

**FY 2017**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**SPECIAL BENEFITS**

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# **SPECIAL BENEFITS**

## **TABLE OF CONTENTS**

Appropriation Language .....	1
Analysis of Appropriation Language.....	3
Amounts Available for Obligation.....	5
Summary of Changes .....	6
Summary Budget Authority and FTE by Activity .....	8
Budget Authority by Object Class .....	9
Authorizing Statutes.....	10
Appropriation History .....	11
Overview .....	12
Budget Activities .....	13
Federal Employees' Compensation.....	13
Longshore and Harbor Workers' Compensation.....	21

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## **SPECIAL BENEFITS**

### **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 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] section (4c) and 5(f) of the War Claims Act of 1948 (50 U.S.C.App. [2004]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, [\$210,000,000] \$220,000,000, 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, 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, [2015] 2016, 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, [2016] 2017: *Provided further*, That of those funds transferred to this account

## **SPECIAL BENEFITS**

from the fair share entities to pay the cost of administration of the Federal Employees' Compensation Act, [\$62,170,000] \$63,975,000 shall be made available to the Secretary as follows:

- (1) For enhancement and maintenance of automated data processing systems operations and telecommunications systems, [\$21,140,000] \$22,740,000;
- (2) For automated workload processing operations, including document imaging, centralized mail intake, and medical bill processing, [\$22,968,000] \$22,968,000
- (3) For periodic roll disability management and medical review, [\$16,668,000] \$16,866,000;
- (4) For program integrity, [\$1,394,000] \$1,401,000; 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. (*Department of Labor Appropriations Act, 2016.*)

## SPECIAL BENEFITS

### 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, [2015]2016, 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

## SPECIAL BENEFITS

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, [2016]2017: . . . ”*

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, [\$62,170,000]\$63,975,000 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 \$63,975,000 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.)



## SPECIAL BENEFITS

<b>AMOUNTS AVAILABLE FOR OBLIGATION</b>						
(Dollars in Thousands)						
	<b>FY 2015 Enacted</b>		<b>FY 2016 Enacted</b>		<b>FY 2017 Request</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>A. Appropriation</b>	<b>110</b>	<b>\$210,000</b>	<b>110</b>	<b>\$210,000</b>	<b>110</b>	<b>\$220,000</b>
Offsetting Collections From:						
Benefits	0	\$2,979,980	0	\$3,243,000	0	\$3,278,000
Fair Share	0	\$60,334	0	\$62,170	0	\$63,975
Unobligated Balance Carried Forward from Prior Year	0	\$1,345,648	0	\$1,346,621	0	\$1,297,800
Recoveries of Prior Year Unpaid Obligations	0	\$973	0	\$0	0	\$0
<b>B. Gross Budget Authority</b>	<b>110</b>	<b>\$4,596,935</b>	<b>110</b>	<b>\$4,861,791</b>	<b>110</b>	<b>\$4,859,775</b>
Total Collections	0	-\$3,040,314	0	-\$3,305,170	0	-\$3,341,975
Unobligated Balance Carried Forward from Prior Year	0	-\$1,345,648	0	-\$1,346,621	0	-\$1,297,800
Recoveries of Prior Year Unpaid Obligations	0	-\$973	0	\$0	0	\$0
<b>C. Budget Authority</b>	<b>110</b>	<b>\$210,000</b>	<b>110</b>	<b>\$210,000</b>	<b>110</b>	<b>\$220,000</b>
Total Collections	0	\$3,040,314	0	\$3,305,170	0	\$3,341,975
Unobligated Balance Carried Forward from Prior Year	0	\$1,345,648	0	\$1,346,621	0	\$1,297,800
Recoveries of Prior Year Unpaid Obligations	0	\$973	0	\$0	0	\$0
<b>D. Total Budgetary Resources</b>	<b>110</b>	<b>\$4,596,935</b>	<b>110</b>	<b>\$4,861,791</b>	<b>110</b>	<b>\$4,859,775</b>
Unobligated Balances	-3	-\$1,346,621	0	-\$1,346,621	0	-\$1,297,800
<b>E. Total, Estimated Obligations</b>	<b>107</b>	<b>\$3,250,314</b>	<b>110</b>	<b>\$3,515,170</b>	<b>110</b>	<b>\$3,561,975</b>

## SPECIAL BENEFITS

### SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2016 Enacted	FY 2017 Request	Net Change
<b>Budget Authority</b>			
General Funds	\$3,515,170	\$3,561,975	+\$46,805
<b>Total</b>	<b>\$3,515,170</b>	<b>\$3,561,975</b>	<b>+\$46,805</b>
 <b>Full Time Equivalents</b>			
General Funds	110	110	0
<b>Total</b>	<b>110</b>	<b>110</b>	<b>0</b>

#### FY 2017 Change

Explanation of Change	FY 2016 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Costs of pay adjustments	110	\$10,032	0	\$0	0	\$171	0	\$171
Personnel benefits	0	\$2,722	0	\$0	0	\$54	0	\$54
Employee health benefits	0	\$205	0	\$0	0	\$3	0	\$3
Moving allowance	0	\$0	0	\$0	0	\$0	0	\$0
Two days less of Pay	0	\$0	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act (FECA)	0	\$1,100	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$146	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$2,064	0	\$0	0	\$72	0	\$72
Rental payments to others	0	\$0	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$363	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$4	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	\$17,192	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$1,135	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	\$7,529	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

FY 2017 Change

Explanation of Change	FY 2016 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Operation and maintenance of equipment	0	\$19,224	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$50	0	\$0	0	\$0	0	\$0
Equipment	0	\$404	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$3,453,000	0	\$0	0	\$45,000	0	\$45,000
<b>Built-Ins Subtotal</b>	<b>110</b>	<b>+\$3,515,170</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$45,300</b>	<b>0</b>	<b>+\$45,300</b>
<b>B. Programs:</b>								
VoiP IVR IT Initiative - FECA								
Fairshare	0	\$0	0	\$0	0	\$1,600	0	\$1,600
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$1,600</b>	<b>0</b>	<b>+\$1,600</b>
<b>Total Increase</b>	<b>110</b>	<b>+\$3,515,170</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$46,900</b>	<b>0</b>	<b>+\$46,900</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Two days less of Pay	0	\$0	0	\$0	0	-\$95	0	-\$95
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$95</b>	<b>0</b>	<b>-\$95</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 Decrease</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>-\$95</b>	<b>0</b>	<b>-\$95</b>
<b>Total Change</b>	<b>110</b>	<b>+\$3,515,170</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$46,805</b>	<b>0</b>	<b>+\$46,805</b>

## SPECIAL BENEFITS

<b>SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY</b> (Dollars in Thousands)								
	<b>FY 2015 Enacted</b>		<b>FY 2016 Enacted</b>		<b>FY 2017 Request</b>		<b>Diff. FY17 Request / FY16 Enacted</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>Federal Employees' Compensation Act Benefits</b>	<b>0</b>	<b>2,979,980</b>	<b>0</b>	<b>3,243,000</b>	<b>0</b>	<b>3,278,000</b>	<b>0</b>	<b>35,000</b>
Offsetting Benefits Collections	0	2,979,980	0	3,243,000	0	3,278,000	0	35,000
<b>FECA Fair Share</b>	<b>107</b>	<b>60,334</b>	<b>110</b>	<b>62,170</b>	<b>110</b>	<b>63,975</b>	<b>0</b>	<b>1,805</b>
General Funds	107	60,334	110	62,170	110	63,975	0	1,805
<b>Federal Employees' Compensation Act Appropriation</b>	<b>0</b>	<b>207,000</b>	<b>0</b>	<b>207,000</b>	<b>0</b>	<b>217,000</b>	<b>0</b>	<b>10,000</b>
General Funds	0	207,000	0	207,000	0	217,000	0	10,000
<b>Longshore and Harbor Workers' Compensation Benefits</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>0</b>
General Funds	0	3,000	0	3,000	0	3,000	0	0
<b>Total</b>	<b>107</b>	<b>3,250,314</b>	<b>110</b>	<b>3,515,170</b>	<b>110</b>	<b>3,561,975</b>	<b>0</b>	<b>46,805</b>
<b>General Funds</b>	<b>107</b>	<b>270,334</b>	<b>110</b>	<b>272,170</b>	<b>110</b>	<b>283,975</b>	<b>0</b>	<b>11,805</b>
<b>Offsetting Benefits Collections</b>	<b>0</b>	<b>2,979,980</b>	<b>0</b>	<b>3,243,000</b>	<b>0</b>	<b>3,278,000</b>	<b>0</b>	<b>35,000</b>

NOTE: 2015 reflects actual FTE.

## SPECIAL BENEFITS

<b>BUDGET AUTHORITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2015 Enacted</b>	<b>FY 2016 Enacted</b>	<b>FY 2017 Request</b>	<b>Diff. FY17 Request / FY16 Enacted</b>
	Full-Time Equivalent				
	Full-time Permanent	110	110	110	0
	<b>Total</b>	<b>110</b>	<b>110</b>	<b>110</b>	<b>0</b>
	Average ES Salary	\$172,614	\$174,340	\$176,606	\$2,266
	Average GM/GS Grade	13/1	13/1	13/1	0
	Average GM/GS Salary	\$91,092	\$92,003	\$93,199	\$1,196
11.1	Full-time permanent	10,200	9,923	10,021	98
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	102	109	111	2
11.9	<b>Total personnel compensation</b>	<b>10,302</b>	<b>10,032</b>	<b>10,132</b>	<b>100</b>
12.1	Civilian personnel benefits	3,942	4,027	4,060	33
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	100	146	146	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,196	2,064	2,136	72
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	390	363	363	0
24.0	Printing and reproduction	2	4	4	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	17,988	17,192	17,192	0
25.3	Other goods and services from Federal sources 1/	8,540	8,664	8,664	0
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	16,668	19,224	20,824	1,600
26.0	Supplies and materials	86	50	50	0
31.0	Equipment	120	404	404	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	3,189,980	3,453,000	3,498,000	45,000
51.1	Benefits	0	0	0	0
	<b>Total</b>	<b>3,250,314</b>	<b>3,515,170</b>	<b>3,561,975</b>	<b>46,805</b>
	1/Other goods and services from Federal sources				
	Working Capital Fund	1,048	1,135	1,135	0
	Services by DOL Agencies	7,475	7,512	7,512	0
	GSA Services	2	2	2	0
	Services by Other Government Departments	15	15	15	0

## SPECIAL BENEFITS

### AUTHORIZING STATUTES

<b>Public Law / Act</b>	<b>Legislation</b>	<b>Statute No. / US Code</b>	<b>Volume No.</b>	<b>Page No.</b>	<b>Expiration Date</b>
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

<b>APPROPRIATION HISTORY</b> (Dollars in Thousands)					
	<b>Budget Estimates to Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriations</b>	<b>FTE</b>
2007					
Base Appropriation	\$230,000	\$183,000	\$183,000	\$227,000	127
2008					
Base Appropriation	\$203,000	\$3,000	\$3,000	\$203,000	127
2009					
Base Appropriation	\$163,000		\$3,000	\$163,000	127
2010					
Base Appropriation	\$187,000	\$3,000	\$3,000	\$187,000	127
2011					
Base Appropriation	\$183,000	\$3,000	\$3,000	\$183,000	113
2012					
Base Appropriation	\$350,000		\$3,000	\$350,000	109
2013					
Base Appropriation	\$396,000			\$350,000	116
2014					
Base Appropriation	\$396,000			\$396,000	114
2015					
Base Appropriation	\$210,000			\$210,000	110
2016					
Base Appropriation	\$210,000	\$210,000	\$210,000	\$210,000	110
2017					
Base Appropriation	\$220,000				110

# SPECIAL BENEFITS

## OVERVIEW

### Introduction

The Special Benefits fund, administered by the Office of Workers' Compensation Programs (OWCP), supports the Secretary's vision of *Promoting and Protecting Opportunity* through the Department of Labor's Strategic Objective 4.1: *Provide income support when work is impossible or unavailable and facilitate return to work.*

Special Benefits 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 extensions of FECA, benefits are also paid to certain groups such as War Hazards Compensation Act claimants, non-Federal law enforcement officers, Job Corps enrollees, and certain Federally supported volunteers.

Spending authority is also provided for 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 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 October 27, 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. The remaining 50 percent of the compensation is paid by private insurance companies and/or employers.

### Social Security Administration Data Matching

While the FY 2017 Budget does not re-propose the broader package of FECA reforms, the Administration is working to address longstanding Government Accountability Office and Labor Inspector General recommendations to improve program integrity by cross-matching Office of Workers' Compensation Programs records with Social Security records. Such matching has the potential to reduce improper payments in the FECA, Black Lung, and EEOICPA programs by improving reporting of outside income for purposes of calculating benefit levels. In addition, the Administration continues to explore other ways to modernize and improve the FECA program.



## FEDERAL EMPLOYEES' COMPENSATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2015 Enacted</b>	<b>FY 2016 Enacted</b>	<b>FY 2017 Request</b>	<b>Diff. FY17 Request / FY16 Enacted</b>
<b>Activity Appropriation</b>	<b>60,334</b>	<b>62,170</b>	<b>63,975</b>	<b>1,805</b>
FTE	107	110	110	0

NOTE: FY 2015 reflects actual FTE. Authorized FTE for FY 2015 was 110.

### **Introduction**

The principal costs of the FECA 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 13 payments made during a fiscal year under normal circumstances.

The Special Benefits account also provides for FECA program administration using “Fair Share” funds collected pursuant to FECA Section 8147 (c). The funding supports program operations, including Periodic Roll Management (PRM) and medical bill review and processing.

Fair Share funding also provides for operations and maintenance of the Integrated Federal Employees’ Compensation System (iFECS) and the document imaging system; centralized mail intake and case create functions; and maintenance of the program’s telecommunications system.

OWCP data processing and communications systems provide essential support for FECA claims, case management, and fiscal operations, and enable evaluations of program performance and accountability. OWCP will capitalize on prior year investments in iFECS and other data systems and leverage them to transform and improve program operations, data quality, and customer service.

### **Five-Year Budget Activity History** (Dollars in Thousands)

<b>Fiscal Year</b>	<b>Appropriation</b>	<b>Fair Share Funding</b>	<b>FTE</b>
2012	\$350,000	\$59,488	109
2013	\$350,000	\$59,488	116
2014	\$396,000	\$60,017	114
2015	\$210,000	\$60,334	110
2016	\$210,000	\$62,170	110

# FEDERAL EMPLOYEES' COMPENSATION

## FY 2017

Total new budget authority requested in FY 2017 is \$3,561,975,000. This amount includes \$217,000,000 in direct appropriations for FECA and \$3,000,000 for Longshore Harbor Workers' benefits. Included in the budget authority amount are inflationary built-in increases of \$205,000 and offsetting collections from other agencies. Total obligations in FY 2017 are estimated to be \$3,278,000,000 in FECA benefits and War Hazard payments; and \$63,975,000 and 110 FTE for program administration. Included in the Fair Share amount is a base level increase of \$1,600,000 for the IT Interactive Voice Recognition (IVR) and Voice-over-Internet-Protocol (VoIP) initiative. This is in support of the theme of *Improving Service Delivery Through Information Technology* in the President's Management Agenda.

Requested resources for the information technology initiative will facilitate OWCP's ability to move onto the DOL adopted standard under the Digital Government Improvement Project (DGIP) initiative and ensure that no functionality is lost in transition. This includes moving all phones to the new VoIP standard and then procuring the additional functionality needed to retain the current IVR functionality.

Management of long-term disability cases under Periodic Roll Management (PRM) is a FECA program performance priority. Over 40,000 workers are expected to receive compensation benefits for long-term disability in FY 2017. These injured Federal workers have typically sustained more severe injuries with longer recovery periods and have permanent impairments that require long-term monitoring.

Periodic Entitlement Reviews (PER) of periodic roll cases are conducted regularly by program claims examiners to review medical evidence supporting continued entitlement to benefits and to identify 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. Verification of proper continuation of benefits through the PER process also reinforces the fiscal integrity of the FECA program where evidence supports the adjustment or termination of benefits.

OWCP will continue to improve management of PER workloads and strengthen PER review quality. Quality standards include making eligibility determinations based upon solid medical evidence, making prompt and appropriate referrals to vocational rehabilitation, and taking action to reduce or terminate benefits when supported by evidence.

The submission of claims and associated payments to insurance carriers for War Hazard claims are expected to increase significantly through FY 2017. These payments represent reimbursement for benefits paid by insurance carriers to contract employees (or their beneficiaries) of the Federal Government for injuries, illnesses, or death sustained as a result of a war hazard. OWCP is working to speed up the review, adjudication, and reimbursement processes associated with the War Hazards Compensation Act (WHCA) while ensuring high quality and accurate decisions and reimbursements.

FY 2017 Fair Share funding will also provide:

## **FEDERAL EMPLOYEES' COMPENSATION**

- Maintenance of the web-based application Employees' Compensation Operations and Management Portal that enables Federal employers and claimants to submit claim forms electronically and allows all stakeholders (medical providers, employing agencies and injured workers) to upload documents directly into the case file, making them available to FECA claims staff within hours;
- Accessibility for employing agencies through its website to general FECA program information, regulations, forms and publications, as well as case-specific information;
- Maintenance of the interactive voice response system to provide claimants with greater access to OWCP claims staff to answer questions as well as offer self-help features that will provide timely case status information;
- Increased program integrity efforts through data analytics, payment audits, and improper payment reporting; and
- Continued efforts to increase program efficiency and productivity by exploring business process and organizational design improvements and workload management innovations such as telework and flexiplace expansion.

### **FY 2016**

The total budget authority in FY 2016 is \$3,515,170,000. This amount includes \$207,000,000 in direct appropriations for FECA and \$3,000,000 for Longshore Harbor Workers' benefits. Total obligations in FY 2016 are estimated to be \$3,243,000,000 in FECA benefits; and Fair Share funding authority of \$62,170,000 and 110 FTE for FECA program administration.

In FY 2016, over 43,000 people are receiving compensation benefits for long-term disability. In addition, PRM staff are managing survivor benefits for more than 3,500 fatality cases. OWCP paid over \$1,943,121,000 in compensation benefits to these two groups in FY 2014.

OWCP will build upon the performance gains achieved in FY 2015 and will continue to improve management of PER workloads and strengthen PER review quality. Quality standards include making eligibility determinations based upon solid medical evidence, making prompt and appropriate referrals to vocational rehabilitation, and taking action to reduce or terminate benefits when supported by evidence.

### **FY 2015**

Total obligations in FY 2015 were \$2,979,980,000. This amount includes \$207,000,000 in direct appropriations for FECA, \$3,000,000 for Longshore Harbor Workers' benefits, and Fair Share funding authority of \$60,334,000 and 110 FTE for FECA program administration.

In FY 2015, PRM staff managed survivor benefits for more than 3,500 fatality cases. DFEC paid over \$2,037,000,000 in compensation benefits to these two groups in FY 2013.

## FEDERAL EMPLOYEES' COMPENSATION

<b>DETAILED WORKLOAD AND PERFORMANCE</b>					
		<b>FY 2015 Enacted</b>		<b>FY 2016 Enacted</b>	<b>FY 2017 Request</b>
		<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>FECA Fair Share</b>					
<b>Strategic Goal 4 - Secure retirement, health, and other employee benefits and, for those not working, provide income security</b>					
<b>Strategic Objective 4.1 - Provide income support when work is impossible or unavailable and facilitate return to work</b>					
<b>Output and Performances Measures</b>					
	Periodic Roll Cases Being Paid - Long term disability	43,500[p]	--	43,500[p]	43,500[p]
	PRM Cases Being Paid - Fatal	3,500[p]	--	3,500[p]	3,500[p]
FEC 4b	Percent of PER Reviews requiring development that are closed within 180 days	90.00%	--	95.00%	95.00%

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

# FEDERAL EMPLOYEES' COMPENSATION

## Workload Summary

The program's Disability Management (DM) activity integrates the Quality Case Management (QCM), Periodic Roll Management (PRM), and Vocational Rehabilitation activities. DM's first performance focus is to assist newly injured Federal employees in returning to work (coordinated between contract nurses and program claims staff in the QCM phase). If early return is unsuccessful, FECA staff will continue to monitor the cases (PRM phase) for improvement in medical condition and, as appropriate to the claimant's ability to work, will use rehabilitative services to assist reemployment.

While approximately 90 percent of injured workers who file for FECA wage-loss benefits will return to work within two years, periodic compensation payments are typically being made to more than 43,000 cases for ongoing disability. These Federal workers have generally sustained more-severe injuries with longer recovery periods and have permanent impairments that require long-term monitoring. In addition, PRM staff also manage survivor benefits for approximately 3,500 fatality cases. A total of \$2.045 billion in compensation benefits (not including medical costs) was paid to these groups in Chargeback Year 2015.

Review of PRM cases led to benefit adjustments or terminations (counted as "PRM Resolutions") in over 1,000 cases and produced more than \$15,000,000 in FECA compensation benefit savings in FY 2015. Those savings from these benefit adjustments and terminations in one year also produce several times that amount in compounded savings in subsequent out years. (Annual PRM savings are calculated as the combined cumulative value of FECA periodic (28-day cycle) payment reductions for all cases reduced within that fiscal year. The value of each year's new savings is compounded in the out years, so that, for example, an initial annual savings of \$15,000,000 avoids future costs of \$90,000,000 over five years.)

## FEDERAL EMPLOYEES' COMPENSATION

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2015 Enacted</b>	<b>FY 2016 Enacted</b>	<b>FY 2017 Request</b>	<b>Diff. FY17 Request / FY16 Enacted</b>
11.1	Full-time permanent	10,200	9,923	10,021	98
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	102	109	111	2
11.9	<b>Total personnel compensation</b>	<b>10,302</b>	<b>10,032</b>	<b>10,132</b>	<b>100</b>
12.1	Civilian personnel benefits	3,942	4,027	4,060	33
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	100	146	146	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,196	2,064	2,136	72
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	390	363	363	0
24.0	Printing and reproduction	2	4	4	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	17,988	17,192	17,192	0
25.3	Other goods and services from Federal sources 1/	8,540	8,664	8,664	0
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	16,668	19,224	20,824	1,600
26.0	Supplies and materials	86	50	50	0
31.0	Equipment	120	404	404	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
	<b>Total</b>	<b>60,334</b>	<b>62,170</b>	<b>63,975</b>	<b>1,805</b>
	1/Other goods and services from Federal sources				
	Working Capital Fund	1,048	1,135	1,135	0
	Services by DOL Agencies	7,475	7,512	7,512	0
	GSA Services	2	2	2	0
	Services by Other Government Departments	15	15	15	0

# FEDERAL EMPLOYEES' COMPENSATION

## CHANGES IN FY 2017

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$171
Personnel benefits	54
Employee health benefits	3
Moving allowance	0
Two days less of Pay	-95
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	72
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** **\$205**

**Net Program** **\$1,600**

**Direct FTE** **0**

	Estimate	FTE
<b>Base</b>	<b>\$62,375</b>	<b>110</b>
<b>Program Increase</b>	<b>\$1,600</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>





## LONGSHORE AND HARBOR WORKERS' COMPENSATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2015 Enacted</b>	<b>FY 2016 Enacted</b>	<b>FY 2017 Request</b>	<b>Diff. FY17 Request / FY16 Enacted</b>
<b>Activity Appropriation</b>	<b>3,000</b>	<b>3,000</b>	<b>3,000</b>	<b>0</b>
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, and the Department's Strategic Objective 4.1: *Provide income support when work is impossible or unavailable and facilitate return to work.*

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

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2012	\$3,000	0
2013	\$3,000	0
2014	\$3,000	0
2015	\$3,000	0
2016	\$3,000	0

### **FY 2017**

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 2017, the Federal share of required payments will be \$3,000,000 which will include the increase necessary for the annual October weekly wage adjustment.

### **FY 2016**

In FY 2016, the estimated Federal share of required payments will be \$3,000,000, which will include the increase necessary for the annual October weekly wage adjustment. Further discussion of Longshore's FY 2016 activities can be found in the Salaries and Expenses budget.

# LONGSHORE AND HARBOR WORKERS' COMPENSATION

## **FY 2015**

In FY 2015, the Federal share of required payments was \$1,436,397. Further discussion of Longshore's FY 2015 activities can be found in the Salaries and Expenses budget.

# LONGSHORE AND HARBOR WORKERS' COMPENSATION

## CHANGES IN FY 2017

(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
Program Increase	\$0	0
Program Decrease	\$0	0