

FY 2027

CONGRESSIONAL BUDGET JUSTIFICATION

OFFICE OF WORKERS' COMPENSATION PROGRAMS

OVERVIEW

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OFFICE OF WORKERS' COMPENSATION PROGRAMS

OVERVIEW

The mission and vision of the Department of Labor's (DOL) Office of Workers' Compensation Programs (OWCP) are:

- To protect the interests of workers who are injured or become ill on the job; their families and employers, by making timely, appropriate, and accurate decisions on claims; providing prompt payment of benefits; and helping injured workers to return to gainful work as early as is feasible.
- To be an innovative leader in the delivery of benefits and a responsible steward of the resources entrusted to us, as well as be respected and relied upon by those who depend on us for their health and economic well-being.

As a result of job-related injury or illness, workers covered by OWCP programs are faced with potentially devastating economic, health, and other personal costs. These costs arise from interruption of income while out of work; loss of income if permanently disabled and unable to work or, for survivors, due to death of the employee; temporary or permanent reduced capacity to return to work; temporary or permanent dislocation from prior employment; reduced capacity to find new employment; and the need for ongoing medical care.

OWCP administers four Federal compensation statutes providing benefits and responsibly administers the benefit funds authorized for these purposes:

- The Federal Employees' Compensation Act (FECA) Program is administered by the Division of Federal Employees' Compensation (DFEC) and provides wage-loss compensation, medical treatment, return-to-work assistance and vocational rehabilitation to civilian employees of the Federal Government injured at work and to certain other designated groups. The War Hazards Compensation Act is also administered by the FECA program, where insurance carriers can file reimbursement claims for workers' compensation benefits paid under the Defense Base Act (DBA) for injury or death caused by a war-risk hazard as defined in the statute.
- The Longshore Program is administered by the Division of Longshore and Harbor Workers' Compensation (DLHWC) and oversees the delivery of benefits by private sector employers and insurance carriers to injured workers engaged in certain maritime and related employment. The Longshore Program also administers the provisions of the DBA, which covers civilian contractors working overseas.

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- The Black Lung Program is administered by the Division of Coal Mine Workers' Compensation (DCMWC) and provides monetary compensation and medical benefits to coal miners totally disabled by pneumoconiosis (black lung disease) stemming from coal mine employment, and monetary benefits to their dependent survivors.
- The Energy Workers Program is administered by the Division of Energy Employees Occupational Illness Compensation (DEEOIC) and provides compensation and medical benefits to employees or survivors of employees of the Department of Energy (DOE), and contractors or subcontractors with DOE who have been diagnosed with cancer due to exposure to radiation, chronic beryllium disease, beryllium sensitivity, chronic silicosis or any occupational illnesses that are causally linked to toxic exposures in the DOE or uranium mining, milling and ore transporting work environments.

The funding accounts managed by OWCP include:

- **Salaries and Expenses (S&E) Federal Programs for Workers' Compensation (FPWC):** Provides funding, through direct appropriation and transfers from Trust Funds, for the administration of DFEC's FECA Program, DLHWC's Longshore Program, OWCP's administration of the Black Lung Disability Trust Fund (BLDTF), and DCMWC's administration of claims filed under Part C of the Black Lung Benefits Act (BLBA).
- **Special Benefits (SB):** Finances payments to Federal civilians for work-related injuries and illnesses; and to Longshore and Harbor Workers and their dependents for work-related injuries and illnesses sustained prior to November 26, 1972, pursuant to Longshore and Harbor Workers' Compensation Act Section 10(h). Under legislative amendments of the FECA, benefits are also paid to certain groups such as non-Federal law enforcement officers, Job Corps enrollees, and certain federally supported volunteers. The Special Benefits account also provides for DFEC program administration using "Fair Share" funds collected pursuant to FECA Section 8147 (c).
- **Special Benefits for Disabled Coal Miners (SBDCM):** Finances monthly compensation to miners suffering from Black Lung disease and eligible survivors for claims filed under Part B of the BLBA between December 30, 1969, and June 30, 1973, and associated administrative costs.
- **Energy Employees Occupational Illness Compensation Program Act (EEOICPA):** Part B and Part E funding provide compensation to DOE employees and their survivors, as well as contractors and their survivors, for

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illness or death stemming from work in the DOE nuclear weapons complex. Funding is also provided for the associated administrative costs of the program.

- **Black Lung Disability Trust Fund (BLDTF):** Established under the Black Lung Benefits Reform Act of 1977 to provide for payment of Part C benefits (monetary payments and medical benefits to miners who are totally disabled from Black Lung disease and monetary payments to eligible survivors) when no coal mine operator can be held liable. BLDTF also provides for payment of related administrative expenses and interest on repayable advances.
- **The Panama Canal Commission (PCC) Compensation Fund:** Established to provide for the accumulation of funds to meet the Commission's Federal Employees Program workers' compensation obligations that extend beyond the dissolution of the PCC on December 31, 1999, under the Panama Canal Treaty of 1977. This Fund was established in conjunction with the transfer of the administration of the Federal Employees Program from the Commission to DOL (OWCP) effective January 1, 1989.
- **The Special Workers' Compensation (SWC) Fund:** Consists of amounts received from employers pursuant to an annual assessment of the industry and for the death of an employee where no person is entitled to compensation for such death, and for fines and penalty payments under the LHWCA, as amended. Fund expenses include benefit payments in second injury cases, costs for vocational rehabilitation services to injured workers, and benefits for cases involving insolvency or other circumstances precluding payment by the employer.

The Office of Management and Budget designated OWCP as a High-Impact Service Provider, which is a federal Department or Agency that provides transactional customer-facing services. Because of this designation, all OWCP programs will continue to report their quarterly customer experience results, take part in OWCP's annual customer experience self-assessment, and identify their customer experience strengths and opportunities for improvement.

OWCP's FY 2027 requested administrative resources total \$390,059,000 and 1,203 FTE. The budget breakout is as below:

- \$95,962,000 and 472 FTE for DFEC in General Salaries & Expenses funding;
- \$11,861,000 and 47 FTE for DLHWC in General Salaries & Expenses funding;

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- \$2,177,000 and 5 FTE for DLHWC in Longshore Trust funding;
- \$81,808,000 and 128 FTE for DFEC in SB Fair Share funding;
- \$49,984,000 and 129 FTE for DCMWC in funding transferred from BLDTF;
- \$4,985,000 and 12 FTE for DCMLWC in SBDCM funding;
- \$66,138,000 and 197 FTE for DEEOIC in EEOICPA Part B funding (\$729,000 and 4 of the requested FTE are for the Ombudsman); and
- \$77,144,000 and 213 FTE for DEEOIC in EEOICPA Part E funding (\$934,000 and 3 of the requested FTE are for the Ombudsman, and \$493,000 and 1 of the requested FTE are for the Advisory Board).

OWCP's FY 2027 changes in resources include:

- \$2,700,000 increase for the Special Benefits Employees' Compensation Fund to cover PCC benefits claims. According to actuarial models, OWCP's PCC benefits fund is estimated to be insufficient to cover its obligations by November 2026. Once PCC funds are depleted, DFEC will continue to pay proper claims out of the Special Benefits Employees' Compensation Fund. This funding is not for administrative purposes and requires changes to the Special Benefits appropriations language.
- \$2,710,000 and 0 FTE decrease from EEOICPA Part B and BLDTF funding. \$10,710,000 in gap funding was provided in FY 2026 Enacted level to maintain pharmacy bill processing services, which are critical to ensuring claimants receive timely and accurate payment of medical and pharmacy bills services. OWCP expects to have a new Pharmacy Benefit Administrator (PBA) contract fully operational after the third quarter of FY 2027. The 2027 Budget requests three quarters of the 2026 Enacted stopgap funding amount because OWCP will not need stopgap funding in the fourth quarter of FY 2027 after the new PBA contract replaces the existing contract.