

**FY 2027**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**FEDERAL PROGRAMS FOR WORKERS' COMPENSATION**

**SALARIES AND EXPENSES**

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# FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

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## **APPROPRIATION LANGUAGE**

### **SALARIES AND EXPENSES**

*For necessary expenses for the Office of Workers' Compensation Programs, \$107,823,000, together with \$2,177,000 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 (33 U.S.C. 939(c), 944(d), 944(j)).*

**FEDERAL PROGRAMS FOR WORKERS' COMPENSATION**

**AMOUNTS AVAILABLE FOR OBLIGATION**

(Dollars in Thousands)

	<b>FY 2025 Enacted</b>		<b>FY 2026 Enacted</b>		<b>FY 2027 Request</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>Budget Authority Before Committee</b>	<b>615</b>	<b>\$120,500</b>	<b>519</b>	<b>\$120,500</b>	<b>519</b>	<b>\$107,823</b>
Spending Authority from Offsetting Collections: Black Lung Disability Trust Fund	151	51,580	129	50,684	129	49,984
Sequestration		-2,940		-2,889		
Spending Authority from Offsetting Collections: Longshore Trust Fund	7	2,205	5	2,205	5	2,177
<b>Total Budgetary Resources</b>	<b>773</b>	<b>\$171,345</b>	<b>653</b>	<b>\$170,500</b>	<b>653</b>	<b>\$159,984</b>

## FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

### SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2026 Enacted	FY 2027 Request	Net Change
<b>Budget Authority</b>			
General Funds	\$120,500	\$107,823	-\$12,677
Black Lung Disability Trust Funds <sup>1</sup>	\$50,684	\$49,984	-\$700
Longshore Trust Funds	\$2,205	\$2,177	-\$28
Total	\$173,389	\$159,984	-\$13,405
<b>Full Time Equivalents</b>			
General Funds	519	519	0
Black Lung Disability Trust Funds	129	129	0
Longshore Trust Funds	5	5	0
Total	653	653	0

### Explanation of Change

	FY 2026 Enacted		Trust Funds		Federal Funds		FY 2027 Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
Total personnel compensation	653	\$79,863	0	\$0	0	\$0	0	\$0
Personnel benefits	0	\$28,276	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$23	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$191	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$5,762	0	\$0	0	\$0	0	\$0

<sup>1</sup> The Black Lung Disability Trust Fund appropriation is subject to a sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. All amounts displayed for that appropriation are pre-sequestration levels.

## FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

Communications, utilities, and misc.	0	\$2,162	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$170	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$29	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$11,869	0	\$0	0	\$0	0	\$0
Other goods and svcs. from Fed. sources	0	\$20,279	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$2	0	\$0	0	\$0	0	\$0
Operation and maint. of equipment	0	\$4,048	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$445	0	\$0	0	\$0	0	\$0
Equipment	0	\$68	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$9	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act	0	\$1,770	0	\$0	0	\$35	0	\$35
Working Capital Fund	0	\$18,423	0	\$0	0	\$0	0	\$0
<b>Built-Ins Subtotal</b>	<b>+653</b>	<b>+\$173,389</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$35</b>	<b>0</b>	<b>+\$35</b>
<b>B. Programs:</b>								
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>Total Increase</b>	<b>+653</b>	<b>+\$173,389</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$35</b>	<b>0</b>	<b>+\$35</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
Working Capital Fund	0	\$0	0	\$0	0	-\$5,114	0	-\$5,114
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$5,114</b>	<b>0</b>	<b>-\$5,114</b>
<b>B. Programs:</b>								
Program Attrition			0	\$0	0	-\$6,767	0	-\$6,767
Program Attrition Longshore Trust			0	-\$28	0	\$0	0	-\$28
Program Attrition Longshore General			0	\$0	0	-\$831	0	-\$831
BLDTF 3/4 Gap Funding for Pharmacy Bill Processing			0	-\$700	0	\$0	0	-\$700
<b>Programs Subtotal</b>			<b>0</b>	<b>-\$728</b>	<b>0</b>	<b>-\$7,598</b>	<b>0</b>	<b>-\$8,326</b>
<b>Total Decrease</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$728</b>	<b>0</b>	<b>-\$12,712</b>	<b>0</b>	<b>-\$13,440</b>
<b>Total Change</b>	<b>+653</b>	<b>+\$173,389</b>	<b>0</b>	<b>-\$728</b>	<b>0</b>	<b>-\$12,677</b>	<b>0</b>	<b>-\$13,405</b>

## FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

### SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY

(Dollars in Thousands)

	FY 2025 Enacted		FY 2026 Enacted		FY 2027 Request		Diff. FY 2027 Request / FY 2026 Enacted	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Division of Federal Employees' Compensation</b>	555	\$107,245	472	\$107,245	472	\$95,962	0	-\$11,283
General Funds	555	\$107,245	472	\$107,245	472	\$95,962	0	-\$11,283
<b>Division of Longshore and Harbor Workers' Compensation</b>	65	\$15,460	52	\$15,460	52	\$14,038	0	-\$1,422
General Funds	58	\$13,255	47	\$13,255	47	\$11,861	0	-\$1,394
Longshore Trust Funds	7	\$2,205	5	\$2,205	5	\$2,177	0	-\$28
<b>Division of Coal Mine Workers' Compensation</b>	154	\$51,580	129	\$50,684	129	\$49,984	0	-\$700
Black Lung Disability Trust Funds <sup>2</sup>	154	\$51,580	129	\$50,684	129	\$49,984	0	-\$700
<b>Total</b>	<b>774</b>	<b>\$174,285</b>	<b>653</b>	<b>\$173,389</b>	<b>653</b>	<b>\$159,984</b>	<b>0</b>	<b>-\$13,405</b>
<b>General Funds</b>	<b>613</b>	<b>\$120,500</b>	<b>519</b>	<b>\$120,500</b>	<b>519</b>	<b>\$107,823</b>	<b>0</b>	<b>-\$12,677</b>
<b>Black Lung Disability Trust Funds</b>	<b>154</b>	<b>\$51,580</b>	<b>129</b>	<b>\$50,684</b>	<b>129</b>	<b>\$49,984</b>	<b>0</b>	<b>-\$700</b>
<b>Longshore Trust Funds</b>	<b>7</b>	<b>\$2,205</b>	<b>5</b>	<b>\$2,205</b>	<b>5</b>	<b>\$2,177</b>	<b>0</b>	<b>-\$28</b>

NOTE: FY 2025 reflects actual FTE.

<sup>2</sup> The Black Lung Disability Trust Fund appropriation is subject to a sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. All amounts displayed for that appropriation are pre-sequestration levels.

## FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

### BUDGET AUTHORITY BY OBJECT CLASS<sup>3</sup>

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
11.1 Full-time permanent	89,370	77,547	77,547	0
11.5 Other personnel compensation	1,922	2,316	2,316	0
12.1 Personnel Benefits	34,064	28,276	28,276	0
12.1 FECA	1,419	1,770	1,805	35
13.0 Benefits for former personnel	0	23	23	0
21.0 Travel and transportation of persons	247	191	191	0
23.1 Rental payments to GSA	7,048	5,762	5,762	0
23.2 Rental payments to others	9	0	0	0
23.3 Communications, utilities, and misc.	1,500	2,162	2,162	0
24.0 Printing and reproduction	215	170	170	0
25.1 Advisory and assistance services	325	29	29	0
25.2 Other services from non-Federal sources	7,543	11,869	4,374	-7,495
25.3 Other goods and svcs. from Fed. sources	13,854	20,279	19,847	-432
25.3 WCF (Non-Add)	13,819	18,423	13,309	-5,114
25.4 Operation and maintenance of facilities	0	2	2	0
25.7 Operation and maint. of equipment	2,587	4,048	3,649	-399
26.0 Supplies and materials	299	445	445	0
31.0 Equipment	64	68	68	0
42.0 Insurance claims and indemnities	0	9	9	0
<b>Total</b>	<b>174,285</b>	<b>173,389</b>	<b>159,984</b>	<b>-13,405</b>

<sup>3</sup> The Enacted and Request levels include funds from the Black Lung Disability Trust Fund. This appropriation is subject to a sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. All amounts included for that appropriation are pre-sequestration levels.

# FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

## APPROPRIATION HISTORY<sup>4</sup>

(Dollars in Thousands)

	Budget Estimates to Congress	Appropriations	FTE
2017			
Base Appropriation	\$164,405	\$153,208	894
2018			
Base Appropriation	\$153,528	\$153,323	860
2019			
Base Appropriation	\$153,528	\$153,476	868
2020			
Base Appropriation	\$156,028	\$153,590	834
2021			
Base Appropriation	\$159,955	\$155,927	770
2022			
Base Appropriation	\$182,273	\$159,230	879
2023			
Base Appropriation	\$188,171	\$162,494	825
2024			
Base Appropriation	\$196,005	\$166,764	805
2025			
Base Appropriation	\$182,125	\$174,285	773
2026			
Base Appropriation	\$160,684	\$173,389	653
2027			
Base Appropriation	\$159,984	\$0	653

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<sup>4</sup> The Budget Estimate to Congress and Appropriations columns include funds from the Black Lung Disability Trust Fund. This appropriation is subject to a sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. All amounts included for that appropriation are pre-sequestration levels.

# FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

## BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
<b>Activity Appropriation<sup>5</sup></b>	<b>174,285</b>	<b>173,389</b>	<b>159,984</b>	<b>-13,405</b>
FTE	774	653	653	0

NOTE: FY 2025 reflects actual FTE.

### OVERVIEW

Federal Programs for Workers' Compensation (FPWC) provides funding for three of the Office of Workers' Compensation Programs (OWCP) divisions.

1. The Division of Federal Employees' Compensation (DFEC) administers the Federal Employees' Compensation Act (FECA), which 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. Under the War Hazards Compensation Act, also administered by the DFEC, 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.
2. The Division of Longshore and Harbor Workers' Compensation (DLHWC) provides administrative oversight of the award and delivery of benefits to injured private-sector workers engaged in certain maritime and related employment and to overseas contractors covered by the provisions of the Longshore and Harbor Workers' Compensation Act (LHWCA) and its extensions.
3. The Division of Coal Mine Workers' Compensation (DCMWC) provides monetary compensation and medical benefits to coal miners totally disabled by pneumoconiosis (Black Lung) stemming from mine employment, and monetary benefits to their dependent survivors.

Total resources requested for FPWC in FY 2027 are \$159,984,000 and 653 FTE. The FY 2027 Request Level by budget activity is as follows:

- \$95,962,000 and 472 FTE for DFEC in General Funds Salaries & Expenses funding.
- \$14,038,000 and 52 FTE for DLHWC consisting of:

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<sup>5</sup> The Enacted and Request levels include funds from the Black Lung Disability Trust Fund. This appropriation is subject to a sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. All amounts included for that appropriation are pre-sequestration levels.

## FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

- \$11,861,000 and 47 FTE in General Funds Salaries & Expenses funding.
- \$2,177,000 and 5 FTE in Longshore Trust funding.
- \$49,984,000 and 129 FTE for DCMWC in funding transferred from the Black Lung Disability Trust Fund (BLDTF).

The request includes a decrease of \$700,000 and 0 FTE from BLDTF funding. \$2,750,000 million 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.



**DIVISION OF FEDERAL EMPLOYEES' COMPENSATION**

**BUDGET AUTHORITY BEFORE THE COMMITTEE**

(Dollars in Thousands)

	<b>FY 2025 Enacted</b>	<b>FY 2026 Enacted</b>	<b>FY 2027 Request</b>	<b>Diff. FY 2027 Request / FY 2026 Enacted</b>
<b>Activity Appropriation</b>	<b>107,245</b>	<b>107,245</b>	<b>95,962</b>	<b>-11,283</b>
FTE	555	472	472	0

NOTE: FY 2025 reflects actual FTE.

**Introduction**

The Division of Federal Employees' Compensation (DFEC) administers the Federal Employees' Compensation Act (FECA), which 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. Under the War Hazards Compensation Act, also administered by the DFEC, 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.

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

### Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2022	\$104,952	657
2023	\$107,245	607
2024	\$107,245	587
2025	\$107,245	557
2026	\$107,245	472

### FY 2027

Requested resources in FY 2027 are \$95,962,000 and 472 FTE, which is \$11,283,000 below the FY 2026 Enacted level.

The FY 2027 funding request will continue to deliver effective workers' compensation coverage to injured federal workers by ensuring they are operating within a merit-based structure which promotes accountability, streamlined procedures and processes, and technology modernization.

### FY 2026

In FY 2026, DFEC will continue to deliver timely and effective workers' compensation coverage to injured federal workers while optimizing overall efficiency and high-quality service to its stakeholders. Using an enhanced performance management process for claims staff which promotes accountability, streamlined procedures and processes, and technological advances, DFEC will continue to ensure that staff have the right skills and operate with the responsiveness and flexibility to perform initial claims intake and adjudication, wage-loss claims processing and payment, early disability case management, periodic roll management, and appeals processing.

### FY 2025

During FY 2025, DFEC continued its focus on leveling workload across employees, improving the quality and timeliness of its claims management actions, and implementing critical updates for the Postal Service Health Benefits (PSHB) Program for FECA claimants.

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

<b>WORKLOAD AND PERFORMANCE SUMMARY</b>					
<b>Division of Federal Employees' Compensation</b>		<b>FY 2025 Enacted</b>		<b>FY 2026 Enacted</b>	<b>FY 2027 Request</b>
		<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Performance Measures</b>					
FEC 1a	Percent of wage-loss claims timely processed with 14 days: claims not requiring further development	92.0%	95.1%	92.0%	92.5%
FEC 1b	Percent of all wage-loss claims timely processed within 90 days: all claims	95%	99%	95%	95%
<b>Workload Measures</b>					
FEC WL 1	Case Created	120,000[p]	86,482	90,000[p]	90,000[p]
FEC WL 3	Initial Wage-loss Claims Received	15,000[p]	16,824	17,000[p]	17,000[p]

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

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

### Workload and Performance Narrative

DFEC performs a variety of activities to accomplish its goals, including initial claims intake and adjudication, wage-loss claims processing and payment, early disability case management, periodic roll management, and appeals processing. Under the War Hazards Compensation Act, administered by the FECA Program, insurance carriers can file reimbursement claims for workers' compensation benefits paid under the DBA for injury or death caused by a war-risk hazard as defined in the statute.

#### FECA Program Case Creation and Initial/Wage-loss Adjudication

In FY 2025, the FECA Program received 86,482 initial claims. The FECA Program expects to receive 90,000 new injury claims and 17,000 initial claims for FECA wage-loss compensation in FY 2026 and FY 2027. Over 85 percent of the new injury claims are expected to be for traumatic injuries, such as those caused by slips and falls. The remainder is expected to involve more complex situations in which a medical condition arises due to occupational exposure. In FY 2025, the Program received 185,768 wage-loss claims. The FECA Program expects to receive 150,000 wage-loss claims in FY 2026 and 170,000 wage-loss claims in FY 2027. In FY 2025, the Program processed 95.1 percent of claims that do not need further development within 14 days. The Program expects to process at least 92.0 percent of claims that do not need further development within 14 days in FY 2026 and at least 92.5 percent of claims that do not need further development within 14 days in FY 2027. In FY 2025, the Program processed 99 percent of all wage-loss claims within 90 days. The Program expects to process at least 95 percent of all wage-loss claims within 90 days in FY 2026 and FY 2027.

#### FECA Program Disability Management and Processing of Compensation and Medical Payments

The FECA Program continues to work with agencies across the federal government to return the injured worker to pre-injury status both economically and medically as soon as possible. The FECA Program staff process benefits for those who sustain a work-related injury or illness in the performance of duty anywhere in the world. Benefits include wage-replacement payments and payments for reasonable and necessary medical treatment related to the injury. In Chargeback Year (CBY) 2025 (July 1, 2024 to June 30, 2025), the Program processed a total of 8,066,682 compensation and medical payments. In CBY 2025, 180,272 beneficiaries received \$3.96 billion in benefit payments, including \$2.93 billion for wage-loss compensation, \$140 million for death benefits, and \$890 million for medical benefits. The Program expects to process 7,000,000 compensation and medical payments in FY 2026 and 7,500,000 compensation and medical payments in FY 2027.

**DIVISION OF FEDERAL EMPLOYEES' COMPENSATION**

**BUDGET ACTIVITY BY OBJECT CLASS**

(Dollars in Thousands)

	<b>FY 2025 Enacted</b>	<b>FY 2026 Enacted</b>	<b>FY 2027 Request</b>	<b>Diff. FY 2027 Request / FY 2026 Enacted</b>
11.1 Full-time permanent	63,482	58,913	58,913	0
11.5 Other personnel compensation	1,358	1,702	1,702	0
12.1 Personnel Benefits	24,193	21,304	21,304	0
12.1 FECA	1,416	1,733	1,768	35
13.0 Benefits for former personnel	0	23	23	0
21.0 Travel and transportation of persons	127	150	150	0
23.1 Rental payments to GSA	4,815	4,390	4,390	0
23.2 Rental payments to others	9	0	0	0
23.3 Communications, utilities, and misc.	950	929	929	0
24.0 Printing and reproduction	207	88	88	0
25.2 Other services from non-Federal sources	872	6,767	0	-6,767
25.3 Other goods and svcs. from Fed. sources	4,503	1,552	1,552	0
25.3 WCF (Non-Add)	5,136	9,506	4,955	-4,551
25.7 Operation and maint. of equipment	9	12	12	0
26.0 Supplies and materials	134	148	148	0
31.0 Equipment	34	19	19	0
42.0 Insurance claims and indemnities	0	9	9	0
<b>Total</b>	<b>107,245</b>	<b>107,245</b>	<b>95,962</b>	<b>-11,283</b>

**DIVISION OF FEDERAL EMPLOYEES' COMPENSATION**

**CHANGES IN FY 2027**

(Dollars in Thousands)

**Activity Changes**

**Built-Ins**

Federal Employees' Compensation Act	\$35	
Working Capital Fund	-\$4,551	
<b>Built-Ins Subtotal</b>	<b>-\$4,516</b>	

<b>Base</b>	<b>\$107,245</b>	<b>472</b>
Program Decreases	-\$6,767	0
<b>Net Program Subtotal</b>	<b>-\$6,767</b>	<b>0</b>
<b>Total Activity Appropriation</b>	<b>\$95,962</b>	<b>472</b>

	<b>Amount</b>	<b>FTE</b>
<b>Base</b>	<b>\$107,245</b>	<b>472</b>
<b>Program Increases</b>	<b>\$0</b>	<b>0</b>
<b>Program Decreases</b>	<b>-\$6,767</b>	<b>0</b>

# DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

## BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	<b>FY 2025 Enacted</b>	<b>FY 2026 Enacted</b>	<b>FY 2027 Request</b>	<b>Diff. FY 2027 Request / FY 2026 Enacted</b>
<b>Activity Appropriation</b>	<b>15,460</b>	<b>15,460</b>	<b>14,038</b>	<b>-1,422</b>
FTE	65	52	52	0

NOTE: FY 2025 reflects actual FTE.

### **Introduction**

The Longshore Program provides administrative oversight of the award and delivery of benefits to injured private-sector workers engaged in certain maritime and related employment and to overseas contractors covered by the provisions of the LHWCA and its extensions. The Longshore Program receives over 41,000 new claims per year and collects assessments for the Special Workers Compensation Fund (SWCF), which provides benefits directly to certain individuals (claimants), including bi-weekly recurring benefit payments to approximately 2,100 beneficiaries. There are approximately 545 companies authorized to write insurance or self-insure liabilities under the LHWCA and its extensions. The Program maintains approximately \$3.1 billion in securities to ensure the continuing provision of benefits for covered workers in case of employer/carrier insolvency.

## DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

### Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2022	\$15,177	66
2023	\$15,460	68
2024	\$15,460	66
2025	\$15,460	65
2026	\$15,460	52

### FY 2027

Requested resources in FY 2027 are \$14,038,000 and 52 FTE which is \$1,422,000 below the FY 2026 Enacted level. Of these amounts:

- \$11,861,000 and 47 FTE is requested for the Longshore Program in General Salaries & Expenses funding;
- \$2,177,000 and 5 FTE for the Longshore Program in Longshore Trust funding.

At this level, with the objective of utilizing data as a strategic asset to improve Longshore Program effectiveness, oversight and transparency, the request includes continued funding to support the SWCF. This funding would allow the Program to maintain performance of ongoing longstanding financial compliance audits to hold all SWCF participants accountable for their fair share of the annual assessment by increasing financial recoveries, serve as a deterrent to under-reporting, and reduce additional costs to compliant employers who are left to make the SWCF whole. While the Longshore Program funds its operations from OWCP's Salaries and Expenses funding, management of the SWCF is supported by a direct transfer from the SWCF that is referred to as "Longshore Trust Funds." OWCP finances the SWCF by assessments on the carriers and self-insured employers who underwrite or perform Longshore-related work. The LHWCA authorizes the Secretary of Labor to utilize funds from the SWCF to ensure its solvency and financial strength (see Sections 44(d) and 44(i) of the Longshore and Harbor Workers' Compensation Act Amendments of 1984). For FY 2027, these activities (as well as vocational rehabilitation services in Sec 39(c) of the Act) will be supported by the direct transfer of \$2,177,000 from the SWCF.

### FY 2026

In FY 2026, the Longshore Program will professionally perform its important mission while ensuring efficient, timely, and quality operations and promoting accountability throughout the organization. The Program will enhance the services it provides by exploring the merger of key forms to reduce the administrative burden on stakeholders. DLHWC will be working towards developing new system capabilities through OWCP's IT Modernization initiative which will automate tasks, reduce workloads, eliminate data entry errors, decrease mailing costs, and improve the timely service of orders.

## DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

### FY 2025

During FY 2025, the Longshore Program continued its efforts to accurately and timely execute its mission while taking measures to eliminate fraud and reduce improper payments. The Program began implementation of *Executive Order 14247: Modernizing Payments To and From America's Bank Account* by working to eliminate paper checks to the fullest extent permitted by law. Additionally, Longshore directed its resources and strategies towards eliminating fraud by continuing to utilize Treasury's Do Not Pay Continuous Monitoring report. During FY2025, Longshore Program successfully updated its payment requirements to require all applicable claimants to provide a Social Security Number. This is in compliance with Presidential Executive Order 14249. These efforts aim to defend against financial fraud and improper payments, reduce costs, and enhance the security of benefit payments.

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

<b>WORKLOAD AND PERFORMANCE SUMMARY</b>					
		<b>FY 2025 Enacted</b>		<b>FY 2026 Enacted</b>	<b>FY 2027 Request</b>
		<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Division of Longshore and Harbor Workers' Compensation</b>					
<b>Performance Measures</b>					
LS 11	Percent of settlement applications processed within 18 days	90.0%	96.0%	90.0%	90.5%
LS 12	Percent of bi-annual assessments for the Special Fund issued timely	90.0%	99.0%	90.0%	90.0%
<b>Workload Measures</b>					
LS WL 2	Number of Claims with Lost Time / Injuries Reported	38,807[p]	41,746	40,336[p]	43,014

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

## DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

### **Workload and Performance Narrative**

DLHWC provides administrative oversight to the Longshore Program of benefit award and delivery by employers and insurance carriers to injured private-sector workers and is responsible for collecting annual industry assessments to support the Special Workers' Compensation Fund (SWCF).

#### *Claims Processing and Benefits Delivery Oversight*

The Longshore Program focuses on expeditious processing of settlement applications to ensure settlement funds are received timely. In FY 2027, the Program expects 90.5 percent of settlement applications to be processed within 18 days.

#### *Insurance Authorization and Risk Securitization / SWCF Management*

A major Longshore Program responsibility is collecting annual industry assessments that support the SWCF. As part of the Program's obligations to ensure the Fund has adequate resources to pay benefits, it must collect these assessments in a timely manner from those entities that utilize the Fund. The Program targets January 31st as the date by which it issues an advance assessment and July 31st as the date by which it issues the final assessment each year. The Longshore Program expects to issue 90 percent of bi-annual assessments for the Special Fund timely in FY 2027.

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

**BUDGET ACTIVITY BY OBJECT CLASS**

(Dollars in Thousands)

	<b>FY 2025 Enacted</b>	<b>FY 2026 Enacted</b>	<b>FY 2027 Request</b>	<b>Diff. FY 2027 Request / FY 2026 Enacted</b>
11.1 Full-time permanent	8,405	6,928	6,928	0
11.5 Other personnel compensation	190	191	191	0
12.1 Personnel Benefits	3,245	2,597	2,597	0
12.1 FECA	0	37	37	0
21.0 Travel and transportation of persons	0	33	33	0
23.1 Rental payments to GSA	845	445	445	0
23.3 Communications, utilities, and misc.	100	437	437	0
24.0 Printing and reproduction	0	28	28	0
25.1 Advisory and assistance services	325	29	29	0
25.2 Other services from non-Federal sources	0	589	561	-28
25.3 Other goods and svcs. from Fed. sources	487	925	493	-432
25.3 WCF (Non-Add)	1,463	2,196	1,633	-563
25.4 Operation and maintenance of facilities	0	2	2	0
25.7 Operation and maint. of equipment	400	849	450	-399
26.0 Supplies and materials	0	125	125	0
31.0 Equipment	0	49	49	0
<b>Total</b>	<b>15,460</b>	<b>15,460</b>	<b>14,038</b>	<b>-1,422</b>

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

**CHANGES IN FY 2027**

(Dollars in Thousands)

**Activity Changes**

**Built-Ins**

Working Capital Fund	-\$563	
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<b>Built-Ins Subtotal</b>	<b>-\$563</b>	
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<b>Base</b>	<b>\$15,460</b>	<b>52</b>
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Program Decreases	-\$859	0
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<b>Net Program Subtotal</b>	<b>-\$859</b>	<b>0</b>
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<b>Total Activity Appropriation</b>	<b>\$14,038</b>	<b>52</b>
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	<b>Amount</b>	<b>FTE</b>
<b>Base</b>	<b>\$15,460</b>	<b>52</b>

<b>Program Increases</b>	<b>\$0</b>	<b>0</b>
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<b>Program Decreases</b>	<b>-\$859</b>	<b>0</b>
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# DIVISION OF COAL MINE WORKERS' COMPENSATION

## BUDGET AUTHORITY BEFORE THE COMMITTEE

(Dollars in Thousands)

	FY 2025 Enacted	FY 2026 Enacted	FY 2027 Request	Diff. FY 2027 Request / FY 2026 Enacted
<b>Activity Appropriation<sup>6</sup></b>	<b>51,580</b>	<b>50,684</b>	<b>49,984</b>	<b>-700</b>
FTE	154	129	129	0

NOTE: FY 2025 reflects actual FTE.

### **Introduction**

OWCP's Black Lung Program provides benefits to coal industry workers totally disabled by pneumoconiosis, as well as their dependent survivors. Pneumoconiosis – also known as Black Lung disease – is a debilitating condition resulting from exposure to coal mine dust, which currently has no cure. OWCP draws its mandate from Title IV of the Federal Coal Mine Health and Safety Act of 1969, as amended. The core mission and budget activities of the Program are to develop and adjudicate claims and pay benefits. Claims examiners and supporting staff in district offices across the country process benefit applications, make initial decisions on benefit eligibility, and perform benefit maintenance for all Black Lung Disability Trust Fund (BLDTF) beneficiaries. In addition, staff members monitor benefit payments and medical treatment provided by self-insured coal mine operators or operators' insurance carriers.

### **Five-Year Budget Activity History**

<b><u>Fiscal Year</u></b>	<b><u>Funding<sup>7</sup></u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2022	\$39,101	156
2023	\$39,789	150
2024	\$44,059	152
2025	\$51,580	151
2026	\$50,684	129

### **FY 2027**

<sup>6</sup> The Black Lung Disability Trust Fund appropriation is subject to a sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. All amounts displayed for that appropriation are pre-sequestration levels.

<sup>7</sup> The Black Lung Disability Trust Fund appropriation is subject to a sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. All amounts displayed for that appropriation are pre-sequestration levels.

## **DIVISION OF COAL MINE WORKERS' COMPENSATION**

Requested resources transferred from the BLDTF are \$49,984,000 and 129 FTE which is \$700,000 below the FY 2026 Enacted level.

- The request includes a decrease of \$700,000 and 0 FTE from BLDTF funding. \$2,750,000 in gap funding was provided in FY 2026 Enacted 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.

The BLDTF appropriation is subject to a sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. BLDTF administrative amounts displayed in the budget are pre-sequestration levels.

### **FY 2026**

In FY 2026, the Black Lung Program will adjudicate claims and administer benefit payments in a timely, quality, and professional manner while ensuring accountability throughout the organization. Using targeted performance metrics and automated Power Business Intelligence dashboards, the Program will execute a balanced approach to claims inventory management that optimizes overall efficiency and delivers high-quality service to stakeholders. In addition, the Program will continue to ensure robust oversight and effective internal controls over financial processes and payment protocols to minimize improper payments.

### **FY 2025**

During FY 2025, the Black Lung Program continued its efforts to execute the mission of the Black Lung Benefits Act by ensuring accurate and timely adjudication of claims and payment of benefits. In an effort to modernize and enhance Program communications, the Program implemented new functionality to its electronic document submission portal that allows claimants and beneficiaries to electronically request claims information and report changes to their personal information online, streamlining the customer experience. The Program increased efficiency by continuing to enhance its use of artificial intelligence to streamline its review of annual benefit maintenance forms submitted by the Program's beneficiaries. The Program also began transitioning to fully electronic payments and eliminating paper checks to the extent permitted by law to ensure compliance with Executive Order 14247. The Program aimed to defend against financial fraud and minimize improper payments through its use of the U.S. Department of the Treasury's Do Not Pay reports.

**DIVISION OF COAL MINE WORKERS' COMPENSATION**

<b>WORKLOAD AND PERFORMANCE SUMMARY</b>					
		<b>FY 2025 Enacted</b>		<b>FY 2026 Enacted</b>	<b>FY 2027 Request</b>
		<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Division of Coal Mine Workers' Compensation</b>					
<b>Performance Measures</b>					
CM 9	Percent of Black Lung claims pending at the start of the fiscal year that are resolved by the end of the fiscal year	89.0%	91.6%	89.0%	89.5%

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

## **DIVISION OF COAL MINE WORKERS' COMPENSATION**

### **Workload and Performance Narrative**

In FY 2027, DCMWC expects to receive 6,500 new claims and issue 5,500 decisions, resulting in a pending inventory of approximately 5,600 claims for the Black Lung Program. In FY 2026, DCMWC expects to receive 6,250 claims and issue 5,500 decisions after the Program received over 5,600 claims and issued over 6,000 decisions in FY 2025.

DCMWC will continue to prioritize the resolution of pending claims as a key strategic objective by optimizing productivity and promoting a balanced approach to claims management. In FY 2027, DCMWC expects that 89.5 percent of claims pending at the start of the fiscal year will be resolved by the end of the fiscal year, an increase of the Program's FY 2026 target for this same goal of 89%. In FY 2025, the Program far exceeded this goal by issuing decisions on 92% of claims pending at the start of the fiscal year by the end of the year.

**DIVISION OF COAL MINE WORKERS' COMPENSATION**

**BUDGET ACTIVITY BY OBJECT CLASS<sup>8</sup>**

(Dollars in Thousands)

	<b>FY 2025 Enacted</b>	<b>FY 2026 Enacted</b>	<b>FY 2027 Request</b>	<b>Diff. FY 2027 Request / FY 2026 Enacted</b>
11.1 Full-time permanent	17,483	11,706	11,706	0
11.5 Other personnel compensation	374	423	423	0
12.1 Personnel Benefits	6,626	4,375	4,375	0
12.1 FECA	3	0	0	0
21.0 Travel and transportation of persons	120	8	8	0
23.1 Rental payments to GSA	1,388	927	927	0
23.3 Communications, utilities, and misc.	450	796	796	0
24.0 Printing and reproduction	8	54	54	0
25.2 Other services from non-Federal sources	6,671	4,513	3,813	-700
25.3 Other goods and svcs. from Fed. sources	8,864	17,802	17,802	0
25.3 WCF (Non-Add)	7,220	6,721	6,721	0
25.7 Operation and maint. of equipment	2,178	3,187	3,187	0
26.0 Supplies and materials	165	172	172	0
31.0 Equipment	30	0	0	0
<b>Total</b>	<b>51,580</b>	<b>50,684</b>	<b>49,984</b>	<b>-700</b>

<sup>8</sup> The Black Lung Disability Trust Fund appropriation is subject to a sequestration reduction pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. All amounts displayed for that appropriation are pre-sequestration levels.

**DIVISION OF COAL MINE WORKERS' COMPENSATION**

**CHANGES IN FY 2027**

(Dollars in Thousands)

**Activity Changes**

<b>Built-Ins</b>		
<b>Built-Ins Subtotal</b>	<b>\$0</b>	
<b>Base</b>	<b>\$50,684</b>	<b>129</b>
Program Decreases	-\$700	0
<b>Net Program Subtotal</b>	<b>-\$700</b>	<b>0</b>
<b>Total Activity Appropriation</b>	<b>\$49,984</b>	<b>129</b>

	<b>Amount</b>	<b>FTE</b>
<b>Base</b>	<b>\$50,684</b>	<b>129</b>
<b>Program Increases</b>	<b>\$0</b>	<b>0</b>
<b>Program Decreases</b>	<b>-\$700</b>	<b>0</b>