

FY 2013

CONGRESSIONAL BUDGET JUSTIFICATION

SPECIAL BENEFITS

SPECIAL BENEFITS

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APPROPRIATION LANGUAGE

(Including Transfer of Funds)

For the payment of compensation, benefits, and expenses (except administrative expenses) accruing during the current or any prior fiscal year authorized by chapter 81 of title 5, United States Code; continuation of benefits as provided for under the heading "Civilian War Benefits" in the Federal Security Agency Appropriation Act, 1947; the Employees' Compensation Commission Appropriation Act, 1944; sections 4(c) and 5(f) of the War Claims Act of 1948 (50 U.S.C. App. 2012); and 50 percent of the additional compensation and benefits required by section 10(h) of the Longshore and Harbor Workers' Compensation Act, [\$350,000,000] \$396,000,000, together with such amounts as may be necessary to be charged to the subsequent year appropriation for the payment of compensation and other benefits for any period subsequent to August 15 of the current year: Provided, That amounts appropriated may be used under section 8104 of title 5, United States Code, by the Secretary of Labor to reimburse an employer, who is not the employer at the time of injury, for portions of the salary of a re-employed, disabled beneficiary: Provided further, That balances of reimbursements unobligated on September 30, 2012, shall remain available until expended for the payment of compensation, benefits, and expenses: Provided further, That in addition there shall be transferred to this appropriation from the Postal Service and from any other corporation or instrumentality required under section 8147(c) of title 5, United States Code, to pay an amount for its fair share of the cost of administration, such sums as the Secretary determines to be the cost of administration for employees of such fair share entities through September 30, 2013: Provided further, That of those funds transferred to this account from the fair share entities to pay the cost of administration of the Federal Employees' Compensation Act [\$59,488,000] \$58,544,000 shall be

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made available to the Secretary as follows: (1) For enhancement and maintenance of automated data processing systems operations and telecommunications systems, [\$17,253,000] \$23,166,000; (2) For automated workload processing operations, including, document imaging, centralized mail intake, and medical bill processing, [\$26,769,000] \$20,517,000; (3) For periodic roll disability management and medical review, [\$15,466,000] \$14,861,000; and (4) The remaining funds shall be paid into the Treasury as miscellaneous receipts: Provided further, That the Secretary may require that any person filing a notice of injury or a claim for benefits under 5 U.S.C 81., or the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 901 et seq.), provide as part of such notice and claim, such identifying information (including Social Security account number) as such regulations may prescribe. (*Department of Labor Appropriations Act, 2012.*)

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EXPLANATION OF LANGUAGE CHANGE

... (3) For periodic roll *disability* management and medical review;”

Explanation: The change more accurately characterizes the historical performance outcomes of FECA periodic roll management as not only including ongoing maintenance of long-term compensation cases but also the active review and assistance to disability cases that have the potential for return to work.

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ANALYSIS OF APPROPRIATION LANGUAGE

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

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

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

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

". . . *Provided further*, That balances of reimbursements and appropriations unobligated on September 30, 2012, shall remain available until expended for the payment of compensation, benefits, and expenses . . ."

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

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

“ . . . Provided further, That in addition there shall be transferred to this appropriation from the Postal Service and from any other corporation or instrumentality required under section 5 U.S.C. 8147(c) to pay an amount for its fair share of the cost of administration, such sums as the Secretary determines to be the cost of administration for employees of such fair share entities through September 30, 2012: . . . ”

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

“ . . . Provided further, That of those funds transferred to this account from the fair share entities to pay the cost of administration of the Federal Employees' Compensation Act, \$58,544,000 shall be made available to the Secretary for automated systems operation and maintenance and for periodic roll disability management and medical review. The remaining funds shall be paid into the Treasury as miscellaneous receipts: . . . ”

It further provides that \$58,544,000 of those funds shall be made available to the Secretary of Labor for automated systems operation and maintenance and for periodic roll disability management and medical review. The balance of the "fair share" funds shall revert to Treasury.

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

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

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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2011 Enacted		FY 2012 Enacted		FY 2013 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	113	\$183,000	109	\$350,000	109	\$396,000
Other Supplementals and Rescissions	0	\$0	0	\$0	0	\$0
Appropriation, Revised	0	\$0	0	\$0	0	\$0
Comparative Transfer To:	0	\$0	0	\$0	0	\$0
Comparative Transfer From:	0	\$0	0	\$0	0	\$0
Offsetting Collections From:						
Reimbursements (includes Fair Share funding)	0	\$2,761,693	0	\$2,881,629	0	\$3,004,082
Trust Funds	0	\$0	0	\$0	0	\$0
Fees	0	\$0	0	\$0	0	\$0
A.2) Subtotal	0	\$2,761,693	0	\$2,881,629	0	\$3,004,082
B. Gross Budget Authority	113	\$2,944,693	109	\$3,231,629	109	\$3,400,082
Offsetting Collections						
Deduction: (all entries are negative)	0	\$0	0	\$0	0	\$0
Reimbursements	0	\$0	0	\$0	0	\$0
Fees	0	\$0	0	\$0	0	\$0
Unobligated Balance	0	\$491,941	0	\$411,341	0	\$453,378
B.1) Subtotal	113	\$491,941	109	\$411,341	109	\$453,378
C. Budget Authority	113	\$3,436,634	109	\$3,642,970	109	\$3,853,460
Before Committee	0	\$0	0	\$0	0	\$0
Offsetting Collections From:						
Reimbursements	0	\$0	0	\$0	0	\$0
Fees	0	\$0	0	\$0	0	\$0
IT Crosscut	0	\$0	0	\$0	0	\$0
C.1) Subtotal	0	\$0	0	\$0	0	\$0
D. Total Budgetary Resources	113	\$3,436,634	109	\$3,642,970	109	\$3,853,460
Other Unobligated Balances	-5	-\$411,341	0	-\$453,378	0	-\$508,337
Unobligated Balance Expiring	0	\$0	0	\$0	0	\$0
E. Total, Estimated Obligations	108	\$3,025,293	109	\$3,189,592	109	\$3,345,123

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SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2012 Enacted	FY 2013 Request	Net Change
Budget Authority			
General Funds	350,000	396,000	46,000
Offsetting Collections (including Fair Share)	2,881,629	3,004,082	122,453
Fair Share Administrative Expense (non-add)	59,488	58,544	-944
Carryover from previous year	411,341	453,378	42,037
Total - includes rescissions & transfers	3,642,970	3,853,460	210,490

Full Time Equivalents

General Funds	109	109	0
Total	109	109	0

Explanation of Change	FY 2012 Base		Trust Funds		FY 2013 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	109	\$11,304	0	\$0	0	\$42	0	\$42
Personnel benefits	0	\$2,598	0	\$0	0	\$10	0	\$10
Employee health benefits	0	\$903	0	\$0	0	\$3	0	\$3
Moving allowance	0	\$0	0	\$0	0	\$0	0	\$0
One day more of pay	0	\$0	0	\$0	0	\$0	0	\$0
Federal Employees Compensation Act (FECA)	0	\$0	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$54	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$0	0	\$0	0	\$885	0	\$885
All Other Rental	0	\$0	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$232	0	\$0	0	\$5	0	\$5
Printing and reproduction	0	\$2	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$0	0	\$0	0	\$0	0	\$0
Other services	0	\$0	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$1,136	0	\$0	0	\$0	0	\$0
Other government accounts (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other government accounts (DHS Charges)	0	\$145	0	\$0	0	\$0	0	\$0
Other purchases of goods and services from Government accounts	0	\$0	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0

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Explanation of Change	FY 2012 Base		Trust Funds		FY 2013 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Operation and maintenance of facilities	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$21,955	0	\$0	0	\$2,566	0	\$2,566
Supplies and materials	0	\$0	0	\$0	0	\$0	0	\$0
Equipment	0	\$0	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$350,000	0	\$0	0	\$46,000	0	\$46,000
Built-Ins Subtotal	109	+\$388,329	0	\$0	0	+\$49,511	0	+\$49,511
B. Programs:								
C. Financing:								
Change in Offsetting Benefit								
Collections	0	\$2,822,141	0	\$0	0	\$123,397	0	\$123,397
Change in Carryover from FY 2012	0	\$411,341	0	\$0	0	\$42,037	0	\$42,037
Financing Subtotal	0	+\$3,233,482	0	\$0	0	+\$165,434	0	+\$165,434
Total Increase	109	+\$3,621,811	0	\$0	0	+\$214,945	0	+\$214,945
Decreases:								
A. Built-Ins:								
To Provide For:								
Other services	0	\$18,647	0	\$0	0	-\$2,616	0	-\$2,616
Other purchases of goods and services from Government accounts	0	\$61	0	\$0	0	-\$50	0	-\$50
Supplies and materials	0	\$53	0	\$0	0	-\$2	0	-\$2
Equipment	0	\$2,398	0	\$0	0	-\$1,787	0	-\$1,787
Built-Ins Subtotal	0	+\$21,159	0	\$0	0	-\$4,455	0	-\$4,455
B. Programs:								
Total Decrease	0	+\$21,159	0	\$0	0	-\$4,455	0	-\$4,455
Total Change	109	+\$3,642,970	0	\$0	0	+\$210,490	0	+\$210,490

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY								
(Dollars in Thousands)								
	FY 2011 Enacted		FY 2012 Enacted		FY 2013			
					Current Law		Legislative Proposal	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Federal Employees' Compensation Act Benefits	0	2,703,329	0	2,822,141	0	2,945,538	0	-13,000
Offsetting Benefits Collections	0	2,703,329	0	2,822,141	0	2,945,538	0	-13,000
FECA Fair Share	108	58,364	109	59,488	109	58,544	0	0
General Funds	108	58,364	109	59,488	109	58,544	0	0
Federal Employees' Compensation Act Appropriation	0	180,000	0	347,000	0	393,000	0	0
General Funds	0	180,000	0	347,000	0	393,000	0	0
Longshore and Harbor Workers' Compensation Benefits	0	3,000	0	3,000	0	3,000	0	0
General Funds	0	3,000	0	3,000	0	3,000	0	0
Total	108	2,944,693	109	3,231,629	109	3,400,082	0	-13,000
General Funds	108	241,364	109	409,488	109	454,544	0	0
Offsetting Benefits Collections	0	2,703,329	0	2,822,141	0	2,945,538	0	-13,000

NOTE: FY 2011 reflects actual FTE.

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
	Full-Time Equivalent				
	Full-time Permanent	120	109	109	0
	Total	120	109	109	0
	Average ES Salary	\$155,450	\$155,450	\$156,227	\$777
	Average GM/GS Grade	12/5	12/6	12/6	0
	Average GM/GS Salary	\$85,607	\$87,904	\$88,384	\$480
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	9,862	11,192	11,234	42
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	228	112	112	0
11.9	Total personnel compensation	10,090	11,304	11,346	42
12.1	Civilian personnel benefits	2,889	3,501	3,514	13
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	54	54	54	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	0	0	885	885
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	199	232	237	5
24.0	Printing and reproduction	13	2	2	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	19,952	18,647	18,594	-51
25.3	Other goods and services from Federal sources 1/	1,332	1,342	1,292	-50
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	21,077	21,955	21,955	0
26.0	Supplies and materials	51	53	51	-2
31.0	Equipment	2,707	2,398	611	-1,787
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	2,886,329	3,172,141	3,341,538	169,397
51.1	Benefits	0	0	0	0
	Total	2,944,693	3,231,629	3,400,082	168,453
1/Other goods and services from Federal sources					
	Working Capital Fund	1,332	1,136	1,136	0
	DHS Services	0	145	145	0
	GSA Services	0	61	11	-50

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PERFORMANCE STRUCTURE

Strategic and Outcome Goals Supporting Secretary Solis' Vision of <i>Good Jobs for Everyone</i>	Supporting Budget Activities
Strategic Goal 1 – Prepare Workers for Good Jobs and Ensure Fair Compensation	
1.1 Increase workers' incomes and narrowing wage and income inequality.	
1.2 Assure skills and knowledge that prepare workers to succeed in a knowledge-based economy, including in high-growth and emerging industry sectors like "green" jobs.	
1.3 Help workers who are in low-wage jobs or out of the labor market find a path into middle class jobs.	
1.4 Help middle-class families remain in the middle class.	
1.5 Secure wages and overtime.	
1.6 Foster acceptable work conditions and respect for workers' rights in the global economy to provide workers with a fair share of productivity and protect vulnerable people.	
Strategic Goal 2 – Ensure Workplaces Are Safe and Healthy	
2.1 Secure safe and healthy workplaces, particularly in high-risk industries.	
Strategic Goal 3 – Assure Fair and High Quality Work-Life Environments	
3.1 Break down barriers to fair and diverse work places so that every worker's contribution is respected.	
3.2 Provide workplace flexibility for family and personal care-giving.	
3.3 Ensure worker voice in the workplace.	
Strategic Goal 4 – Secure Health Benefits and, for Those Not Working, Provide Income Security	
4.1 Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work.	X
4.2 Ensure income support when work is impossible or unavailable.	X
4.3 Improve health benefits and retirement security for all workers.	
Strategic Goal 5 – Assure the Production of Timely and Accurate Data on Social and Economic Conditions of Workers and their Families	
5.1 Provide sound and impartial information on labor market activity, working conditions, and price changes in the economy for decision making, including support for the formulation of economic and social policy affecting virtually all Americans.	

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AUTHORIZING STATUTES

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

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APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2003	\$169,000	\$169,000	\$169,000	\$169,000	133
2004	169,000	169,000	169,000	169,000	133
2005	239,000	239,000	239,000	239,000	128
2006	243,000	243,000	243,000	243,000	127
2007	233,000	233,000	233,000	233,000	127
2008	203,000	203,000	203,000	203,000	127
2009	163,000	0	163,000	163,000	127
2010	187,000	187,000	187,000	187,000	127
2011	183,000	183,000	183,000	183,000	113
2012	350,000	0	350,000	350,000	109
2013	396,000	0	0	0	109

SPECIAL BENEFITS

OVERVIEW

Introduction

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

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

Spending authority is also provided for FECA program administration out of annual "Fair Share" collections. "Fair Share" assessments are legally mandated under Section 8147(c) of the FECA. Annual collection of these funds results in 23 non-appropriated agencies, like the Postal Service, paying a pro rata share for OWCP's cost to administer FECA claims filed by their employees. The estimate of collections in FY 2013 is \$70,800,000. Of this amount, \$58,544,000 is requested by appropriation to be available for program administration. The balance will be transferred to the General Fund.

Special Benefit (SB) Fund resources support achievement of the Secretary's vision of "*good jobs for everyone*", and Outcome Goals 4.1: Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work, and 4.2: Ensure income support when work is impossible or unavailable.

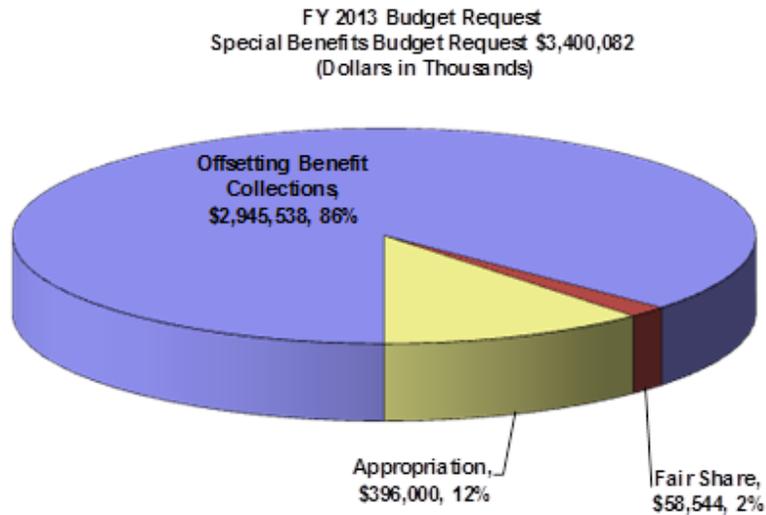
The FY 2013 President's Budget again includes a legislative proposal by the Department of Labor to reform the Federal Employees' Compensation Act. DOL's FY 2013 FECA reform recommendations include standardizing FECA benefit rates, establishing a "conversion benefit rate" for beneficiaries at the age of retirement, modernized benefits for burials and facial disfigurements, increased focus on return to work, data matching with the Social Security Administration, and recovery of particular costs. Other DOL provisions would make FECA more equitable and easier to administer, improve FECA program management, and strengthen program integrity. Ten-year projected net cost savings of the DOL proposal are estimated at \$535,000,000. Also, during the First Session of the 112th Congress, both the House and the Senate (Homeland Security and Governmental Affairs Committee) have passed bills to amend the FECA. A

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discussion of these proposals is presented in greater length in the OWCP Overview chapter of this budget submission.

Cost Model

Total new budget authority requested for Special Benefits in FY 2013 is \$3,400,082,000, including a direct appropriation of \$393,000,000 for FECA and \$3,000,000 for Longshore Harbor Workers' benefits. The request also includes \$3,004,082,000 in offsetting collections including approximately \$58,544,000 in "Fair Share" collections from the U.S. Postal Service and other non-appropriated agencies to cover the cost to administer claims of their employees. Fair Share collections will support 109 FTE for DFEC's Periodic Roll Management and Medical Bill Review activities, as well as provide funding for centralized mail intake and medical bill processing, and automated data system operations.



FEDERAL EMPLOYEES' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	58,364	59,488	58,544	-944
FTE	108	109	109	0

NOTE: FY 2011 reflects actual FTE. Authorized FTE for FY 2011 was 113.

Introduction

The Federal Employees' Compensation Act (FECA) provides for payment of benefits to Federal civilian employees of the United States who are disabled as a result of injury or illness sustained in the performance of duty, and to the dependents of disabled employees in case of death resulting from such injury or illness. Under extensions of FECA, benefits also are paid to certain groups such as War Hazards Compensation Act claimants, non-Federal law enforcement officers, Job Corps enrollees, and certain Federally-supported volunteers.

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

The total funding request for Fair Share in FY 2013 is \$58,544,000 supports the operation and maintenance of the Integrated Federal Employees' Compensation System (iFECS) and the document imaging system; centralized mail intake and centralized medical bill processing; maintenance of DFEC's telecommunications system; and Periodic Roll Management (PRM) and Medical Bill Review (MBR) activities.

DFEC's data systems support the efficiency and accuracy of claims and payment processing, effective disability case management, the responsiveness of information services, and strengthened performance evaluation and accountability.

Review and processing of medical bills and authorization of medical procedures ensure that medical treatment is appropriate and delivered timely while maintaining strict controls over benefit expenditures.

Through PRM, DFEC conducts regular scheduled Periodic Entitlement Reviews (PER) of long-term compensation benefit cases wherein medical evidence is reviewed to determine whether the claimant has continuing work-related disability or any return to work potential. Regular monitoring of medical condition and identification of cases reinforces DFEC's mission to provide services to beneficiaries and verification of proper and accurate continuation of benefits

FEDERAL EMPLOYEES' COMPENSATION

reinforces the fiscal and customer service integrity of FECA program. PER reviews typically result in benefit adjustments or terminations that produce \$14 million annually in benefit cost savings.

Five-Year Budget Activity History

Fiscal Year	Appropriation	Fair Share Funding	FTE
2008	\$200,000	\$52,280	127
2009	\$160,000	\$52,720	127
2010	\$184,000	\$58,120	127
2011	\$180,000	\$58,364	113
2012	\$347,000	\$59,488	109

FY 2013

Total new budget authority requested for Special Benefits in FY 2013 is \$3,400,082,000, consisting of direct appropriations of \$393,000,000 for FECA benefits and \$3,000,000 for Longshore Harbor Workers' benefits. The direct appropriations request represents an increase of \$46 million over FY 2012 to cover increases in War Hazards Act costs, the Government's share of Federal Employees' Health Benefits premiums for FECA beneficiaries, and other FECA benefits not charged back to Federal agencies. War Hazards increases reflect the nation's levels of activity in Iraq and Afghanistan over the past decade. Health insurance cost increases of approximately seven percent mirror cost increases in the health care industry. Total offsetting collections from Federal agencies in FY 2013 are expected to be \$3,004,082,000. Of this amount, \$58,544,000 in Fair Share collections for FECA program administration will support DFEC's data management system and automated workload processing operations, including centralized mail intake and medical bill processing, and 109 FTE for Periodic Roll Management and Medical Bill Review activities.

FY 2013 resources will also enable DFEC to:

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

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FY 2012

Total new budget authority for Special Benefits in FY 2012 is \$3,231,629,000 including a direct appropriation of \$347,000,000 for FECA and \$3,000,000 for Longshore Harbor Workers' benefits. Total offsetting collections from Federal agencies are estimated to be \$2,881,629,000 including \$59,488,000 in Fair Share collections to support the Periodic Roll Management and Medical Bill Review activities, the centralized mail intake and medical bill processing operations, and DFEC automated system operations.

Through Periodic Roll Management, DFEC conducts regular scheduled Periodic Entitlement Reviews (PER) of long-term compensation benefit cases wherein medical evidence is reviewed to determine whether the claimant has continuing work-related disability or any return to work potential. Verification of proper and accurate continuation of benefits through the PER process reinforces the fiscal and customer service integrity of FECA program. Regular monitoring of medical condition and identification of cases ready for vocational rehabilitation reinforces DFEC's mission to provide services to beneficiaries, particularly services that support return to work. PRM reviews typically result in benefit adjustments or terminations that produce \$14 million annually in benefit cost savings.

Customer service delivery improvements will be supported by further automation and consolidation of workload processes. These projects will expand access to case and cost information for claimants and Federal agencies. DFEC's web-based application (ECOMP) will enable injured workers to electronically file claim forms for new injuries and wage loss and allow all stakeholders (medical providers, agencies and injured workers) to upload documents directly into the case file making them immediately available to the claims staff. Electronic capture of information from these documents eliminates the need to manually enter the data and this efficiency reduces overall costs, as well as speeding communication between the parties and increasing claimants' and employing agencies' access to the system. Deployment of the new interactive voice response (IVR) system will provide claimants with greater access to OWCP claims staff as well offer self-help features that will provide timely case status information.

FY 2011

Total obligations in FY 2011 were \$3,041,145,000 including \$2,983,825,000 for FECA benefits; \$1,858,000 for Longshore and Harbor Workers' benefits; and \$55,462,000 in Fair Share expenditures for FECA program administration. Offsetting collections from Federal sources were \$2,819,630,000.

Approximately 35,000 long-term disability cases were under PRM management in FY 2011. DFEC produced \$13,600,000 in FECA compensation benefit savings from adjustment or termination of benefits resulting from review of PRM cases.

In FY 2011, DFEC substantially expanded flexiplace access by all FECA claims examiners via software enhancements to the iFECs IT support system which will allow the full range of CE functions that are done electronically to be carried out remotely, and by contracting for the delivery of a vastly enhanced telephone/call director system which will allow public calls to be

FEDERAL EMPLOYEES' COMPENSATION

routed to employees' homes, will "pop up" the caller's claim records on the CE's remote PC screen, and will retain full privacy for the caller and for the CE.

DFEC also laid the groundwork for vastly expanded online access to the FECA data system by employing agencies, claimants and medical providers via the web-based "E-COMP" system, which will allow interactive access such that agencies can file claim forms directly to the claim file, and claimants and providers can also electronically submit evidence, inquiries, etc. that will be uploaded directly to the appropriate file.

DETAILED WORKLOAD AND PERFORMANCE				
	FY 2011 Enacted		FY 2012 Enacted	FY 2013 Request
	Target	Result	Target	Target
FECA Fair Share				
Caseloads				
Periodic Cases Being Paid	48,500	49,500	49,000	48,500
Periodic Roll Savings				
Annual new PRM savings	\$9,000,000.00	\$13,600,000.00	\$14,000,000.00	\$14,000,000.00
Five-year cumulative projected savings	\$54,000,000.00	\$83,800,000.00	\$84,000,000.00	\$84,000,000.00
Output and Performance Measures				
PER Reviews closed or designated for further development within 60 days	--	--	90	90
PER Reviews requiring development completed within 180 days	--	--	90	90
PRM Resolutions	1,760	3,494	1,760	1,760
Strategic Goal 4 - Secure health benefits and, for those not working, provide income security.	--		--	TBD
Outcome Goal 4.1 - Facilitate return to work for workers experiencing workforce injuries or illnesses who are able to work.	--		--	TBD
Outcome Goal 4.2 - Ensure income support when work is impossible or unavailable.	--		--	TBD

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

Workload Summary

The priority focus of DFEC case management activities is to provide services that will assist injured Federal employees to return to work. DFEC's Disability Management activities consist of initial early assistance by nurses (Quality Case Management) for generally up to 120 days and ongoing Periodic Roll Management of those cases that are unable to return to work with nurse assistance. Over 17,000 cases began Quality Case Management in FY 2011. In addition, 35,000 long-term disability and 4,000 survivor cases were being managed by DFEC's PRM activity.

FEDERAL EMPLOYEES' COMPENSATION

PRM claims examiners are being used more extensively to maintain the continuity of services upon cessation of the nurse phase (generally up to 120 days) and longer term phases. Regular annual reviews of these cases, entitled Periodic Entitlement Reviews (PER), are being conducted by PRM staff. Through PER reviews, DFEC identifies cases where the level of disability has resolved or lessened and the individuals may benefit from vocational rehabilitation and have the potential to return to work. To better direct periodic roll management and ensure timeliness of completion of the reviews, DFEC is implementing two new performance measures of PER productivity in FY 2012. The first measure ensures that initial reviews are completed within 60 days and results in either: 1) closure without need for further development, or 2) designation for further development. The second measure ensures that actions on cases requiring further development are completed within 180 days.

Regular monitoring of medical condition and identification of cases reinforces DFEC's mission to provide return to work services to beneficiaries. Verification of proper and accurate continuation of benefits through the PER process also reinforces the fiscal and customer service integrity of FECA program. Whenever the level of disability changes or the individual returns to work, DFEC adjusts or terminates benefits as appropriate. In FY 2011, approximately 1,100 of these actions produced FECA compensation cost reductions of \$13,600,000. The long-term cost avoidance value of the initial benefit reductions will be several times that amount.

FEDERAL EMPLOYEES' COMPENSATION

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY13 Req./ FY12 Enacted
11.1	Full-time permanent	9,862	11,192	11,234	42
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	228	112	112	0
11.9	Total personnel compensation	10,090	11,304	11,346	42
12.1	Civilian personnel benefits	2,889	3,501	3,514	13
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	54	54	54	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	0	0	885	885
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	199	232	237	5
24.0	Printing and reproduction	13	2	2	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	19,952	18,647	18,594	-51
25.3	Other goods and services from Federal sources 1/	1,332	1,342	1,292	-50
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	21,077	21,955	21,955	0
26.0	Supplies and materials	51	53	51	-2
31.0	Equipment	2,707	2,398	611	-1,787
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
51.1	Benefits	0	0	0	0
	Total	58,364	59,488	58,544	-944
	1/Other goods and services from Federal sources				
	Working Capital Fund	1,332	1,136	1,136	0
	DHS Services	0	145	145	0
	GSA Services	0	61	11	-50

FEDERAL EMPLOYEES' COMPENSATION

CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$42
Personnel benefits	10
Employee health benefits	3
Moving allowance	0
One day more of pay	0
Federal Employees Compensation Act (FECA)	0
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	885
All Other Rental	0
Communications, utilities, and miscellaneous charges	5
Printing and reproduction	0
Advisory and assistance services	0
Other services	-51
Working Capital Fund	0
Other government accounts (Census Bureau)	0
Other government accounts (DHS Charges)	0
Other purchases of goods and services from Government accounts	-50
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	-2
Equipment	-1,787
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

Built-Ins Subtotal **-\$944**

Net Program **\$0**

Direct FTE **0**

	Estimate	FTE
Base	\$58,544	109

LONGSHORE AND HARBOR WORKERS' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2011 Enacted	FY 2012 Enacted	FY 2013 Request	Diff. FY 13 Req. / FY 12 Enacted
Budget Authority	3,000	3,000	3,000	0
FTE	0	0	0	0

Introduction

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

Income support for those unable to work is ensured through proper adjudication, efficient case processing, and accurate and timely payment of benefits. All program resources support mission critical functions, which in turn support the Secretary's vision of "good jobs for everyone" and the Department's outcome goal of "ensuring income support when work is impossible or unavailable."

Five-Year Budget Activity History

Fiscal Year	Appropriation	Fair Share Funding	FTE
2008	\$3,000	\$0	0
2009	\$3,000	\$0	0
2010	\$3,000	\$0	0
2011	\$3,000	\$0	0
2012	\$3,000	\$0	0

FY 2013

Priority for this activity will be to continue providing prompt and accurate payment of compensation and related benefits to claimants, pursuant to Section 10(h)(2) of the amended Act. In FY 2010, the Federal share of required payments will be \$3,000,000 which will include the increase necessary for the annual October weekly wage adjustment.

LONGSHORE AND HARBOR WORKERS' COMPENSATION

FY 2012

In FY 2012, the Federal share of required payments is estimated to be \$3,000,000 which will include the increase necessary for the annual October weekly wage adjustment.

FY 2011

The Longshore program continued to provide prompt and accurate payment of compensation and related benefits to claimants, pursuant to Section 10(h)(2) of the amended Act. In FY 2011, the Federal share of required payments was \$1,858,000.

LONGSHORE AND HARBOR WORKERS' COMPENSATION

CHANGES IN FY 2013

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Insurance claims and indemnities

\$0

Built-Ins Subtotal

\$0

Net Program

\$0

Direct FTE

0

Estimate

FTE

Base

\$3,000

0