

FY 2016

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) 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; sections 4(c) and 5(f) of the War Claims Act of 1948 (*50 U.S.C.App. 2012*); *obligations incurred under the War Hazards Compensation Act (42 U.S.C. 1701)*; 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, 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, [2014]2015, 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, [2014]2015: *Provided further*, That of those funds transferred to this account from the fair share entities to

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pay the cost of administration of the Federal Employees' Compensation Act,

[\$60,334,000]\$62,170,000 shall be made available to the Secretary as follows: (1) For enhancement and maintenance of automated data processing systems operations and telecommunications systems, \$[19,499,000]\$21,140,000; (2) For automated workload processing operations, including document imaging, centralized mail intake, and medical bill processing, \$22,968,000; (3) For periodic roll disability management and medical review, \$[16,482,000]\$16,668,000; (4) For program integrity, [\$1,385,000]\$1,394,000; 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, 2015.*)

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EXPLANATION OF LANGUAGE CHANGE

There are two changes to existing excerpts in the Special Benefits Appropriations language which clarify long standing interpretations of and practices concerning this appropriation by specifically stating that, along with the other compensation statutes already specifically enumerated, the appropriation is used to pay obligations that arise under the War Hazards Compensation Act, and the appropriation is deposited in the Employees' Compensation Fund and assumes its attributes, namely availability without time limit as provided by 5 USC § 8147.

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ANALYSIS OF APPROPRIATION LANGUAGE

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

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

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

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

" . . . *Provided further*, That balances of reimbursements and appropriations unobligated on September 30, [2014]2015, shall remain available until expended for the payment of compensation, benefits, and expenses . . . ”

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

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

“ . . . Provided further, That in addition there shall be transferred to this appropriation from the Postal Service and from any other corporation or instrumentality required under section 5 U.S.C. 8147(c) to pay an amount for its fair share of the cost of administration, such sums as the Secretary determines to be the cost of administration for employees of such fair share entities through September 30, [2014]2015: . . . ”

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, [\$60,334,000]\$62,170,000 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 \$62,170,000 of those funds shall be made available to the Secretary of Labor for automated systems operation and maintenance and for periodic roll disability management and medical review. The balance of the "fair share" funds shall revert to Treasury.

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

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

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AMOUNTS AVAILABLE FOR OBLIGATION						
(Dollars in Thousands)						
	2014		2015		2016	
	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation	114	\$396,000	110	\$210,000	110	\$210,000
Offsetting Collections From:						
Benefits	0	\$2,725,697	0	\$2,982,400	0	\$3,020,960
Fair Share	0	\$60,017	0	\$60,334	0	\$62,170
Unobligated Balance Carried Forward from Prior Year	0	\$1,017,786	0	\$1,345,648	0	\$1,299,998
Recoveries of Prior Year Unpaid Obligations	0	\$15,405	0	\$0	0	\$0
B. Gross Budget Authority	114	\$4,214,905	110	\$4,598,382	110	\$4,593,128
Total Collections	0	-\$2,785,714	0	-\$3,042,734	0	-\$3,083,130
Unobligated Balance Carried Forward from Prior Year	0	-\$1,017,786	0	-\$1,345,648	0	-\$1,299,998
Recoveries of Prior Year Unpaid Obligations	0	-\$15,405	0	\$0	0	\$0
C. Budget Authority	114	\$396,000	110	\$210,000	110	\$210,000
Total Collections	0	\$2,785,714	0	\$3,042,734	0	\$3,083,130
Unobligated Balance Carried Forward from Prior Year	0	\$1,017,786	0	\$1,345,648	0	\$1,299,998
Recoveries of Prior Year Unpaid Obligations	0	\$15,405	0	\$0	0	\$0
D. Total Budgetary Resources	114	\$4,214,905	110	\$4,598,382	110	\$4,593,128
Unobligated Balances	-4	-\$1,345,648	0	-\$1,299,998	0	-\$1,130,995
E. Total, Estimated Obligations	110	\$2,869,257	110	\$3,298,384	110	\$3,462,133

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SUMMARY OF CHANGES

(Dollars in Thousands)

	2015	2016	Net Change
Budget Authority			
General Funds	\$3,252,734	\$3,293,130	+\$40,396
Total	\$3,252,734	\$3,293,130	+\$40,396
Full Time Equivalents			
General Funds	110	110	0
Total	110	110	0

Explanation of Change	2016 Change							
	2015 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Increases:								
A. Built-Ins:								
To Provide For:								
Costs of pay adjustments	110	\$10,302	0	\$0	0	\$129	0	\$129
Personnel benefits	0	\$2,709	0	\$0	0	\$34	0	\$34
Employee health benefits	0	\$194	0	\$0	0	\$2	0	\$2
Moving allowance	0	\$0	0	\$0	0	\$0	0	\$0
One day more of pay	0	\$0	0	\$0	0	\$0	0	\$0
Federal Employees' Compensation Act (FECA)	0	\$1,039	0	\$0	0	\$61	0	\$61
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$100	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$2,196	0	\$0	0	\$50	0	\$50
Rental payments to others	0	\$0	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$390	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$2	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$0	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$0	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$1,048	0	\$0	0	\$129	0	\$129
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	\$7,492	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

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Explanation of Change	2016 Change							
	2015 Base		Trust Funds		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Operation and maintenance of equipment	0	\$16,668	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$86	0	\$0	0	\$0	0	\$0
Equipment	0	\$120	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0
Insurance claims and indemnities	0	\$3,192,400	0	\$0	0	\$38,560	0	\$38,560
Built-Ins Subtotal	110	+\$3,234,746	0	\$0	0	+\$38,965	0	+\$38,965
B. Programs:								
IT Modernization of OWCP's claims processing systems - FECA								
Fairshare Request	0	\$0	0	\$0	0	\$1,641	0	\$1,641
Programs Subtotal			0	\$0	0	+\$1,641	0	+\$1,641
Total Increase	110	+\$3,234,746	0	\$0	0	+\$40,606	0	+\$40,606
Decreases:								
A. Built-Ins:								
To Provide For:								
Other services from non-Federal sources	0	\$17,988	0	\$0	0	-\$210	0	-\$210
Built-Ins Subtotal	0	+\$17,988	0	\$0	0	-\$210	0	-\$210
B. Programs:								
Programs Subtotal			0	\$0	0	\$0	0	\$0
Total Decrease	0	+\$17,988	0	\$0	0	-\$210	0	-\$210
Total Change	110	+\$3,252,734	0	\$0	0	+\$40,396	0	+\$40,396

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SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY¹								
(Dollars in Thousands)								
	2014		2015		2016		Diff. 2016 / 2015	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Federal Employees' Compensation Act Benefits	0	2,725,697	0	2,982,400	0	3,020,960	0	38,560
Offsetting Benefits Collections	0	2,725,697	0	2,982,400	0	3,020,960	0	38,560
FECA Fair Share	110	60,017	110	60,334	110	62,170	0	1,836
General Funds	110	60,017	110	60,334	110	62,170	0	1,836
Federal Employees' Compensation Act Appropriation	0	393,000	0	207,000	0	207,000	0	0
General Funds	0	393,000	0	207,000	0	207,000	0	0
Longshore and Harbor Workers' Compensation Benefits	0	3,000	0	3,000	0	3,000	0	0
General Funds	0	3,000	0	3,000	0	3,000	0	0
Total	110	3,181,714	110	3,252,734	110	3,293,130	0	40,396
General Funds	110	456,017	110	270,334	110	272,170	0	1,836
Offsetting Benefits Collections	0	2,725,697	0	2,982,400	0	3,020,960	0	38,560

NOTE: 2014 reflects actual FTE.

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BUDGET AUTHORITY BY OBJECT CLASS					
(Dollars in Thousands)					
		2014	2015	2016	Diff. 2016 / 2015
	Full-Time Equivalent				
	Full-time Permanent	114	110	110	0
	Total	114	110	110	0
	Average ES Salary	\$169,229	\$172,614	\$174,340	\$1,726
	Average GM/GS Grade	13/1	13/1	13/1	0
	Average GM/GS Salary	\$89,306	\$91,092	\$92,003	\$911
11.1	Full-time permanent	10,578	10,200	10,328	128
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	100	102	103	1
11.9	Total personnel compensation	10,678	10,302	10,431	129
12.1	Civilian personnel benefits	4,055	3,942	4,039	97
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	108	100	100	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,336	2,196	2,246	50
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	222	390	390	0
24.0	Printing and reproduction	2	2	2	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	22,711	17,988	17,778	-210
25.3	Other goods and services from Federal sources 1/	7,864	8,540	8,669	129
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	11,953	16,668	18,309	1,641
26.0	Supplies and materials	41	86	86	0
31.0	Equipment	47	120	120	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	3,121,697	3,192,400	3,230,960	38,560
51.1	Benefits	0	0	0	0
	Total	3,181,714	3,252,734	3,293,130	40,396
	1/Other goods and services from Federal sources				
	Working Capital Fund	1,068	1,048	1,177	129
	DHS Services	152	0	0	0
	Services by DOL Agencies	6,627	7,475	7,475	0
	GSA Services	2	2	2	0
	Services by Other Government Departments	15	15	15	0

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AUTHORIZING STATUTES

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

SPECIAL BENEFITS

APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2006					
Base Appropriation	\$237,000	\$3,000	\$163,000	\$237,000	127
Legislative Proposal	-\$17,000	\$184,000	\$184,000	\$0	0
2007					
Base Appropriation	\$230,000	\$183,000	\$183,000	\$227,000	127
Legislative Proposal	-\$3,000	\$0	\$347,000	\$0	0
2008					
Base Appropriation	\$203,000	\$3,000	\$3,000	\$203,000	127
Legislative Proposal	-\$9,000	\$0	\$0	\$0	0
2009					
Base Appropriation	\$163,000	\$0	\$3,000	\$163,000	127
Legislative Proposal	-\$10,000	\$0	\$0	\$0	0
2010					
Base Appropriation	\$187,000	\$3,000	\$3,000	\$187,000	127
2011					
Base Appropriation	\$183,000	\$3,000	\$3,000	\$183,000	113
Legislative Proposal	-\$10,000	\$0	\$0	\$0	0
2012					
Base Appropriation	\$350,000	\$0	\$3,000	\$350,000	109
Legislative Proposal	-\$10,000	\$0	\$0	\$0	0
2013					
Base Appropriation	\$396,000	\$0	\$0	\$350,000	116
Legislative Proposal	-\$9,000	\$0	\$0	\$0	0
2014					
Base Appropriation	\$396,000	\$0	\$0	\$396,000	114
Legislative Proposal	-\$9,000	\$0	\$0	\$0	0
2015					
Base Appropriation	\$210,000	\$0	\$0	\$210,000	110
Legislative Proposal	-\$10,000	\$0	\$0	\$0	0
2016					
Base Appropriation	\$210,000	\$0	\$0	\$0	110

SPECIAL BENEFITS

OVERVIEW

Introduction

The Special Benefits (SB) 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.

Proposed Legislative Reform

The FY 2016 budget acts on longstanding Government Accountability Office, Congressional Budget Office, and Department of Labor Office of Inspector General recommendations to improve and update FECA. The legislative proposal would prospectively amend FECA (for new injuries/new claims for disability post-enactment) to provide a uniform wage-loss compensation rate of 70%; convert retirement-age beneficiaries to a retirement level conversion benefit while removing certain mandatory obligations on suitable employment and vocational rehabilitation; establish an up-front 3 day waiting period for benefits for all beneficiaries; permit the Department of Labor to recapture additional program costs from responsible third parties; and authorize the Department to cross-match FECA records with Social Security records without obtaining claimant authorization to reduce improper payments. In addition, the proposal would increase benefit levels for facial disfigurement, which have not been updated since 1949, and for funeral expenses, which have not been updated since 1960. The proposal would also include a provision to allow the Department to add an administrative surcharge to the amount billed to

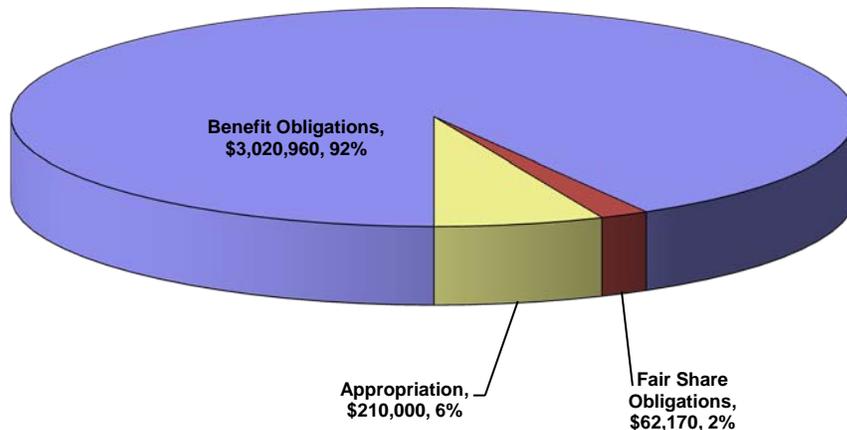
SPECIAL BENEFITS

appropriated Federal agencies for their FECA compensation costs beginning in FY 2017, thereby moving the costs of administering the FECA program from the Department to Federal agencies in proportion to their usage and strengthening their incentives to promote workplace safety and speed reemployment of injured workers. These reforms would produce 10-year Government-wide savings of more than \$368 million. The Department of Labor looks forward to continuing to work with Congress to achieve successful reform of the FECA program.

Cost Model

Total new budget authority requested for Special Benefits in FY 2016 is \$3,293,130,000, including a direct appropriation of \$207,000,000 for FECA and \$3,000,000 for Longshore Harbor Workers' benefits, and offsetting collections from Federal agencies, including \$3,020,960,000 for FECA benefits and \$62,170,000 for Fair Share expenditures. Fair Share funding will provide 110 FTE and other resources for program integrity, periodic roll management and medical bill review activities, as well as centralized mail intake and medical bill processing, and automated data system operations.

**FY 2016 Budget Request
Special Benefits Budget Request \$3,293,130
(Dollars in Thousands)**



FEDERAL EMPLOYEES' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	2014	2015	2016	Diff. 2016 / 2015
Activity Appropriation	60,017	60,334	62,170	1,836
FTE	110	110	110	0

NOTE: FY 2014 reflects actual FTE. Authorized FTE for FY 2014 was 114.

Introduction

The principal costs of the Federal Employees' Compensation Act (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). Program operations that are supported by this funding include Periodic Roll Management (PRM) and medical bill review and processing.

Fair Share funding also provides for operation 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 Division of Federal Employees' Compensation 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)

Fiscal Year	Appropriation	Fair Share Funding	FTE
2011	\$183,000	\$58,364	113
2012	\$350,000	\$59,488	109
2013	\$350,000	\$59,488	116
2014	\$396,000	\$60,017	114
2015	\$210,000	\$60,334	110

FEDERAL EMPLOYEES' COMPENSATION

FY 2016

Total new budget authority requested in FY 2016 is \$3,293,130,000. This amount includes \$207,000,000 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 \$195,000; and offsetting collections from other agencies. Total obligations in FY 2016 are estimated to be \$3,020,960,000 in FECA benefits and War Hazard payments; and Fair Share funding authority of \$62,170,000 and 110 FTE for FECA program administration. Included in the Fair Share amount is a Fair Share Base Level increase of \$1,641,000 for new funding for Modernization of OWCP's Claims Processing Systems in support of the theme of *Improving Service Delivery Through Information Technology* in the President's Management Agenda.

Management of long-term disability cases under Periodic Roll Management (PRM) is a FECA program performance priority. Currently, there are over 43,000 people receiving compensation benefits for long-term disability. These injured Federal workers have typically sustained more severe injuries with longer recovery periods and have permanent impairments that require long term monitoring. In addition, PRM staff manages survivor benefits for 3,653 fatality cases. OWCP paid over \$1,943,121,000 in compensation benefits to these two groups in FY 2014.

Periodic Entitlement Reviews (PER) of periodic roll cases are conducted regularly by DFEC 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 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.

The submission of claims and associated payments to insurance carriers for War Hazard claims are expected to increase significantly through FY 2016. 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 2016 Fair Share funding will also provide:

- Maintenance of the web-based application Employees' Compensation Operations and Management Portal (ECOMP) that enables Federal employers and claimants to submit claim forms electronically and allows all stakeholders (medical providers, employing agencies and

FEDERAL EMPLOYEES' COMPENSATION

injured workers) to upload documents directly into the case file, making them available to FECA claims staff within hours;

- Accessibility for employing agencies through DFEC's website to general FECA program information, regulations, forms and publications, as well as case-specific information;
- Maintenance of the interactive voice response (IVR) 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 2015

Total budget authority in FY 2015 is \$3,252,734,000. This amount includes \$207,000,000 in direct appropriations for FECA and \$3,000,000 for Longshore Harbor Workers' benefits. Total obligations in FY 2015 are estimated to be \$2,982,400,000 in FECA benefits; and Fair Share funding authority of \$60,334,000 and 110 FTE for FECA program administration.

Management of long-term disability cases under PRM is a FECA program performance priority. Currently, there are over 43,000 people receiving compensation benefits for long-term disability. These injured Federal workers have typically sustained more severe injuries with longer recovery periods and have permanent impairments that require long term monitoring. In addition, PRM staff manages survivor benefits for 3,653 fatality cases. DFEC paid over \$2,037,000,000 in compensation benefits to these two groups in FY 2013.

PER of periodic roll cases are conducted regularly by DFEC 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.

DFEC will build upon the performance gains achieved in FY 2014 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 2014

Total obligations in FY 2014 were \$3,181,714,000, including \$2,725,697,000 in FECA benefits; \$393,000,000 in direct appropriations for FECA \$3,000,000 for Longshore Act 10(h) expenditures; and Fair Share funding authority of \$60,017,000 and 114 FTE for FECA program administration.

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In FY 2014, DFEC was appropriated \$1,360,000 and 5 FTE to strengthen program integrity. OWCP began by developing a statistically valid, OMB-approved methodology for estimating improper payments. This methodology was used to determine the FY 2014 improper payment rate for the FECA program. OWCP established a data analytics unit within the FECA program to analyze payment and program data in order to identify areas of improper payment vulnerability and suggest potential corrective actions. The unit was also responsible for developing management strategies for preventing improper payments incorporating recommendations made by the Government Accountability Office, Labor's Office of Inspector General, and others. DFEC will return to full improper payment measurement and reporting under the Improper Payment Elimination and Recovery Act (IPERA) in FY 2015.

FY 2014 Fair Share funding also provided for: maintenance of ECOMP; accessibility for employing agencies through DFEC's Internet site to general FECA program information, regulations, forms and publications, as well as case-specific information; maintenance of the interactive voice response (IVR) system; and, continued efforts to increase program efficiency and productivity by exploring business process and organizational design improvements and workload management innovations.

FEDERAL EMPLOYEES' COMPENSATION

DETAILED WORKLOAD AND PERFORMANCE					
		2014		2015	2016
		Target	Result	Target	Target
FECA Fair Share					
Strategic Goal 4 - Secure retirement, health, and other employee benefits and, for those not working, provide income security					
Strategic Objective 4.1 - Provide income support when work is impossible or unavailable and facilitate return to work					
Output and Performances Measures					
	Periodic Roll Cases Being Paid - Long term disability	43,500[p]	42,762	43,500[p]	43,500[p]
	PRM Cases Being Paid - Fatal	3,500[p]	3,653	3,500[p]	3,500[p]
FEC 4a	Percent of PER Reviews completed or developed within 60 days	90.00%	95.60%	--	--
FEC 4b	Percent of PER Reviews requiring development that are closed within 180 days	90.00%	81.60%	90.00%	95.00%
Periodic Roll Savings					
	Annual new PRM savings	\$14,000,000.00	\$16,000,932.00	\$14,000,000.00	--
	Five-year cumulative projected savings	\$84,000,000.00	\$74,995,904.00	\$84,000,000.00	--

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

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Workload Summary

DFEC'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 to return to work (coordinated between contract nurses and DFEC claims staff in the QCM phase). If early return is unsuccessful, DFEC 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 92 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 people for ongoing disability. These Federal workers have typically sustained more severe injuries with longer recovery periods and have permanent impairments that require long term monitoring. In addition, DFEC also manages survivor benefits for approximately 3,700 fatality cases. DFEC paid \$2,037,000,000 in compensation benefits to these two groups in FY 2014.

Regular Periodic Entitlement Reviews (PER) are conducted by PRM staff to update and review medical evidence 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.

Review of PRM cases led to benefit adjustments or terminations (counted as "PRM Resolutions") in over 1,400 cases and produced \$16,000,000 in FECA compensation benefit savings in FY 2014. Those "first-year" savings 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 \$16,000,000 avoids future costs of \$96,000,000 over five years.)

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BUDGET ACTIVITY BY OBJECT CLASS					
(Dollars in Thousands)					
		2014	2015	2016	Diff. 2016 / 2015
11.1	Full-time permanent	10,578	10,200	10,328	128
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	100	102	103	1
11.9	Total personnel compensation	10,678	10,302	10,431	129
12.1	Civilian personnel benefits	4,055	3,942	4,039	97
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	108	100	100	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	2,336	2,196	2,246	50
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	222	390	390	0
24.0	Printing and reproduction	2	2	2	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	22,711	17,988	17,778	-210
25.3	Other goods and services from Federal sources 1/	7,864	8,540	8,669	129
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	11,953	16,668	18,309	1,641
26.0	Supplies and materials	41	86	86	0
31.0	Equipment	47	120	120	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	60,017	60,334	62,170	1,836
1/Other goods and services from Federal sources					
	Working Capital Fund	1,068	1,048	1,177	129
	DHS Services	152	0	0	0
	Services by DOL Agencies	6,627	7,475	7,475	0
	GSA Services	2	2	2	0
	Services by Other Government Departments	15	15	15	0

FEDERAL EMPLOYEES' COMPENSATION

CHANGES IN 2016

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	\$129
Personnel benefits	34
Employee health benefits	2
Moving allowance	0
One day more of pay	0
Federal Employees' Compensation Act (FECA)	61
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	50
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	-210
Working Capital Fund	129
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 **\$195**

Net Program **\$1,641**

Direct FTE **0**

	Estimate	FTE
Base	\$60,529	110
Program Increase	\$1,641	0
Program Decrease	\$0	0

LONGSHORE AND HARBOR WORKERS' COMPENSATION

BUDGET AUTHORITY BEFORE THE COMMITTEE				
(Dollars in Thousands)				
	2014	2015	2016	Diff. 2016 / 2015
Activity Appropriation	3,000	3,000	3,000	0
FTE	0	0	0	0

Introduction

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

Income support for those unable to work is ensured through proper adjudication, efficient case processing, and accurate and timely payment of benefits. All program resources support mission critical functions, 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

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2011	\$3,000	0
2012	\$3,000	0
2013	\$3,000	0
2014	\$3,000	0
2015	\$3,000	0

FY 2016

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 2016, 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 2015

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 2015, the Federal share of required payments will be \$3,000,000 which will include the increase necessary for the annual October weekly wage adjustment.

LONGSHORE AND HARBOR WORKERS' COMPENSATION

FY 2014

In FY 2014, the Federal share of required payments was \$1,583,691.

LONGSHORE AND HARBOR WORKERS' COMPENSATION

CHANGES IN 2016

(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