

FY 2026

CONGRESSIONAL BUDGET JUSTIFICATION

SPECIAL BENEFITS

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SPECIAL BENEFITS

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SPECIAL BENEFITS

APPROPRIATION LANGUAGE

(INCLUDING TRANSFER OF FUNDS)

For the payment of compensation, benefits, and expenses (except administrative expenses not otherwise authorized) accruing during the current or any prior fiscal year authorized by 5 U.S.C. 81; continuation of benefits as provided for under the heading "Civilian War Benefits" in the Federal Security Agency Appropriation Act, 1947; the Employees' Compensation Commission Appropriation Act, 1944; section 5(f) of the War Claims Act (50 U.S.C. App. 2012); obligations incurred under the War Hazards Compensation Act (42 U.S.C. 1701 et seq.); and 50 percent of the additional compensation and benefits required by section 10(h) of the Longshore and Harbor Workers' Compensation Act, \$1,298,385,000, 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, for deposit into and to assume the attributes of the Employees' Compensation Fund established under 5 U.S.C. 8147(a): Provided, That amounts appropriated may be used under 5 U.S.C. 8104 by the Secretary to reimburse an employer, who is not the employer at the time of injury, for portions of the salary of a re-employed, disabled beneficiary: Provided further, That balances of reimbursements unobligated on September 30, 2025, shall remain available until expended for the payment of compensation, benefits, and expenses: Provided further, That in addition there shall be transferred to this appropriation from the Postal Service and from any other corporation or instrumentality required under 5 U.S.C. 8147(c) to pay an amount for its fair share of the cost of administration, such sums as the Secretary determines to be the cost of administration for employees of such fair share entities through September 30, 2026: 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, \$81,808,000 shall be made available to the Secretary as follows: (1) For enhancement and maintenance of automated data processing systems operations and telecommunications systems, \$27,549,000; (2) For automated workload processing operations, including document imaging, centralized mail intake, and medical bill processing, \$25,956,000; (3) For periodic roll disability management and medical review, \$25,957,000; (4) For program integrity, \$2,346,000; and (5) The remaining funds shall be paid into the Treasury as miscellaneous receipts: Provided further, That the Secretary may require that any person filing a notice of injury or a claim for benefits under 5 U.S.C. 81, or the Longshore and Harbor Workers' Compensation Act, provide as part of such notice and claim, such identifying information (including Social Security account number) as such regulations may prescribe.

Note.—This account is operating under the Full-Year Continuing Appropriations and Extensions Act, 2025 (Division A of Public Law 119–4).

SPECIAL BENEFITS

AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	FY 2024 Enacted		FY 2025 Enacted		FY 2026 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	0	\$700,000	0	\$726,670	0	\$1,298,385
Offsetting Collections From:						
Benefits and reimbursable FTE	29	\$2,643,449	19	\$2,842,310	5	\$3,105,700
FECA Fair Share Appropriation	168	\$83,007	163	\$84,106	128	\$81,808
Unobligated Balance Carried Forward from Prior Year	0	\$933,148	0	\$452,340	0	\$173,674
B. Gross Budget Authority	197	\$4,359,604	182	\$4,105,426	133	\$4,659,567
Total Collections	0	-\$2,726,456	0	-\$2,926,416	0	-\$3,187,508
Unobligated Balance Carried Forward from Prior Year	0	-\$933,148	0	-\$452,340	0	-\$173,674
C. Budget Authority	197	\$700,000	182	\$726,670	133	\$1,298,385
Total Collections	0	\$2,726,456	0	\$2,926,416	0	\$3,187,508
Unobligated Balance Carried Forward from Prior Year	0	\$933,148	0	\$452,340	0	\$173,674
D. Total Budgetary Resources	197	\$4,359,604	182	\$4,105,426	133	\$4,659,567
Unobligated Balances	-3	-\$452,340	0	-\$173,674	0	-\$78,662
E. Total, Estimated Obligations	194	\$3,907,264	182	\$3,931,752	133	\$4,580,905

SPECIAL BENEFITS

SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Request	Net Change
Budget Authority			
General Funds	\$3,653,086	\$4,485,893	+\$832,807
Total	\$3,653,086	\$4,485,893	+\$832,807
Full Time Equivalents			
General Funds	163	128	-35
Total	163	128	-35

Explanation of Change	FY 2025 Base		FY 2026 Change					
			Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	163	\$22,335	0	\$0	0	\$0	0	\$0
Personnel benefits	0	\$0	0	\$0	0	\$0	0	\$0
Employee health benefits	0	\$8,207	0	\$0	0	\$0	0	\$0
Moving allowance	0	\$0	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act (FECA)	0	\$1,414	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$196	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$770	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$0	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$16	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$7	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$0	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$9,947	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$22,447	0	\$0	0	\$0	0	\$0
Other Federal sources (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other Federal sources (DHS Charges)	0	\$0	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$16,455	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$0	0	\$0	0	\$0	0	\$0

SPECIAL BENEFITS

Explanation of Change	FY 2026 Change							
	FY 2025 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Operation and maintenance of equipment	0	\$2,173	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$47	0	\$0	0	\$0	0	\$0
Equipment	0	\$92	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	19	\$3,568,980	0	\$0	0	\$0	0	\$0
Built-Ins Subtotal	182	+\$3,653,086	0	\$0	0	\$0	0	\$0
B. Programs:								
FECA Appropriation	0	\$0	0	\$0	0	\$571,715	0	\$571,715
Offsetting Benefits	0	\$0	0	\$0	-14	\$263,390	-14	\$263,390
Programs Subtotal			0	\$0	-14	+\$835,105	-14	+\$835,105
Total Increase	182	+\$3,653,086	0	\$0	-14	+\$835,105	-14	+\$835,105
Decreases:								
A. Built-Ins:								
To Provide For:								
Built-Ins Subtotal	0	\$0	0	\$0	0	\$0	0	\$0
B. Programs:								
Attrition Fair Share	0	\$0	0	\$0	-35	-\$2,298	-35	-\$2,298
Programs Subtotal			0	\$0	-35	-\$2,298	-35	-\$2,298
Total Decrease	0	\$0	0	\$0	-35	-\$2,298	-35	-\$2,298
Total Change	182	+\$3,653,086	0	\$0	-49	+\$832,807	-49	+\$832,807

SPECIAL BENEFITS

SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY (Dollars in Thousands)								
	FY 2024 Enacted		FY 2025 Enacted		FY 2026 Request		Diff. FY 2026 Request / FY 2025 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Federal Employees' Compensation Act Benefits	19	2,643,449	19	2,842,310	5	3,105,700	-14	263,390
Offsetting Benefits Collections	19	2,643,449	19	2,842,310	5	3,105,700	-14	263,390
FECA Fair Share Appropriation	175	83,007	163	84,106	128	81,808	-35	-2,298
Offsetting Collections	175	83,007	163	84,106	128	81,808	-35	-2,298
Federal Employees' Compensation Act Appropriation	0	698,000	0	724,670	0	1,296,385	0	571,715
General Funds	0	698,000	0	724,670	0	1,296,385	0	571,715
Longshore and Harbor Workers' Compensation Benefits Appropriation	0	2,000	0	2,000	0	2,000	0	0
General Funds	0	2,000	0	2,000	0	2,000	0	0
Total	194	3,426,456	182	3,653,086	133	4,485,893	-49	832,807
Offsetting Benefits Collections	19	2,643,449	19	2,842,310	5	3,105,700	-14	263,390
General Funds	0	700,000	0	726,670	0	1,298,385	0	571,715
Offsetting Collections	175	83,007	163	84,106	128	81,808	-35	-2,298

NOTE: FY 2024 reflects actual FTE.

SPECIAL BENEFITS

BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2024 Enacted	FY 2025 Enacted	FY 2026 Request	Diff. FY 2026 Request / FY 2025 Enacted
	Full-Time Equivalent				
	Full-time Permanent	168	163	128	-35
	Total	168	163	128	-35
	Average ES Salary	\$211,878	\$224,413	\$224,413	\$0
	Average GM/GS Grade	13/1	13/1	13/1	0
	Average GM/GS Salary	\$128,072	\$129,199	\$129,199	\$0
11.1	Full-time permanent	16,819	21,760	17,088	-4,672
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	575	575	575	0
11.9	Total personnel compensation	17,394	22,335	17,663	-4,672
12.1	Civilian personnel benefits	7,065	9,621	8,150	-1,471
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	196	196	196	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	385	770	770	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	16	16	16	0
24.0	Printing and reproduction	7	7	7	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	21,794	9,947	16,742	6,795
25.3	Other goods and services from Federal sources 1/	33,838	38,902	35,952	-2,950
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	2,173	2,173	2,173	0
26.0	Supplies and materials	47	47	47	0
31.0	Equipment	92	92	92	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	3,343,449	3,568,980	4,404,085	835,105
51.1	Benefits	0	0	0	0
	Total	3,426,456	3,653,086	4,485,893	832,807
	1/Other goods and services from Federal sources				
	Working Capital Fund	17,383	22,447	19,497	-2,950
	Services by DOL Agencies	16,455	16,455	16,455	0

SPECIAL BENEFITS

AUTHORIZING STATUTES

Public Law / Act	Legislation	Statute No. / US Code	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

SPECIAL BENEFITS

APPROPRIATION HISTORY (Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2017					
Base Appropriation	\$220,000			\$286,675	104
2018					
Base Appropriation	\$220,000	\$220,000		\$291,188	128
2019					
Base Appropriation...1/	\$230,000		\$230,000	\$304,777	158
2020					
Base Appropriation...2/ 3/	\$234,600	\$234,600		\$309,377	154
2021					
Base Appropriation...3/	\$239,000			\$319,257	143
2022					
Base Appropriation...2/	\$244,000	\$244,000		\$324,920	116
2023					
Base Appropriation	\$250,000			\$331,752	168
2024					
Base Appropriation	\$700,000		\$700,000	\$783,007	168
2025					
Base Appropriation	\$726,670			\$810,776	163
2026					
Base Appropriation	\$1,298,385				128

1/ This bill was passed by the Senate. It was passed out of the House Subcommittee but was not reported out of the House Committee or by the full House.

2/ This bill was passed by the House. It was not taken up by the Senate Appropriations Subcommittee or full Appropriations Committee.

3/ FTE for FY 2020 and FY 2021 reflect the Shared Services Realignment.

SPECIAL BENEFITS

OVERVIEW

The Special Benefits fund comprises two accounts representing obligations for benefits under the Federal Employees' Compensation Act (FECA), as amended, with extensions, and the Longshore and Harbor Workers' Compensation Act (LHWCA), as amended, with extensions. The requested funding provides resources necessary to meet required payments for compensation, medical costs, vocational rehabilitation, and other benefits made to eligible claimants or their survivors as mandated by each of the Acts. Under the War Hazards Compensation Act, also administered by the FECA program, insurance carriers can file reimbursement claims for workers' compensation benefits paid under the Defense Base Act for injury or death caused by a war-risk hazard as defined in the statute.

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

Section 10(h) of the amended LHWCA authorized annual adjustments in compensation to beneficiaries in cases of permanent total disability or death occurring on or prior to November 26, 1972, with the Federal Government paying half the costs of the annual increase for compensation of those cases. A direct appropriation provides the necessary resources to meet the required annual increase in benefits for the Federal share of the costs for compensation and related benefits for the pre-1972 cases. Private insurance companies and/or employers pay the remaining 50 percent of the compensation.

FEDERAL EMPLOYEES' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	FY 2024 Enacted	FY 2025 Enacted	FY 2026 Request	Diff. FY 2026 Request / FY 2025 Enacted
Activity Appropriation	83,007	84,106	81,808	-2,298
FTE	175	163	128	-35

NOTE: FY 2024 reflects actual FTE. Authorized FTE for FY 2024 was 168.

Introduction

The Special Benefits fund is administered by the Division of Federal Employees' Compensation (DFEC), which adjudicates new claims for benefits and manages ongoing cases; pays medical expenses and compensation benefits to injured workers and survivors; and helps injured employees return to work when they are medically able to do so.

Five-Year Budget Activity History

(Dollars in Thousands)

Fiscal Year	Appropriation	Fair Share Funding	FTE
2021	\$239,000	\$80,257	143
2022	\$244,000	\$80,920	116
2023	\$250,000	\$81,752	168
2024	\$700,000	\$83,007	168
2025	\$726,670	\$84,106	163

FY 2026

Total new budget authority requested in FY 2026 is \$4,485,893,000. This amount includes \$1,296,385,000, in direct appropriations for FECA benefits and War Hazards payments, and \$2,000,000 for LHWCA benefits as authorized under Section 10(h) of the amended LHWCA. OWCP estimates total offsetting collections in FY 2026 to be \$3,105,700,000 in FECA benefits and \$81,808,000 and 128 FTE for FECA Fair Share program administration. The Fair Share amount is \$2,298,000 and 35 FTE below the FY 2025 Enacted Level.

In FY 2026, the FECA program will continue its ongoing program integrity efforts through data analytics, payment audits, and improper payment reporting. The FY 2026 funding request will continue to deliver safe and effective workers' compensation coverage to injured federal workers with significantly less administrative funding by reorganizing our remaining workforce, streamlining procedures and processes, and prioritizing the most critical adjudication and payment activities.

DFEC is responsible for reviewing, approving, and paying claims associated with War Hazards Compensation Act (WHCA) reimbursements, which are paid out of the Special Benefits fund. Incoming requests have significantly increased, driving subsequent reimbursements to increase as well, resulting in an increase in the requested appropriation from \$724,670,000 in FY 2025 to

FEDERAL EMPLOYEES' COMPENSATION

\$1,298,385,000 in FY 2026. Average monthly WHCA payments increased in FY 2024 to approximately \$54 million per month (+35% as compared to FY 2023) and are anticipated to increase further in FYs 2025-2026. The increased requested appropriation will allow OWCP to keep pace with new incoming reimbursement requests while processing the claims currently pending review and approval.

FY 2025

Discretionary amounts shown for FY 2025 reflect the FY 2025 full-year Continuing Resolution amounts (P.L. 119-4).

DOL agencies will utilize funding provided through the full-year continuing resolution to realign agency operations with Administration priorities including, but not limited to, executing Executive Order 14158 titled *Establishing and Implementing the President's "Department of Government Efficiency"* (January 20, 2025); Executive Order 14210 titled *Implementing the President's "Department of Government Efficiency" Workforce Optimization Initiative* (February 11, 2025); Executive Order 14219 titled *Ensuring Lawful Governance and Implementing the President's "Department of Government Efficiency" Deregulatory Initiative* (February 19, 2025); Executive Order 14151 titled *Ending Radical And Wasteful Government DEI Programs And Preferencing* (January 20, 2025); and Executive Order 14278 titled *Preparing Americans for High-Paying Skilled Trade Jobs of the Future* (April 23, 2025). To the extent any of these Executive Orders are subject to an injunction, DOL will conduct any realignment activities consistent with such injunction(s).

FEDERAL EMPLOYEES' COMPENSATION

Workload and Performance Narrative

Periodic Roll Management

Management of long-term disability cases under Periodic Roll Management is a performance priority for the FECA program. These injured federal workers have typically sustained more severe injuries with longer recovery periods and have permanent impairments that require long-term monitoring. In FY 2026, the program expects approximately 35,000 workers to receive compensation for long-term disability.

Monitoring and Management of Pharmaceutical Costs

The FECA program has reduced annual total pharmacy spend from \$383 million in 2016 to \$40 million in 2024, an 89% reduction. Annual pharmacy transactions have been reduced from 973,000 transactions in 2016 to 421,000 transactions in 2024, a 57% reduction. The FECA program will continue to build upon these successes to improve patient safety and reduce costs, waste, and abuse while identifying potential fraud and making appropriate referrals to the OIG for investigation and prosecution.

FEDERAL EMPLOYEES' COMPENSATION

BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		FY 2024 Enacted	FY 2025 Enacted	FY 2026 Request	Diff. FY 2026 Request / FY 2025 Enacted
11.1	Full-time permanent	16,819	21,760	17,088	-4,672
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	575	575	575	0
11.9	Total personnel compensation	17,394	22,335	17,663	-4,672
12.1	Civilian personnel benefits	7,065	9,621	8,150	-1,471
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	196	196	196	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	385	770	770	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	16	16	16	0
24.0	Printing and reproduction	7	7	7	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	21,794	9,947	16,742	6,795
25.3	Other goods and services from Federal sources 1/	33,838	38,902	35,952	-2,950
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	2,173	2,173	2,173	0
26.0	Supplies and materials	47	47	47	0
31.0	Equipment	92	92	92	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
51.1	Benefits	0	0	0	0
	Total	83,007	84,106	81,808	-2,298
	1/Other goods and services from Federal sources				
	Working Capital Fund	17,383	22,447	19,497	-2,950
	Services by DOL Agencies	16,455	16,455	16,455	0

FEDERAL EMPLOYEES' COMPENSATION

CHANGES IN FY 2026

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

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

Built-Ins Subtotal **\$0**

Net Program **-\$2,298**

Direct FTE **-35**

	Estimate	FTE
Base	\$84,106	163
Program Increase	\$0	0
Program Decrease	-\$2,298	-35