98,766	946
2005	101,586	0	0	99,362	905
2006	102,177	0	0	101,156	905
2007	106,250	0	0	102,893	859
2008	105,764	0	0	102,108	842
2009	110,210	0	0	111,400	888
2010	140,818	0	0	116,171	888
2011	125,165	0	0	0	912

FY 2009 and FY 2010 are comparable levels that include the resources for the work transferred from the former Employment Standards Administration, Program Direction and Support Budget Activity. FY 2001 through FY 2008 levels are the actual appropriations provided for the Federal Programs for Workers' Compensation.

OFFICE OF WORKERS' COMPENSATION PROGRAMS

OVERVIEW

Introduction

The Office of Workers' Compensation Programs (OWCP) administers four separate compensation programs, which provide a critically important safety net for injured or ill workers. Program benefits include wage replacement, medical treatment, and vocational rehabilitation services. In addition, OWCP operates one division that provides Information Technology (IT) support services.

- The **Federal Employees' Compensation Act (FECA)** program provides monetary wage-loss and medical compensation to civilian employees of the Federal Government who are injured at work, and to certain other designated groups.
- The **Longshore and Harbor Workers' Compensation Act** program provides similar benefits to injured private sector workers engaged in certain maritime and related employment, and certain workers injured in war zones such as Iraq and Afghanistan.
- The **Black Lung Benefits** program provides monetary and medical benefits to totally disabled miners suffering from coal mine pneumoconiosis (or "Black Lung disease") stemming from mine employment, and monetary benefits to their dependent survivors.
- The **Energy Employees Occupational Illness Compensation Program Act (EEOICPA)** provides benefits to employees or survivors of employees of the Department of Energy (DOE), contractors or subcontractors with DOE, who have been diagnosed with cancer and other occupational illnesses due to exposure to radiation or toxic substances.
- The **Division of Information Technology Management and Services (DITMS)** provides information technology General Services Support (GSS), which is shared by the Wage and Hour Division (WHD), the Office of Federal Contract Compliance Programs (OFCCP), the Office of Workers' Compensation Programs (OWCP), and the Office of Labor Management Standards (OLMS).

The assignment of DITMS to OWCP occurred in FY 2010 under the Department of Labor's abolishment of the former Employment Standards Administration. This change realigned the individual ESA offices within the Department of Labor under the Office of the Assistant Secretary, including the reassignment of DITMS to OWCP. The plan's changes also transferred of a portion of the funding, FTE and associated workload from ESA's Program Direction and Support (PDS) activity to the Federal Programs for Workers' Compensation activity.

Four accounts constitute OWCP's budgetary resources. They are:

- **Salaries and Expenses (S&E)** provides *discretionary* resources for the administrative costs of DFEC, DLHWC, and DITMS.

OFFICE OF WORKERS' COMPENSATION PROGRAMS

- **Special Benefits** provides *mandatory* payments to Federal civilians and Longshore and Harbor Workers and their dependents for work-related injuries and illnesses;
- **Special Benefits for Disabled Coal Miners** provides *mandatory* income maintenance to miners suffering from Black Lung disease and eligible survivors for claims filed under Part B of the Black Lung Benefits Act between December 30, 1969, and June 30, 1973.
- **Energy Employees Occupational Illness Compensation Program (EEOICP) Part B and Part E** provide *mandatory* compensation payments and medical benefits to employees and survivors of employees for illness or death stemming from work in the Department of Energy (DOE) nuclear weapons complex.

Fund Administration

OWCP administers several dedicated funds that support workers' compensation benefits. They are:

- **Black Lung Disability Trust Fund (BLDTF)**. This Fund was established under the Black Lung Benefits Reform Act of 1977, which provides for payment of benefits (income maintenance and medical payments to miners suffering from Black Lung disease and eligible survivors), administrative expenses, and interest on repayable advances. Resources for this Fund are derived from excise taxes on coal, reimbursements from responsible mine operators, interest, as well as fines and penalties assessed against responsible mine operators and, when needed, funds transferred from the advances to the Unemployment Trust Fund (UTF). The Trust Fund also pays all Part C Black Lung benefits, including income maintenance and medical benefits, when no coal mine operator can be held liable for payments. OWCP jointly administers the Fund with the Secretaries of Treasury and Health and Human Services (HHS).
- **Longshore and Harbor Workers' Special Workers' Compensation Fund**. This Fund is comprised of the Longshore and Harbor Workers' Compensation Act and the District of Columbia Compensation Act accounts. These trust funds are derived from amounts received from employers for the death of an employee where no person is entitled to compensation for such death, fines and penalty payments, and pursuant to an annual assessment of the industry, for the general expenses of the fund under the Longshore and Harbor Workers' Compensation Act, as amended. These funds are available for payment of additional compensation for second injuries and to pay one-half of the increased benefits provided under the Longshore and Harbor Workers' Compensation Act for persons on the rolls prior to 1972.
- **Panama Canal Commission (PCC) Compensation Fund**. The PCC Compensation Fund was established to provide for the accumulation of funds to meet the Commission's future Federal Employees' Compensation Act (FECA) workers' compensation cost obligations. The PCC was dissolved on December 31, 1999, under the Panama Canal Treaty of 1977; however, PCC's liability for workers' compensation payments extended beyond the Commission's termination date. The PCC Compensation fund was set up to continue payments until all beneficiaries are deceased or no longer eligible. This Fund

OFFICE OF WORKERS' COMPENSATION PROGRAMS

was established in conjunction with the transfer of the administration of the FECA program from the Commission to the Department of Labor (DOL), effective January 1, 1989.

Program Emphasis

OWCP emphasizes adjudicating claims and paying benefits accurately and in a timely manner, efficiently mediating disputed claims, assisting claimants with injury recovery and return to work, containment of benefit costs and management of the benefit funds, being responsive with informational and other assistance to customers, and assisting employers with regulatory compliance and participation as partners with OWCP in providing services to their injured workers.

These activities support the Secretary's vision of "*good jobs for everyone*" and Strategic Goal One: "Prepare workers for good jobs and ensure fair compensation" and Outcome Goal to "Help middle-class families remain in the middle class", and Strategic Goal Four: "Secure health benefits and, for those not working, provide income security" and Outcome Goals "Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work", and "Ensure income support when work is impossible or unavailable". OWCP tracks ten performance indicators (displayed in the Summary of Performance table in this chapter) to measure achievement of two major outcomes under these strategic goals.

Through proactive disability claims management, OWCP promotes earlier recovery from injury, shorter time away from work, and reduced lost production days. For example:

- Early nurse intervention coordinates medical treatment and provides reemployment assistance in new FECA cases. Permanently disabled claimants receive vocational rehabilitation assistance.
- Return to work is promoted through a new performance goal to increase the percentage of injured Federal workers reemployed by Federal agencies and through continued reduction of LPD rates.
- New performance measures in the Longshore Program will focus on reducing the time between cessation of wages and beginning of compensation to injured workers.

In addition, timely delivery of medical services is ensured through centralized coordination and processing of requests from providers for treatment authorizations. Income support and medical care are ensured through proper claims adjudication and efficient case processing, effective mediation of disputed claims, and accurate and timely payment of benefits. Timely delivery of compensation payments also ensures that the economic position of workers with injuries will not be jeopardized by extended interruptions in income. To strengthen customer service, OWCP has improved the accessibility and transparency of program information through its communications systems.

OFFICE OF WORKERS' COMPENSATION PROGRAMS

In recent years, OWCP has launched key innovations and improvements to increase program efficiency and effectiveness. They include:

- A comprehensive FECA legislative reform package, which is being proposed in the 2011 President's Budget.
- Completion of two independent evaluations of FECA disability management processes and implementation of recommended improvements, including industry best practices, Initial processing improvements have included: speeding notices from employing agencies when injured worker has returned to work, easing transmission of case status reports from Continuation of Pay (COP) nurses, and standardizing case evaluation guidelines for COP nurses.
- Start-up of an FY 2010 study to assess the impact of FECA's disability management program and its latest improvements.
- Improved use of the DFEC electronic case management system to support business process changes, support Continuity of Operations Planning, provide improved program assessment capability, and improve information sharing.
- Improvements and updates to the Longshore and Harbor Workers' Compensation Act through legislative changes waiving insurance coverage for Defense Base Act employers and improving the definition of "Recreational Vessel" under the Longshore Act.
- Evaluation of alternatives for modifying the automated claims system for tracking the benefit delivery services of employers and carriers and to allow comparisons with similar programs.
- New performance measures to track and measure benefit facilitation to improve Longshore insurance carriers' and self-insured employers' timeliness in filing initial claims and initiating payments.
- The Emergency Economic Stabilization Act of 2008 authorized restructuring of the BLDTF debt and established a schedule for repayment of zero-coupon bonds to ultimately retire the debt.
- The creation of performance goals for the Office of Administrative Law Judges (ALJ), Benefits Review Board (BRB), and Solicitor that are ambitious and contribute to efficient adjudication of Black Lung claims.
- Increasing Responsible Operator and Insurer participation in evidentiary development of Black Lung claims at the District Office level.
- EEOIC and NIOSH collaboration to establish NIOSH timeliness performance measures, and ongoing reporting against the goals.
- Based on a 2008 management study, the Energy program enhanced program operations; including outreach, training of claims examiners, technology, workload, claims processing, and organization and management structure.
- Improved coordination with the State of Ohio workers' compensation systems to prevent duplicate payments; initial efforts included cross-match of records to better coordinate Part E benefits with State workers' compensation benefits to eliminate duplication of payments.

OFFICE OF WORKERS' COMPENSATION PROGRAMS

High Priority Performance Goal

One of DOL's high priority performance goals for FY 2011 involves a new, jointly-sponsored OWCP and Occupational Safety and Health Administration (OSHA) initiative, entitled "Protecting Our Workforce and Ensuring Re-employment (POWER)" to succeed the Safety, Health and Return-to-Employment (SHARE) initiative. The new program is proposed to bring a greater focus on the Federal Government as a model employer for workers injured on the job and returning to the workplace or for employing workers with disabilities. Performance goals for this initiative include:

- Increase by 7 percent the share of Federal employees with work-related injuries or illnesses that are reemployed by Federal agencies within two years of coming under FECA Quality Case Management, or through Vocational Rehabilitation;
- Reduce the Government-wide Lost Production Day (LPD) rate agencies by 1 percent per year;
- Increase the timeliness of Notice of Injury filings to 85 percent within 14 days; and
- Increase the timeliness of Wage-Loss claim filing to 70 percent within 7 days.

Legislative Proposal

The FY 2011 Budget also includes a legislative proposal for FECA reform. The goals of the reform support the Department's outcome objectives to facilitate the reemployment of injured workers by ensuring that the FECA benefit structure does not provide disincentives for injured employees to return to work. The reform would result in some number of FECA claimants changing their decision-making about their economic and occupational prospects, particularly leaving the compensation rolls and returning to employment. The reform will also make the Act more equitable and easier to administer, improve FECA program management, and strengthen program integrity.

Specifically, the reform proposes to:

- Convert compensation for new injuries or new claims for disability to a typical retirement benefit at the Social Security retirement age;
- Move the 3-day waiting period during which an injured worker is not entitled to compensation to the point immediately after an injury for all non-Postal workers (P.L. 109-435 implemented this provision for the Postal Service);
- Change the way that schedule awards are paid to allow uniform lump sum payments to Federal employees eligible for such awards;
- Eliminate augmented compensation for dependents, but raise the basic benefit level for all claimants;
- Allow OWCP to recover the costs of continuation of pay (COP), a large annual expenditure for Federal agencies, from responsible third parties;
- Increase benefit levels for funeral expenses;
- Increase benefit levels for disfigurement resulting from work injury; and

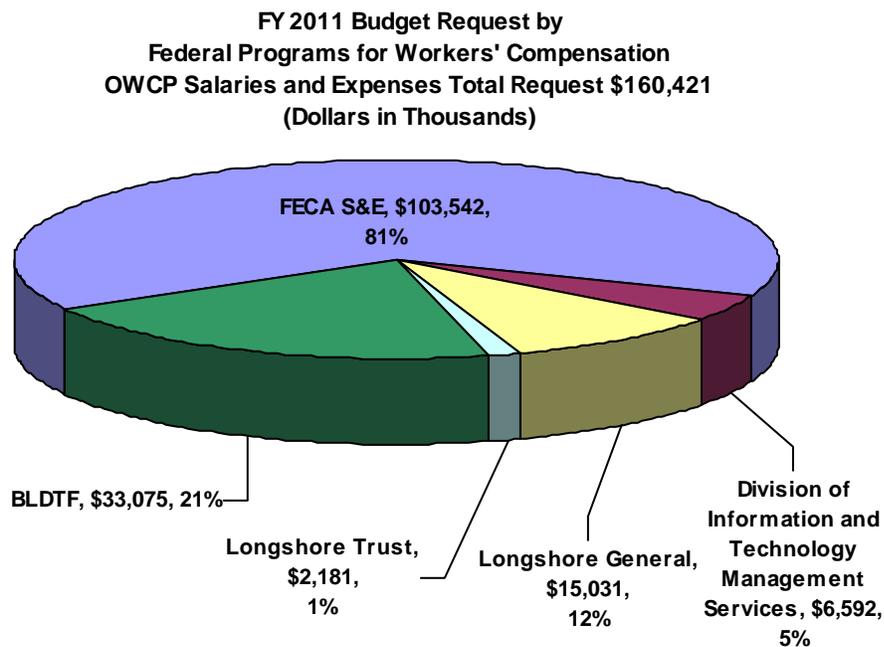
OFFICE OF WORKERS' COMPENSATION PROGRAMS

- Identify unreported work earnings and receipt of Federal Employees Retirement System (FERS) retirement benefits through regular database matching with the Social Security Administration.

Taken together, these reforms are estimated to produce savings to the Government in excess of \$400,000,000 over ten years.

Cost Model

Total Salaries & Expenses requested for Federal Programs for Workers' Compensation in FY 2011 are \$160,421,000 and 1,102 FTE, including \$103,542,000 for Federal Employees' Compensation; \$15,031,000 for Longshore and Harbor Workers' Compensation; \$2,181,000 for Longshore Trust; \$33,075,000 for Black Lung Disability Trust Fund; and \$6,592,000 for the Division of Information Technology Management and Services (DITMS).



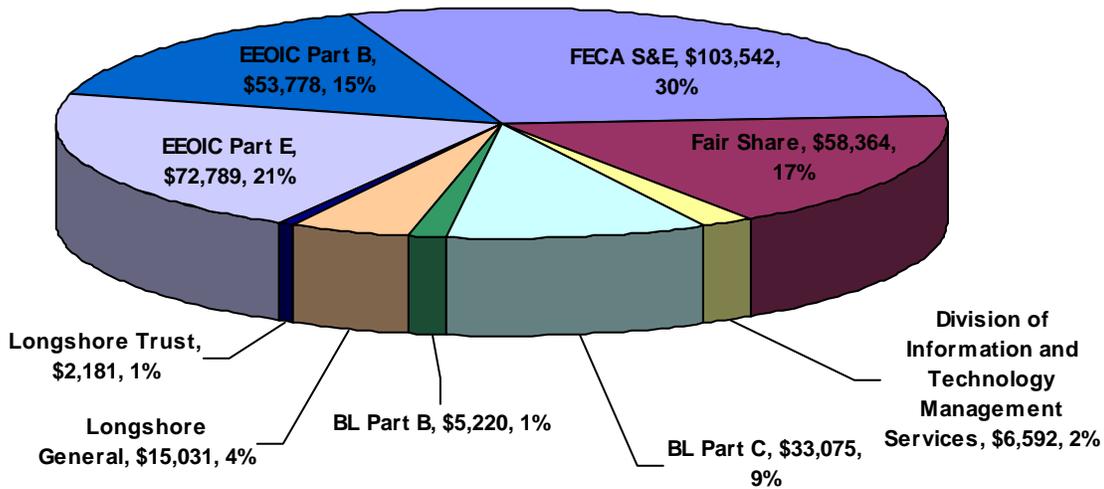
Total administrative funding for the Office of Workers' Compensation Programs from all sources in FY 2011 is \$350,572,000, an increase of \$12,312,000 over the FY 2010 Comparable level. Included in the request are the following program increases:

- \$2,800,000 in increased FECA S&E funding and 15 FTE to build a government-wide initiative whose mission is to increase disability reemployment and return to work opportunities;

OFFICE OF WORKERS' COMPENSATION PROGRAMS

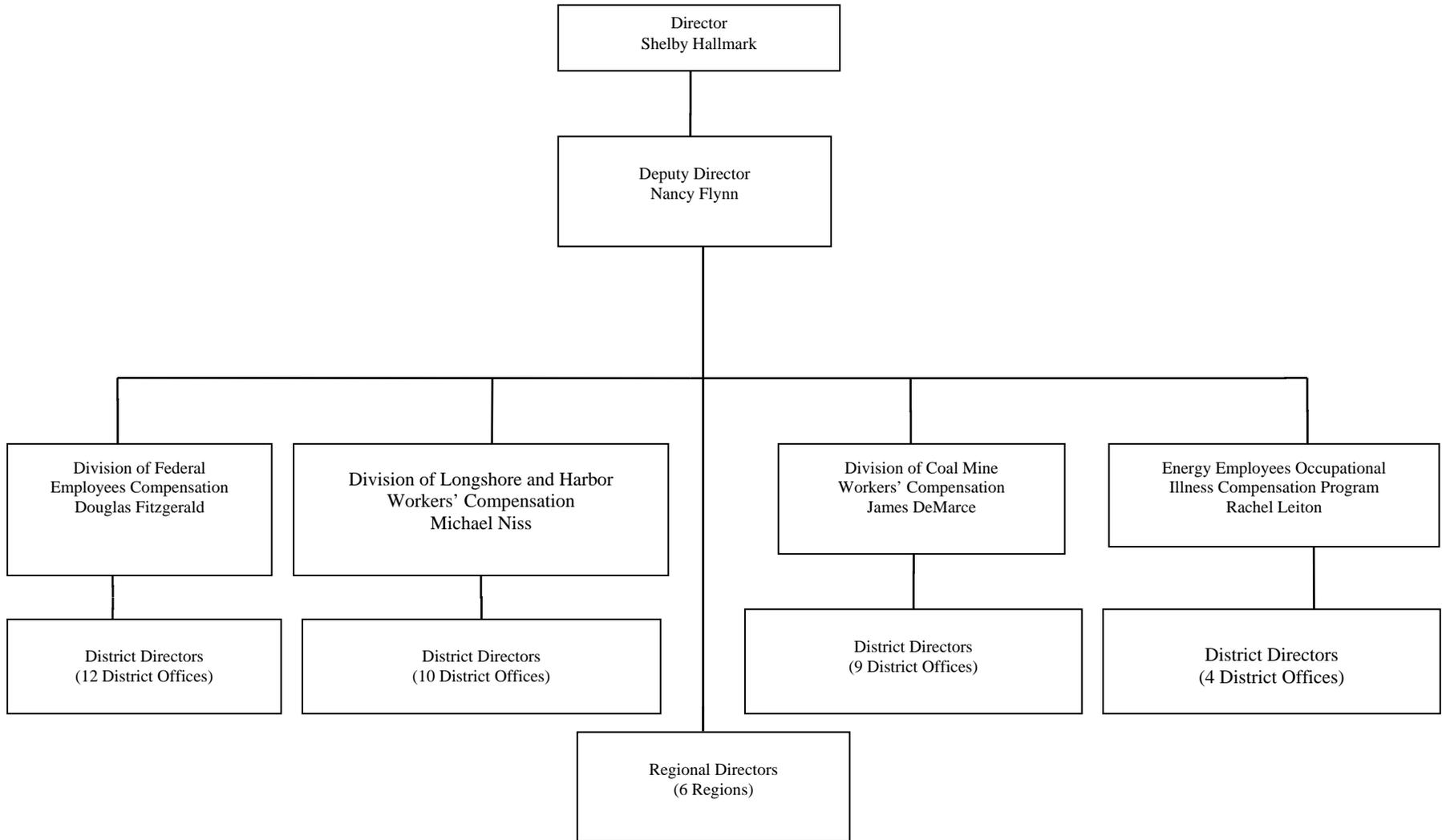
- \$1,357,000 in the EEOIC program for a scalability review that will support the analysis of DEEOIC's system requirements as it relates to the system's ability to be expanded to accommodate increased claims management functionality and the feasibility of readily enlarging the system to meet OWCP's case management needs.
- \$3,200,000 in increased funding and 9 FTE in Longshore S&E to fund staffing, IT and contract resources to address the burgeoning and complex Defense Base Act claims workload arising from injuries to contract workers in the wars in Afghanistan and Iraq; and
- \$4,402,000 in inflationary cost built-in increases.

**FY 2011 Budget Resources by
Federal Programs for Workers' Compensation
Total OWCP Administrative Budget Resources \$350,572
(Dollars in Thousands)**



OFFICE OF WORKERS' COMPENSATION PROGRAMS

Organization Chart



DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE							
(Dollars in Thousands)							
	FY 2009 Comparable	Recovery Act	FY 2010 Enacted	FY 2010 Estimate	Diff. FY 09 Comp. / FY 10 Est	FY 2011 Request	Diff. FY 10 Est. / FY 11 Req.
Activity Appropriation	94,329	0	94,611	98,432	4,103	103,542	5,110
FTE	760	0	768	772	12	787	15

The FY 2009 Comparable and FY 2010 Estimate dollar and FTE amounts include resources for the work transferred from the former Employment Standards Administration, Program Direction and Support (PDS) Budget Activity. The FY 2009 actual FTE includes PDS

NOTE: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 772

Introduction

The Division of Federal Employees' Compensation (DFEC) directs Federal Employees' Compensation Act (FECA) claims processing operations in 6 regions and 12 district offices. FECA is the exclusive remedy by which Federal employees may obtain compensation from the United States for work-related injury. The Act covers over 2,700,000 civilian Federal employees in more than 70 different agencies, providing benefits to those who sustain an injury or illness in the performance of duty anywhere in the world. Benefits include wage replacement payments and payments for all reasonable and necessary medical treatment as well as training and job placement assistance to help disabled workers return to gainful employment. Injured workers may also be compensated for permanent impairment of limbs and other parts of the body. Survivors are compensated in the event of work-related death.

Federal employees filed 129,690 new injury claims and 18,808 claims for wage loss compensation in FY 2009. Over 80 percent of the new injury claims are for traumatic injuries such as those caused by slips and falls. The remainder involved more complex situations in which a medical condition arose due to long-term exposure or exertion. In FY 2009, benefit obligations exceeded \$2,700,000,000 in compensation for wage-loss and death and for medical treatment to over 250,000 beneficiaries.

For more than two decades, DFEC has proactively provided case management assistance to Federal workers with disabilities for injury recovery and return to work. This assistance begins upon the receipt of the notice of injury and simultaneously with claims adjudication. DFEC's disability claims management strategies include the use of registered nurses under its Quality Case Management (QCM) strategy to provide early contact with the worker via telephone within the first weeks continuation-of-pay (COP) period following injury and, in cases that do not quickly resolve, to provide stepped-up services to coordinate with providers to obtain and monitor appropriate medical treatment and work with employers to facilitate a safe return to work. For those claimants with disabilities that prevent ready return to employment, DFEC contracts with professional rehabilitation counselors to provide vocational services that facilitate return to work. For workers who experience workplace injuries or illnesses and are unable to work, DFEC continues to provide sufficient income and medical benefits.

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

Major Outcomes

Major outcomes of DFEC initiatives can be measured in financial terms since these outcomes reflect the efficiency and quality of benefit payment activities, the impact of case management and services on benefits, and the investment of administrative resources to produce those outcomes. DFEC's emphasis on return to work produces savings in benefit costs and advances its fiduciary responsibility to Federal employers (who are billed for the cost of their employees' benefits) and taxpayers. For example, the reduction since FY 1996 of an average 53 days lost per case from work in QCM equates to an estimated \$66,000,000 in reduced compensation costs for the new injury cases measured in FY 2009 alone. Fewer days lost to disability improves the quality of life of the injured workers involved and returns their productivity to the Federal government.

Getting people back to work also involves the efforts of DFEC's Federal employing agency partners. DFEC has traditionally provided technical assistance to the agencies, working closely with them regarding matters of claims administration, advocating for individual cases and the development of work accommodations and reemployment opportunities. General FECA program information, regulations, forms and publications, as well as case-specific information is available to the agencies through DFEC's Internet site.

DFEC technology systems are used to optimize claims workload distribution, further automate processes, expand program evaluation, support resource management, maintain fiscal integrity and improve financial reporting, and provide greater accessibility and services to customers.

Model Return to Work Program

In recent years, DFEC has invested in a series of studies to assess program effectiveness, particularly of its disability claims management processes. With its accumulated experience and knowledge gained through evaluation of process and performance, DFEC has continued to move forward as *a model workers' compensation program*.

Also, for the past six years, OWCP and OSHA, through the Safety, Health and Return-to-Work (SHARE) initiative, have jointly overseen improvements in agency performance through emphasis on annual performance targets, workplace safety, timely filing of injury claims, and reduction of lost production day rates. OWCP and OSHA will begin a new four-year initiative to succeed SHARE named Protecting Our Workforce and Ensuring Re-employment (POWER) to improve Federal agencies' results in support of the Government's commitment to employ or reemploy of persons with disabilities in the Federal workplace.

Workers with Disabilities

In FY 2011, DFEC is pursuing new resources to strengthen FECA disability claims management and technical assistance so that it can work more closely with Federal employers to improve return to work for persons injured on the job and the employment of all persons with disabilities. DFEC will also collaborate with other agencies, including the DOL Office of Disability Employment Policy, to leverage research, knowledge, and best practices related to developing and expanding employment opportunities for injured/disabled workers. In addition, DFEC will explore means for providing incentives that will increase successful reemployment for workers with disability.

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

Legislative Reform

The FY 2011 Budget Request also includes a legislative proposal for FECA reform. The goals of the reform are to ensure that the benefit structure does not inadvertently undercut incentives for injured employees to return to work, make the Act more equitable and easier to administer, improve FECA program management and strengthen program integrity. The Reform would result in more FECA claimants making a positive decision about their economic and occupational prospects, by taking the risk of leaving the compensation rolls and going back to work. Estimated savings to the Government over 10 years through the enactment of these proposals would be over \$400,000,000.

Specifically, the reform proposes to:

- Convert compensation for new injuries or new claims for disability to a typical retirement benefit at the Social Security retirement age;
- Move the 3-day waiting period during which an injured worker is not entitled to compensation to the point immediately after an injury for all non-Postal workers (P.L. 109-435 implemented this provision for the Postal Service);
- Change the way that schedule awards are paid to allow uniform lump sum payments to Federal employees eligible for such awards;
- Eliminate augmented compensation for dependents but raise the basic benefit level for all claimants;
- Allow OWCP to recover the costs of continuation of pay (COP), a large annual expenditure for Federal agencies, from responsible third parties;
- Increase benefit levels for funeral expenses;
- Increase benefit levels for disfigurement resulting from work injury; and
- Identify unreported work earnings and receipt of Federal Employees Retirement System (FERS) retirement benefits through regular database matching with the Social Security Administration.

Five-Year Budget Activity History

<u>Fiscal Year</u> ¹	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2006	88,446	801
2007	90,137	760
2008	89,449	745
2009	94,329	772
2010	98,432	772

NOTE: Excludes Recovery Act Funding. See budget activity head table.

¹ FY 2009 and FY 2010 are comparable levels that include the resources for the work transferred from the former Employment Standards Administration, Program Direction and Support Budget Activity. FY 2006 through FY 2008 levels are the actual appropriations provided for the Division of Federal Employees' Compensation

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

FY 2011

The resources requested for the FECA program in the Salaries and Expenses account are \$103,542,000 and 787 FTE. In addition, Fair Share funding of \$58,364,000 and 127 FTE is requested in the Special Benefits account. Total resources requested for FECA program administration are \$161,906,000 and 914 FTE.

Three major strategies are proposed by DFEC in FY 2011 as part of the Department's reform of worker protection and strategic support for the Secretary's vision of "good jobs for everyone". Specifically, the DFEC initiatives support this vision by facilitating return to work for injured workers and increasing and improving federal sector employment opportunities for persons with disabilities:

- DFEC requests S&E increases of \$2,800,000 and 15 FTE in FY 2011 to design, plan and conduct a pilot program of research and testing of best practices that will increase disability employment and return to work opportunities in the Federal Government. DFEC will take a leading and proactive role, using its accumulated experience with return to work strategies in workers' compensation cases, to assist Federal agencies in both reemployment of injured workers and in broader efforts to employ persons with disabilities of all kinds. This would entail new cooperative efforts with Federal entities such as the Office of Disability Employment Policy (ODEP) to take advantage of shared research, knowledge, and application of best practices in employing disabled workers.
- OWCP with OSHA will jointly introduce a new initiative, Protecting Our Workforce and Ensuring Re-employment (POWER) to succeed the Safety, Health and Return-to-Employment (SHARE) initiative. POWER will more centrally emphasize the reemployment of injured workers and emphasizing safe accommodation of employees with disabilities in Federal workplaces,
- OWCP is again proposing reforms to the Federal Employees' Compensation Act that will ensure that the benefit structure does not inadvertently undercut incentives for injured employees to return to work, make the Act more equitable and easier to administer, improve FECA program management and strengthen program integrity

FY 2010

The FY 2010 enacted level is \$94,611,000 and 768 FTE. The FY 2010 Comparable Level is \$98,432,000 and 772 FTE.

- The **FY 2010 Comparable Level** includes \$3,821,000 and 4 FTE transferred along with the administrative workload transferred from the Employment Standards Administration, Program Direction and Support activity due to the dissolution of the ESA in FY 2010.

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

FECA program administration is also funded with \$58,120,000 and 127 FTE from Special Benefits Fair Share collections from non-appropriated agencies. Fair Share funding in FY 2010 includes \$4,300,000 for systems improvements to enhance productivity and program performance, including development and modernization of a centralized Interactive Voice Response system and other customer access and communications improvements; development of a Web-based portal to receive claims reports and other documents; and consolidation of case creation operations.

DFEC has a long and vital history of performance results measurement and holding itself and its staff accountable for a wide range of performance standards to ensure timely and proper processing of claims and benefit payments. More recently, DFEC has conducted a series of increasingly focused program evaluations focused on DM activities to identify opportunities for improvement. The areas studied include early nurse intervention and coordination of nurse case management and vocational rehabilitation. In FY 2010, DFEC will move forward with plans to implement recommendations from these studies, including how to enhance the role of nurses and strengthen oversight of their performance; improve coordination among nurse intervention and vocational rehabilitation processes; clarify Privacy Act policies affecting internal coordination and communications with employers; and further leverage data system capabilities to support those changes and expand analytical capability.

The program also seeks to provide better training for staff, employ alternative staff development techniques, and better match staff skills to workloads to improve program effectiveness and work quality.

Historically, DFEC has struggled with effectively responding to the hundreds of thousands of telephone calls and information requests generated by claimants, Federal employers, and medical providers each year. Early in this decade, DFEC reorganized its telephone handling and customer service operation and developed a communications performance goal focused on increasing customer access to information sources, improving responsiveness to callers, and raising the level of call handling quality and information accuracy. Since FY 2003, results have included more than doubling of customers obtaining information from, or submitting documentation through, OWCP automated systems. Average caller wait times have been reduced by half; turnaround time to caller inquiries has been reduced to less than one day; effectiveness resolving caller inquiries at the time of call has improved by 38%; and 98% of calls meet program standards of quality.

In FY 2010, DFEC anticipates additional workload due to an increase in Defense Base Act (DBA) and War Hazards Compensation Act (WHCA) claims in connection with the war in Iraq and Afghanistan. The WHCA supplements the DBA by reimbursing contract employers and insurance carriers for compensation and medical benefits paid by them for injuries or deaths involving a "war risk hazard" or by making direct payments to individuals when detention, injury or death occurs as a result of a "war risk hazard". Claims from Iraq and Afghanistan are more complex than typical claims for compensation. DFEC anticipates additional workload for adjudication, data analysis, reporting, customer assistance and correspondence associated with these claims and correspondence associated with the WHCA claims.

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

FY 2009

The FY 2009 Enacted Level was \$90,095,000 and 768 FTE for DFEC administration.

- The **FY 2009 Comparable Level** is \$94,329,000 and 772 FTE. This reflects \$4,234,000 and 4 FTE associated with the DFEC share of funds from the former ESA Program Direction and Support budget activity.

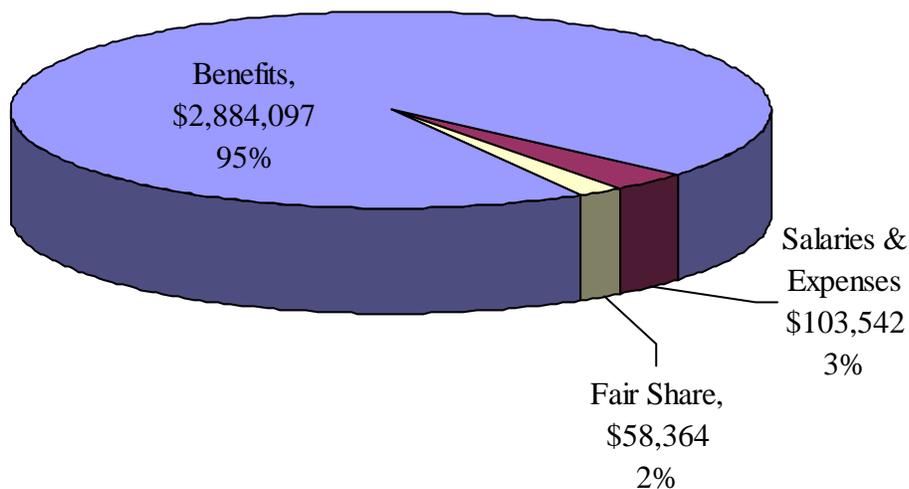
DFEC administrative resources in FY 2009 also included \$52,720,000 in Special Benefits Fair Share funding.

In FY 2009, FECA benefit obligations increased by only 2.8 percent in FY 2009 to a total \$2,732,577,000 including \$1,885,204,000 in wage-loss compensation and death benefits and \$847,373,000 in medical benefits to over 250,000 beneficiaries. Approximately 130,000 new injury claims and 19,000 claims for wage loss compensation were filed with the DFEC in FY 2009.

Cost Model

Total new resources requested are \$3,046,003,000. DFEC administrative resources are a total \$158,235,000, including \$103,542,000 and 772 FTE in Salaries & Expenses and \$58,364,000 and 127 FTE in Fair Share funding. Resources for FECA benefits are \$2,884,097,000.

FY 2011 Budget Request by FECA \$3,046,003 (Dollars in Thousands)



DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

WORKLOAD SUMMARY				
	FY 2009		FY 2010	FY 2011
	Target	Result	Target	Target
Division of Federal Employees' Compensation				
Incoming Workload				
Cases Received	132,000	129,690 (r)	128,000	128,000
Initial Wage-Loss Claims Received	19,000	18,808 (r)	18,000	18,000
Hearing Requests	6,500	6,438 (r)	6,000	6,000
Periodic Roll Cases (includes Fatal cases)	50,000	49,672 (r)	49,000	48,500
Output and Performance Measures				
Quality Case Management Lost Production Days per QCM Case	145	142 (r)	138	136
New Rehabilitations and Nurse-assisted Returns-to-Work	8,000	8,247 (r)	8,000	8,000
Process Traumatic Cases				
(% within 45 days)	90	98 (r)	90	90
Process Basic Non-Traumatic Cases				
(% within 90 days)	85	95 (r)	85	85
Process Extended Non-Traumatic Cases				
(% within 180 days)	75	88 (r)	75	75
(% within 365 days)	95	99 (r)	95	95
Process Claims for Wage-Loss				
(% within 14 days)		83 (r)	85	85

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

New injury reports have declined by over 20 percent since FY 2003, due in large part to the incentives Federal agencies have under the Federal Safety, Health and Return to Work (SHARE) initiative. DFEC estimates that incoming workloads in FY 2011 will remain roughly even with those of FY 2009 and FY 2010.

DFEC's Quality Case Management (QCM) has reduced average lost production days (LPD) in new FECA wage-loss cases over the past ten years by 31 days to 142 days. DFEC also returned 8,200 cases to work with nurse assistance or through vocational rehabilitation. The cumulative effects of improved workplace safety, reduced lost production days, and Periodic Roll Management review of long-term roll cases have kept annual FECA compensation cost increases to an average of 1.6 percent over the past five fiscal years.

Directed review of FECA long-term cases under the Periodic Roll Management program produced \$14 million in compensation benefits savings in FY 2009. Cost containment measures continued to keep average FECA medical treatment costs below national growth rate trends. Since FY 2000, these results have equated to a cost reduction of over \$27 million in medical costs annually.

DFEC's customer service goals were exceeded in FY 2009 as the program improved responsiveness to telephone callers. Since 2003, average caller wait times have been reduced by almost two-thirds; turnaround time to caller inquiries has been reduced to less than one day; effectiveness resolving caller inquiries at the time of call has improved by 41 percent; and 98 percent of calls meet program standards of quality.

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

BUDGET ACTIVITY BY OBJECT CLASS						
(Dollars in Thousands)						
		FY 2009 Comparable	Recovery Act	FY 2010 Estimate	FY 2011 Request	Change FY 11 Req. / FY 10 Est.
11.1	Full-time permanent	59,461	0	60,616	63,502	2,886
11.3	Other than full-time permanent	87	0	241	241	0
11.5	Other personnel compensation	0	0	1,928	1,928	0
11.9	Total personnel compensation	59,548	0	62,785	65,671	2,886
12.1	Civilian personnel benefits	16,930	0	18,004	18,769	765
21.0	Travel and transportation of persons	398	0	340	483	143
22.0	Transportation of things	15	0	11	11	0
23.1	Rental payments to GSA	4,944	0	5,689	6,192	503
23.2	Rental payments to others	0	0	79	99	20
23.3	Communications, utilities, and miscellaneous charges	1,405	0	918	918	0
24.0	Printing and reproduction	94	0	63	83	20
25.1	Advisory and assistance services	559	0	170	170	0
25.2	Other services	1,173	0	578	758	180
25.3	Other purchases of goods and services from Government accounts 1/	7,661	0	8,619	9,062	443
25.4	Operation and maintenance of facilities	0	0	8	8	0
25.7	Operation and maintenance of equipment	270	0	276	276	0
26.0	Supplies and materials	1,295	0	866	896	30
31.0	Equipment	28	0	26	146	120
42.0	Insurance claims and indemnities	9	0	0	0	0
	Total	94,329	0	98,432	103,542	5,110
1/Other Purchases of Goods and Services From Government Accounts						
	Services by Other Government Departments	388	0	467	542	75
	Working Capital Fund	6,312	0	7,140	7,108	-32
	DHS Services	787	0	791	791	0
	GSA Services	174	0	221	621	400

DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

CHANGES IN FY 2011

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$1,639
Personnel benefits	329
Employee health benefits	112
Rental payments to GSA	380
Working Capital Fund	-150
Built-Ins Subtotal	2,310

Net Program	2,800
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Direct FTE	15
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	Estimate	FTE
Base	100,742	772
Program Increase	2,800	15

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE							
(Dollars in Thousands)							
	FY 2009 Comparable	Recovery Act	FY 2010 Enacted	FY 2010 Estimate	Diff. FY 09 Comp. / FY 10 Est	FY 2011 Request	Diff. FY 10 Est. / FY 11 Req.
Activity Appropriation²	13,307	0	13,091	13,534	227	17,212	3,678
FTE	98	0	99	100	2	109	9

² The FY 2009 Comparable and FY 2010 Estimate dollar and FTE amounts include resources for the work transferred from the former Employment Standards Administration, Program Direction and Support (PDS) Budget Activity. The FY 2009 actual FTE includes PDS.

NOTE: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 100.

Introduction

The Division of Longshore and Harbor Workers' Compensation (DLHWC) implements the Longshore and Harbor Workers' Compensation Act, as amended, with extensions. DLHWC administers a program of income replacement and medical and rehabilitation benefits for individuals who are injured during the course of covered maritime employment or who suffer an occupational disease arising from such employment. Similar benefits are administered by DLHWC for certain non-maritime employees under several extensions of the Act, including the Defense Base Act (DBA) that provides benefits for civilian contractors in war zones such as Iraq and Afghanistan, Outer Continental Shelf Lands Act (OCSLA), Non-appropriated Fund Instrumentalities Act (NFIA), and the District of Columbia Workmen's Compensation Act (DCWCA) for injuries sustained prior to July 26, 1982.

All program FTE and resources support mission critical functions, which in turn support the Secretary's vision of "*good jobs for everyone*" and the Department's Outcome Goals of "Facilitating return to work for workers experiencing workplace injuries or illnesses who are able to work" and "Ensuring income support when work is impossible or unavailable." DLHWC's core mission activities are to provide mediation, adjudicate claims, resolve disputes, oversee benefit delivery by employers and insurance carriers, provide technical assistance to all stakeholders, and manage the Special Workers' Compensation Fund (SWCF) for which it has fiduciary responsibility.

The Division receives on average 30,000 new lost-time injury claims per year and collects assessments for the Special Fund, which provides benefits directly to certain individuals (claimants), including bi-weekly recurring benefit payments to over 6,700 beneficiaries. Annually, 560 companies are evaluated and authorized to participate in the fund, and over \$2,000,000,000 in securities are maintained to ensure the continuing provision of benefits for covered workers in case of employer/carrier insolvency. Program operations are funded from the General Fund. Management of the SWCF is supported by an appropriation from the Fund that is referred to as "Longshore Trust Funds."

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Longshore General</u>		<u>Longshore Trust</u>	
	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2006	10,682	93	2,028	11
2007	10,727	90	2,029	9
2008	10,637	89	2,022	8
2009	11,206	91	2,101	9
2010	11,410	91	2,124	9

NOTE: FY 2009 and FY 2010 are comparable levels that include the resources for the work transferred from the former Employment Standards Administration, Program Direction and Support (PDS) Budget Activity. FY 2006 through FY 2008 levels are the actual appropriations provided for the Division of Longshore and Harbor Workers' Compensation.

FY 2011

Total resources requested for the Division of Longshore and Harbor Workers' Compensation (DLHWC) program are \$17,212,000 and 109 FTE. (General Funds provide \$15,031,000 and 100 FTE; in addition, Trust Funds provide \$2,181,000 and 9 FTE.) This is an increase of \$3,678,000 and 9 FTE when compared to the FY 2010 Estimate. The request includes a program increase of \$3,200,000 and 9 FTE to transform Longshore operations. The proposal is designed to ensure that vulnerable maritime workers injured on the job and defense contract workers injured overseas are protected and, in support of the Department's Outcome Goals under Strategic Goal 4, provided the opportunity to return to gainful employment after injury or illness, or appropriate income support when work is impossible. New approaches to the program's mission are proposed to increase our effectiveness in assisting injured workers with recovery and reemployment.

DBA injury and death cases in connection with the war in Iraq and Afghanistan have increased dramatically, rising from 347 cases in FY 2002 to 12,255 cases in FY 2009. The FY 2010 and 2011 projections show a continued upward trend in claims volume. Longshore's resources have been severely taxed by both the numbers and the complexity of Defense Base Act claims arising from increased activity by civilian contractors in support of the military troops.

To enable DOL to better protect workers' rights under the Defense Base Act, \$3,200,000 and 9 FTE are requested. Additional staff are needed in key locations to address the rapidly expanding case loads. The increase would support:

- **Field Staff.** Two claims examiners are requested for the Jacksonville District Office, two for Houston, and three for New York.

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

- **National Office.** One additional claims examiner is needed to handle correspondence, reports, inquiries, FOIA requests, and media requests. In addition, an IT assistant coordinator is needed to support changes to the existing automated systems.

- **Contract funds.** \$400,000 is requested to provide in-country services to workers, small contractors, and insight and information to the Longshore Division.

IT contract funding is an immediate need. The LCMS was developed in the early 1980s to track basic internal processes for the claims staff. The system lacks common tracking and management tools. Because the data system is not compatible with industry standard data formats, e.g., the Electronic Data Interchange standards created by the International Association of Industrial Accident Boards and Commissions, data submission, sharing and exchange with insurance companies and employers are largely manual and paper-based.

Claims arising from Afghanistan are more complicated even than those from Iraq due to: greater use of local villagers instead of Americans or third-party nationals; local subcontractors who may not keep payroll or employment records in remote villages; confusion about insurance coverage in the war zones, such as whether an injured worker is a U.S. or a NATO Contractor; violence threatened by local village leaders against insurers' field agents investigating claims and communicating with survivors; lack of adequate local medical care in remote areas of Afghanistan requiring medical air evacuations; and the existence of additional medical conditions in Afghanistan (such as Leishmaniasis, a severe, sometimes fatal, skin disorder typically caused by the bite of sand fleas) further complicating already complex traumatic injuries.

In the performance arena, Longshore is pursuing strategies designed to improve service delivery and customer satisfaction with program administration and decision-making. It has elected to measure the success of these strategies in a variety of ways, some focusing on service delivery and others on effective and efficient program administration.

Longshore is focusing on two measures that will accelerate the timeliness of the employers and insurers from the claimant's report of injury to the first payment of compensation. These measures will improve benefit delivery to the injured worker, aligning with the Secretary's Vision and the Department's Outcome Goal of ensuring income support when work is impossible or unavailable. The first measure is to reduce the average number of days it takes for an employer to report a Defense Base Act (DBA) injury or disability following its occurrence. This benefits the claimant by allowing the claims process to be shortened by allowing the insurance carrier to begin its review earlier. The second measure will improve reduce the number of days from date of injury to receipt of the first payment of compensation for DBA. This will enable the claimant to be receiving income support in a timely manner and allow for a quicker recovery.

Other strategies aimed at improving worker protections include an active outreach effort to educate and inform customers about available services, an evolving internet presence, better oversight and direction of vocational rehabilitation service providers, a progressive human

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

capital resources plan that includes staff training, recruitment strategies, and succession planning, and improved use of mediation skills and other communication tools to help resolve contested cases.

FY 2010

The FY 2010 Estimate is \$13,534,000 and 100 FTE (General Funds provide \$11,410,000 and 91 FTE; in addition, Trust Funds provide \$2,124,000 and 9 FTE.) The estimate includes 1 FTE and \$443,000 for the administrative work transferred from the former Program Direction and Support Budget Activity due to the dissolution of the Employment Standards Administration into four separate agencies.

In FY 2010, Longshore will seek to improve program results for the two new performance measures regarding the average number of days for the employer's first report of injury and first payment of compensation for DBA cases. Significant improvements are anticipated based on bringing explicit attention to these areas for the first time. The program will continue to work to minimize the time needed to resolve disputes, and will continue to facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work by increasing the ratio of vocational rehabilitation participants who are employed within 60 days of plan completion.

An electronic capability for insurers to submit their assessment information and an electronic database of licensed insurers will be developed and implemented during FY 2010. Currently the Longshore program collects handwritten 3x5 cards that are then filed in a cabinet for record-keeping purposes. This is a collaborative effort with the Division of Federal Employees' Compensation to leverage established processes.

In response to on-going financial concerns about the insurance industry, Longshore will continue to make improvements in the management of the insurance and financial management components of the program, focusing on effectively controlling the inevitable consequences of industry insolvencies. These include enforcing new rules addressing security deposits from insurance companies, fine-tuning the processes of handling the claims of insolvent insurers and self-insured employers, and enhancing auditing efforts.

In response to revisions to the Longshore Act made in the Recovery Act that pertain to the recreational boat industry, the Longshore Division is promulgating regulations to assure worker protections. These new rules will protect workers whose jobs might cause them to walk in and out of insurance coverage on the job site, as well as those workers who might otherwise be without protection from either state or federal workers' compensation insurance.

FY 2009

FY 2009 Comparable is \$13,307,000 and 100 FTE (General Funds provide \$11,206,000 and 91 FTE; in addition, Trust Funds provide \$2,101,000 and 9 FTE.) The comparable level includes 1 FTE and \$492,000 for the administrative work transferred from the former Program Direction

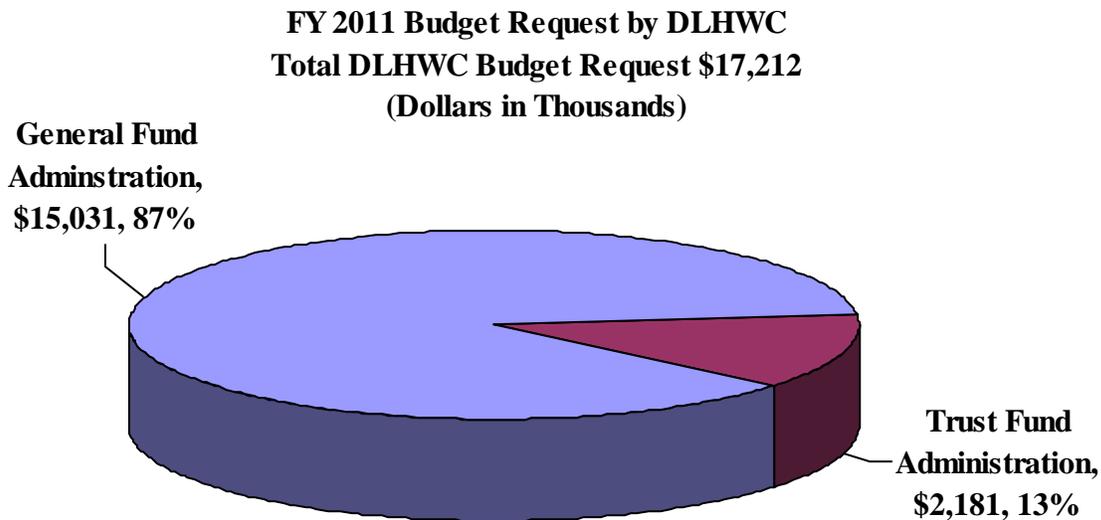
DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

and Support Budget Activity due to the dissolution of the Employment Standards Administration into four separate agencies.

Two new performance measures for DBA were implemented during FY 2009 and baselines were established at the end of the fiscal year. The first measure is to reduce the average number of days between the date of injury and OWCP's receipt of the Employer's First Report of Injury (Form LS-202). The second measure is to reduce the average number of days between the date of onset of disability and the date of first payment of compensation. These measures seek to ensure that injured workers who are unable to work are receiving income and medical care expeditiously by reducing the time lapse between the occurrence of an injury or disability and the report of injury to OWCP.

Cost Model

DLHWC requests a total of \$17,212,000 (\$15,031,000 for Longshore General Funds and \$2,181,000 for the Longshore Trust Fund), an increase of \$3,678,000 over the FY 2010 Comparable level. This level of funding will enable DLHWC to carry out its program mission and meet all of its performance goals, while allowing the program to better support contractors injured in support of U.S. military operations. The FY 2011 request includes an increase of \$3,200,000 in Longshore General for the transformation of Longshore operations. The spread of requested funds across cost components is displayed in the chart below:



DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

WORKLOAD SUMMARY				
	FY 2009		FY 2010	FY 2011
	Target	Result	Target	Target
Division of Longshore and Harbor Workers' Compensation				
Number of Open Claims	44,919	43,316 (r)	44,178	45,504
Lost Time Injuries Reported	30,045	28,952 (r)	29,419	30,302
Cases Being Compensated	14,874	14,364 (r)	14,759	15,202
Employer's First Report of Injury for Defense Base Act (Average # of days)	113	113 (r)	90	81
First Payment of Compensation for Defense Base Act (Average # of days)	132	132 (r)	112	101

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

Workload Summary

The Division of Longshore and Harbor Workers' Compensation (DLHWC) will ensure the efficient delivery of benefits to injured workers, including timely claim adjudication, dispute resolution, file review and monitoring to determine the adequacy of services being provided, and offer claims assistance to injured workers for either Longshore or DBA claimants. Caseload will be managed to prevent a large backlog of DBA claims stemming from injuries to civilian contractors in Iraq and Afghanistan.

In addition, the program will continue to provide ancillary services such as outreach, education, and compliance assistance for its entire workload. Disabled workers will be employed through the provision of vocational rehabilitation services.

**DIVISION OF LONGSHORE AND HARBOR WORKERS'
COMPENSATION**

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS						
Division of Longshore and Harbor Workers' Compensation General Fund						
(Dollars in Thousands)						
		FY 2009 Comparable	Recovery Act	FY 2010 Estimate	FY 2011 Request	Change FY 11 Req. / FY 10 Est.
11.1	Full-time permanent	6,849	0	7,037	8,113	1,076
11.5	Other personnel compensation	223	0	227	231	4
11.9	Total personnel compensation	7,072	0	7,264	8,344	1,080
12.1	Civilian personnel benefits	1,817	0	1,891	2,160	269
21.0	Travel and transportation of persons	63	0	54	113	59
22.0	Transportation of things	15	0	15	15	0
23.1	Rental payments to GSA	664	0	531	776	245
23.2	Rental payments to others	1	0	1	1	0
23.3	Communications, utilities, and miscellaneous charges	169	0	144	156	12
24.0	Printing and reproduction	27	0	28	32	4
25.1	Advisory and assistance services	20	0	10	10	0
25.2	Other services	44	0	26	426	400
25.3	Other purchases of goods and services from Government accounts 1/	929	0	1,126	1,198	72
25.4	Operation and maintenance of facilities	1	0	1	1	0
25.7	Operation and maintenance of equipment	267	0	212	1,614	1,402
26.0	Supplies and materials	104	0	104	130	26
31.0	Equipment	13	0	3	55	52
	Total	11,206	0	11,410	15,031	3,621
	1/Other Purchases of Goods and Services From Government Accounts					
	Services by Other Government Departments	12	0	6	6	0
	Working Capital Fund	766	0	962	1,034	72
	DHS Services	151	0	158	158	0

**DIVISION OF LONGSHORE AND HARBOR WORKERS'
COMPENSATION**

BUDGET ACTIVITY COMPONENT BY OBJECT CLASS						
Division of Longshore and Harbor Workers' Compensation Trust Fund						
(Dollars in Thousands)						
		FY 2009 Comparable	Recovery Act	FY 2010 Estimate	FY 2011 Request	Change FY 11 Req. / FY 10 Est.
11.1	Full-time permanent	747	0	762	786	24
11.5	Other personnel compensation	22	0	22	22	0
11.9	Total personnel compensation	769	0	784	808	24
12.1	Civilian personnel benefits	231	0	235	243	8
21.0	Travel and transportation of persons	6	0	6	6	0
23.1	Rental payments to GSA	0	0	0	25	25
23.3	Communications, utilities, and miscellaneous charges	1	0	1	1	0
25.2	Other services	304	0	305	305	0
25.3	Other purchases of goods and services from Government accounts 1/	244	0	249	253	4
25.7	Operation and maintenance of equipment	546	0	544	540	-4
	Total	2,101	0	2,124	2,181	57
	1/Other Purchases of Goods and Services From Government Accounts					
	Working Capital Fund	154	0	159	163	4
	Services by DOL Agencies	7	0	7	7	0
	DHS Services	83	0	83	83	0

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

CHANGES IN FY 2011

Division of Longshore and Harbor Workers' Compensation General Fund
(Dollars in Thousands)

		\$	
Activity Changes			
Built-In			
To Provide For:			
Costs of pay adjustments		199	
Personnel benefits		51	
Federal Employees Compensation Act (FECA)		-2	
Rental payments to GSA		171	
Operation and maintenance of equipment		2	
Built-Ins Subtotal		421	
	Estimate		FTE
Base	11,831		91
Program Increase	3,200		9

DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

CHANGES IN FY 2011

Division of Longshore and Harbor Workers' Compensation Trust Fund
(Dollars in Thousands)

	\$		
Activity Changes			
Built-In			
To Provide For:			
Costs of pay adjustments	24		
Personnel benefits	8		
Rental payments to GSA	25		
Built-Ins Subtotal	57		
		Estimate	FTE
Base		2,181	9

**DIVISION OF INFORMATION TECHNOLOGY
MANAGEMENT AND SERVICES**

BUDGET AUTHORITY BEFORE THE COMMITTEE							
(Dollars in Thousands)							
	FY 2009 Comparable	Recovery Act	FY 2010 Enacted	FY 2010 Estimate	Diff. FY 09 Comp. / FY 10 Est	FY 2011 Request	Diff. FY 10 Est. / FY 11 Req.
Activity Appropriation³	5,865	0	0	6,329	464	6,592	263
FTE	25	0	0	25	0	25	0

³ The FY 2009 Comparable and FY 2010 Estimate dollar and FTE amounts include resources for the work transferred from the former Employment Standards Administration, Program Direction and Support (PDS) Budget Activity. The FY 2009 actual FTE includes PDS.

NOTE: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 25

Introduction

The Division of Information Technology Management and Services (DITMS) provides information technology General Services Support (GSS) shared by the Wage and Hour Division (WHD), the Office of Federal Contract Compliance Programs (OFCCP), the Office of Workers' Compensation Programs (OWCP), and the Office of Labor Management Standards (OLMS). With the dissolution of the Employment Standards Administration on November 8, 2010, the former Division of Information Technology Services of the ESA Program Direction and Support activity was transferred to OWCP with the understanding that it would continue the same level of IT support to the agencies spun off from ESA in the reorganization. The division maintains the IT enterprise architecture and the operating platform for the IT environment shared by the four agencies. DITMS develops the IT strategic plan and performance goals, oversees the development and evolution of new capabilities, and develops standards and procedures consistent with the Department's policies, procedures, and standards. IT services and service requirements are identified and the IT Service Portfolio is managed, including operation of a Service Desk for users and restoration of service when an incident occurs with the IT infrastructure. Across the four agencies serviced, DITMS provides technological support to more than 4,000 employees in over 360 locations across the country.

The various missions of WHD, OFCCP, OWCP, and OLMS directly support the Secretary's vision of "***Good Jobs for Everyone***" and related strategic and outcome goals by serving to ensure fair compensation and fair workplaces that provide flexibility for family care-giving and provide benefits for those injured on the job. DITMS, in turn, supports these complex enforcement and benefit delivery programs by providing and maintaining secure information technology systems.

DIVISION OF INFORMATION TECHNOLOGY MANAGEMENT AND SERVICES

Five-Year Budget Activity History

<u>Fiscal Year</u> ⁴	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2006	0	0
2007	0	0
2008	0	0
2009	5,865	25
2010	6,329	25

NOTE: Excludes Recovery Act Funding. See budget activity head table.

⁴ FY 2009 and FY 2010 are comparable levels that include the resources for the work transferred from the former Employment Standards Administration (ESA), Program Direction and Support (PDS) Budget Activity. FY 2006 through FY 2008 levels are not available because they were part of ESA's PDS appropriation.

FY 2011

Resources requested for the Division of Information Technology Management and Services (DITMS) program are \$6,592,000 and 25 FTE. This is an increase of \$263,000 when compared to the FY 2010 Estimate. These funds are in direct support of four agencies, WHD, OFCCP, OWCP, and OLMS, and their achievement of the Secretary's vision, Departmental strategic and outcome goals, and program performance goals. This request will enable DITMS to continue to provide the needed policy, planning, and program support for these client agencies to achieve and exceed program performance goals.

For FY 2011, DITMS plans to develop integrated IT platform and technology services to support new program and application services initiatives. Development of a reporting framework and capabilities to improve business applications will continue. Additional upgrades of Business application tools will be provided for the programs. DITMS will continue working with the Department and other Federal agencies in supporting Department-wide IT initiatives. DITMS will provide security program management support to the agencies to ensure we maintain the confidentiality, integrity and availability of the general support system and the agencies' major information system (MIS). In coordination with the Department, implementation of NIST 800-53 revision 3 will be completed for all MIS.

FY 2010

The FY 2010 Estimate is \$6,329,000 and 25 FTE. The estimate includes 25 FTE and \$6,329,000 for the administrative work transferred from the former Program Direction and Support Budget Activity due to the dissolution of the Employment Standards Administration into four separate agencies.

DIVISION OF INFORMATION TECHNOLOGY MANAGEMENT AND SERVICES

With the dissolution of the Employment Standards Administration on November 8, 2010, the former Division of Information Technology Services of the ESA Program Direction and Support activity was transferred to OWCP with the understanding that it would continue the same level of IT support to the agencies spun off from ESA in the reorganization: WHD, OFCCP, OWCP, and OLMS. Memoranda of agreement were concluded between OWCP and the other serviced agencies to govern the continued delivery of these IT services.

FY 2010 plans include upgrading the database platform to enhance applications of the Agencies supported by DITMS. The evolution of the service oriented platform and development of new reporting framework and capabilities will continue. DITMS also plans to develop a state-of-the-art computer telephony integrated system. Throughout the year, DITMS will continue to support business and application services for Agencies' initiatives. Work will continue on the upgrade of business application tools for the Agencies. DITMS will provide security program management support to the agencies to ensure we maintain the confidentiality, integrity and availability of the general support system and the agencies' MIS. In FY2010 DITMS will provide system and security support to ensure eight MIS obtain updated certification and accreditation to maintain their current operational status. DITMS supports DOL and other Federal agencies to achieve Department-wide IT initiatives, including coordination with the Department on implementation of NIST 800-53 revision 2, and planning for NIST 800-53 revision 3.

FY 2009

The FY 2009 Comparable is \$5,865,000 and 25 FTE. The comparable level includes 25 FTE and \$5,865,000 for the administrative work transferred from the former Program Direction and Support Budget Activity due to the dissolution of the Employment Standards Administration into four separate agencies.

DITMS' role is to support business and application IT services for Agency initiatives. In FY 2009, DITMS developed a service oriented platform for Agency applications, upgraded business application tools, and continued development of a new reporting framework and capabilities. DITMS worked with the Department and other Federal agencies in supporting Department-wide IT initiatives.

**DIVISION OF INFORMATION TECHNOLOGY
MANAGEMENT AND SERVICES**

WORKLOAD SUMMARY				
	FY 2009		FY 2010	FY 2011
	Target	Result	Target	Target
Division of Information Technology Management and Services (DITMS)				
IT Infrastructure and Service Availability				
System Availability	99.80%	99.93% (r)	99.80%	99.80%
Help Desk Performance				
Time to Resolution Performance	93.00%	98.60% (r)	93.00%	93.00%
Customer Satisfaction	90.00%	94.64% (r)	90.00%	90.00%

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

**DIVISION OF INFORMATION TECHNOLOGY
MANAGEMENT AND SERVICES**

BUDGET ACTIVITY BY OBJECT CLASS						
(Dollars in Thousands)						
		FY 2009 Comparable	Recovery Act	FY 2010 Estimate	FY 2011 Request	Change FY 11 Req. / FY 10 Est.
11.1	Full-time permanent	2,343	0	2,908	3,103	195
11.5	Other personnel compensation	18	0	101	114	13
11.9	Total personnel compensation	2,361	0	3,009	3,217	208
12.1	Civilian personnel benefits	533	0	662	706	44
21.0	Travel and transportation of persons	7	0	7	7	0
	Communications, utilities, and miscellaneous charges	14	0	15	22	7
25.2	Other services	29	0	67	71	4
25.3	Other purchases of goods and services from Government accounts 1/	0	0	34	34	0
25.7	Operation and maintenance of equipment	1,474	0	508	508	0
26.0	Supplies and materials	28	0	51	51	0
31.0	Equipment	1,419	0	1,976	1,976	0
	Total	5,865	0	6,329	6,592	263
	1/Other Purchases of Goods and Services From Government Accounts					
	Working Capital Fund	0	0	34	34	0

**DIVISION OF INFORMATION TECHNOLOGY
MANAGEMENT AND SERVICES**

CHANGES IN FY 2011
(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$208
Personnel benefits	33
Employee health benefits	11
Communications, utilities, and miscellaneous charges	7
Other services	4
Built-Ins Subtotal	263

	Estimate	FTE
Base	6,592	25

DIVISION OF COAL MINE WORKERS' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE							
(Dollars in Thousands)							
	FY 2009 Comparable	Recovery Act	FY 2010 Enacted	FY 2010 Estimate	Diff. FY 09 Comp. / FY 10 Est	FY 2011 Request	Diff. FY 10 Est. / FY 11 Req.
Activity Appropriation⁵	32,308	0	32,317	32,720	413	33,075	355
FTE	171	0	178	181	10	181	0

⁵ The FY 2009 Comparable and FY 2010 Estimate dollar and FTE amounts include resources for the work transferred from the former Employment Standards Administration, Program Direction and Support (PDS) Budget Activity. The FY 2009 actual FTE includes PDS.

NOTE: FY 2009 reflects actual FTE. Authorized FTE for FY 2009 was 181

Introduction

The Division of Coal Mine Workers' Compensation (DCMWC) draws its mandate from Title IV of the Coal Mine Safety and Health Act of 1969, as amended, to serve coal industry workers, and their dependent survivors, who are totally disabled by pneumoconiosis or Black Lung disease as a result of their exposure to coal mine dust. The Division's core mission and budget activities are to develop and adjudicate claims and pay benefits. Its claims examiners and supporting staff process benefit applications and decide cases in nine district offices across the country. In addition, staff members monitor benefit payments and medical treatment provided by self-insured coal mine operators or their insurance carriers. The mission directly supports the Department's vision of "*good jobs for everyone*" and *Strategic Goal 4: Secure health and, for those not working, provide income security* by providing income support and medical care for beneficiaries who are unable to perform their previous coal mine work due to occupational lung disease. The national office supports the Secretary's fiduciary responsibility for the Black Lung Disability Trust Fund (BLDTF) by processing coal mine operator self-insurance requests and confirming that self-insurers post the appropriate amounts to cover potential benefit security liabilities. The Division further supports the Secretary's fiduciary responsibility by working with coal mine operators to encourage voluntary compliance with statutory insurance requirements. Other national office activities include overseeing and managing the program's data and medical bill processing systems and its accounting and debt management functions; coordinating litigation with the Solicitor of Labor (SOL); and providing procedural guidance to field operations.

Historically, the statute divided program administration between the Social Security Administration (Part B) and the Department of Labor (Part C). In FY 2002, Congress passed legislation permanently transferring jurisdiction over Part B to the Department of Labor. With the Part B appropriation transferred to the Department on October 1, 2003, all components of program administration were combined, resulting in fiscal and operational efficiencies and improved service delivery. Part B funding and activities are discussed in the Special Benefits for Disabled Coal Miners section of the Office of Workers' Compensation Programs (OWCP) budget.

The Division engages its stakeholders with outreach and educational activities designed to improve the quality of medical evidence submitted with claims for benefits, reinforce the concept

DIVISION OF COAL MINE WORKERS' COMPENSATION

of DCMWC as a fair and balanced adjudicator, and foster a better understanding of the claims decisions issued. The credibility of initial eligibility decisions will be increased by using higher-credentialed physicians for diagnostic examinations. The 2003 revisions to the regulations have also strengthened and clarified initial decisions. These strategies will be combined with educational outreach and technical assistance to both customer and provider communities. DCMWC also is aggressively seeking ways to reduce erroneous benefit payments and improve overall program administration. For example, the program is expediting the process of reviewing annual status update questionnaires and refining the process for reviewing representative payee annual fiscal reporting.

Although rigorous Federal regulations and improved dust suppression technology have combined over the years to reduce the incidence of pneumoconiosis, National Institute of Occupational Safety and Health (NIOSH) data indicates an increased incidence of the disease beginning in the late 1990s. The Division's services remain essential for providing income support and medical care for its beneficiaries. Its highly trained and experienced professional staff continually seeks to improve the quality of customer service. The program has been very successful in meeting management and performance outcome goals through the careful oversight and application of available resources. The program will continue to work toward achieving its performance goal of reducing the average time it takes to process Black Lung claims by improving the quality and timeliness of its decisions and service delivery and enhancing its financial management tools and oversight.

Five-Year Budget Activity History

<u>Fiscal Year</u> ⁶	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2006	32,659	205
2007	33,171	191
2008	32,365	184
2009	32,308	181
2010	32,720	181

NOTE: Excludes Recovery Act Funding. See budget activity head table.

⁶ FY 2009 and FY 2010 are comparable levels that include the resources for the work transferred from the former Employment Standards Administration, Program Direction and Support Budget Activity. FY 2006 through FY 2008 levels are the actual appropriations provided for the Division of Coal Mine Workers' Compensation.

FY 2011

Resources requested for DCMWC are \$33,075,000 and 181 FTE to meet FY 2011 obligations for DCMWC's Salaries and Expenses. This amount is an increase of \$355,000 for inflationary increases over the FY 2010 Estimate Level.

DIVISION OF COAL MINE WORKERS' COMPENSATION

DCMWC will continue the core activities of its mission to pay monthly compensation and ongoing medical treatment benefits to recipients under Part C, continue to monitor cash and medical treatment benefits disbursed by coal mine operators in the private sector, and process incoming claims.

DCMWC will support the Department's strategic vision of "*good jobs for everyone*" by providing income support where work is impossible and medical care for Black Lung beneficiaries with emphasis on improved evaluation, innovation, and implementation through the following initiatives:

- Develop methods of increasing collection and analysis of claim and benefit statistics and sharing them with interested partners. For example, DCMWC's data on the number of miners who have been found to have either simple or complicated pneumoconiosis will be of value to the National Institute of Occupational Safety and Health (NIOSH) and the Mine Safety and Health Administration (MSHA) in support of efforts to reduce the level of respirable coal mine dust and better target workplace surveillance and enforcement efforts.
- Include stakeholders in informational webcasts, allowing DCMWC to reach much broader numbers and to achieve cost savings over the current traditional in person conference process which involves site and travel costs.
- Increase outreach to program stakeholders, including clinics, Black Lung Associations, doctors, attorney groups, and coal mine operator and insurance interests.
- Increase monitoring of representative payees beyond the current approach of paper-based representative payee updates and report reviews by adding face-to-face visits on a targeted basis. The great majority of program beneficiaries live within a two hour drive of one of seven claims processing offices in Appalachia. By focusing on potentially abusive, fraudulent representative payees, the program would provide additional financial protection to its most vulnerable population.
- Follow-up on DCMWC's substantial rewrite and publication of its Procedure Manual during FY 2010. The Program's implementation of the procedure manual in its operations will make procedures and processes more transparent to both the staff and the public, including the law firms representing both claimants and coal mine operators.

Additional FY 2011 strategies include 1) continuing outreach efforts with the authorized diagnostic provider community to emphasize the need for complete and accurate medical reports; 2) continuing an active compliance assistance program to increase the proportion of smaller, uninsured coal operators who voluntarily comply with legislative insurance requirements; 3) continuing to refine and improve an evolving web presence and e-Government services; 4) supporting automated solutions that improve data access, provide new controls for reducing erroneous payments, and generate administrative efficiencies and economies of scale; 5) continuing to regularly evaluate service delivery timeliness, quality targets, and goals and making appropriate adjustments in workload and resource distribution; 6) developing additional

DIVISION OF COAL MINE WORKERS' COMPENSATION

ways to utilize program data to enhance management and performance; and 7) continuing to pursue a progressive human capital resources plan that includes staff training, recruitment strategies, key staff relocations, and succession planning.

FY 2010

The FY 2010 Estimate Level is \$32,720,000 and 181 FTE. This level includes \$403,000 and 3 FTE transferred along with the administrative workload from the ESA Program Direction and Support activity due to the dissolution of the Employment Standards Administration into four separate agencies.

This funding will enable DCMWC to pay monthly compensation and ongoing medical treatment benefits to an estimated 26,700 recipients under Part C; continue to monitor cash and medical treatment benefits disbursed by coal mine operators in the private sector to approximately 4,825 additional recipients under Part C; and process an estimated 4,600 incoming claims, which include 4,200 proposed decisions and orders and 4,200 schedules for the submission of additional evidence.

FY 2009

The FY 2009 Comparable Level is \$32,308,000 and 181 FTE. This reflects \$393,000 and 3 FTE transferred along with the administrative workload from the ESA Program Direction and Support activity due to the dissolution of the Employment Standards Administration into four separate agencies.

In FY 2009, DCMWC paid monthly compensation and ongoing medical treatment benefits to an average of 29,404 recipients under Part C and monitored cash and medical treatment benefits disbursed by coal mine operators in the private sector to an average of 5,126 additional recipients. DCMWC also processed 4,354 claims for benefits.

In FY 2009, DCMWC 1) continued to emphasize swift resolution of aged overpayments; 2) continued to strengthen its mandate to ensure proper payment of benefits to representative payees; and, 3) revised the Division's procedures for beneficiary and representative monitoring so they are better coordinated and further automated.

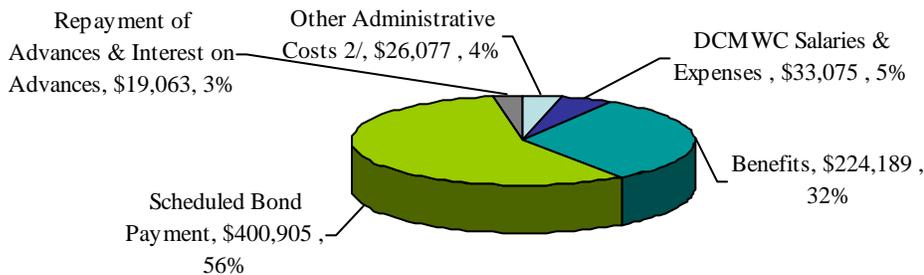
The Emergency Economic Stabilization Act of 2008 enacted on October 3, 2008, authorized restructuring of the BLDTF debt and, in coordination with the Treasury Department, the Division is implementing the provisions to retire zero-coupon bonds using the BLDTF's annual operating surpluses until all of its remaining obligations have been paid. The Division made \$341,939,000 in bond reduction payments in FY 2009.

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Cost Model

OWCP requests a total of \$33,075,000, an increase of \$355,000 over the FY 2010 Comparable Level for DCMWC Salaries and Expenses. DCMWC's request, including funding for new initiatives, represents 56 percent of the funding provided for administration of the BLDTF. This level of funding will enable DCMWC to exercise its mission-critical activities and meet its performance indicator targets in FY 2011. The distribution of requested funds for all components of the BLDTF is displayed below.

FY 2011 Budget Request for Black Lung Part C
Total Part C Budget Request \$703,309
(Dollars in Thousands)



^{1/} Includes amounts transferred to: Departmental Management (\$25,394,000); Office of Inspector General (\$327,000); and Treasury (\$356,000).

DIVISION OF COAL MINE WORKERS' COMPENSATION

WORKLOAD SUMMARY				
	FY 2009		FY 2010	FY 2011
	Target	Result	Target	Target
Division of Coal Mine Workers' Compensation				
Beneficiaries				
Trust Fund Beneficiaries	29,415	29,404 (r)	26,700	24,250
Beneficiaries Paid by Responsible Operators	5,120	5,126 (r)	4,825	4,550
Claims Received	4,700	4,354 (r)	4,400	4,300
Schedules for Submission of Additional Evidence	4,250	3,618 (r)	4,050	4,000
Proposed Decisions and Orders	4,250	3,597 (r)	4,050	4,000

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

Workload Summary

The FY 2011 request level will enable DCMWC to pay monthly compensation and ongoing medical treatment benefits to an estimated 24,250 recipients under Part C; continue to monitor cash and medical treatment benefits disbursed by coal mine operators in the private sector to approximately 4,550 additional recipients under Part C; and process an estimated 4,300 incoming claims, which include 4,000 proposed decisions and orders and 4,000 schedules for the submission of additional evidence.

DIVISION OF COAL MINE WORKERS' COMPENSATION

BUDGET ACTIVITY BY OBJECT CLASS						
(Dollars in Thousands)						
		FY 2009 Comparable	Recovery Act	FY 2010 Estimate	FY 2011 Request	Change FY 11 Req. / FY 10 Est.
11.1	Full-time permanent	13,427	0	12,680	12,889	209
11.3	Other than full-time permanent	282	0	264	268	4
11.5	Other personnel compensation	545	0	527	536	9
11.9	Total personnel compensation	14,254	0	13,471	13,693	222
12.1	Civilian personnel benefits	3,083	0	3,113	3,163	50
21.0	Travel and transportation of persons	198	0	199	199	0
22.0	Transportation of things	21	0	21	21	0
23.1	Rental payments to GSA	3,089	0	3,064	3,147	83
23.3	Communications, utilities, and miscellaneous charges	768	0	772	772	0
24.0	Printing and reproduction	58	0	58	58	0
25.2	Other services	1,987	0	3,997	3,997	0
25.3	Other purchases of goods and services from Government accounts 1/	3,511	0	3,659	3,659	0
25.4	Operation and maintenance of facilities	0	0	1	1	0
25.7	Operation and maintenance of equipment	5,078	0	4,104	4,104	0
26.0	Supplies and materials	257	0	258	258	0
31.0	Equipment	3	0	3	3	0
	Total	32,308	0	32,720	33,075	355
1/Other Purchases of Goods and Services From Government Accounts						
	Services by Other Government Departments	418	0	420	420	0
	Working Capital Fund	2,985	0	3,134	3,134	0
	Services by DOL Agencies	20	0	20	20	0
	DHS Services	73	0	70	70	0
	GSA Services	15	0	15	15	0

DIVISION OF COAL MINE WORKERS' COMPENSATION

CHANGES IN FY 2011

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments \$222

Personnel benefits 50

Rental payments to GSA 83

Built-Ins Subtotal 355

	Estimate	FTE
Base	33,075	181