



Strategic Goal 4: *Strengthened Economic Protections*

Protect and strengthen worker economic security through effective and efficient provision of unemployment insurance and workers' compensation; ensuring union transparency; and securing pension and health benefits.

DOL increases the economic security of America's working families by administering payment of temporary benefits for the unemployed, protecting Federal workers from the economic effects of work-related injuries and illness; ensuring that labor union operations are transparent; protecting employee benefits plans against fraud, abuse, and mismanagement; and insuring defined benefit pension plans. These operations are carried out by three DOL agencies and a government corporation whose board is chaired by the Secretary of Labor:

- Employment and Training Administration (ETA),
- Employment Standards Administration (ESA),
- Employee Benefits Security Administration (EBSA), and
- Pension Benefit Guaranty Corporation (PBGC).

For these agencies, protecting America's workers means protecting their economic security. DOL provides benefits and enforces laws that provide a safety net for workers and ensure transparency among the unions that represent them. Every employee faces unforeseen risks, and these agencies work to ensure that unemployed workers receive benefits; that workers in certain industries receive compensation when injured or fall victim to job-related illnesses; that pension contributions and health benefits are secure; and that unions conduct democratic elections and make their financial records transparent. Here are a few highlights of FY 2009 results:

For the Unemployed

- Results for all four indicators of performance for Unemployment Insurance administration were lower than those reported last year, due to a 70 percent increase in new claims tied to the recession and new temporary benefit programs created to assist unemployed workers.

For the Injured or Ill Worker

- Federal non-postal employees lost just 35 days of work per 100 employees, continuing a steady downward trend that began at 62 days in FY 2004.
- Dramatic improvements were achieved in processing nuclear industry workers' initial benefit claims. Energy program Part B claims took, on average, 113 days vs. 164 just last year; Part E claims took 159 days vs. last year's 284.



Jill had worked for her former employer for three years when she became too ill to work. Three months later her doctor gave her permission to return to work. Upon returning she was devastated to find that her position had been eliminated during her absence. With the assistance of Maine's Reemployment and Eligibility Assessment (REA) program – a program funded by DOL – Jill learned how to turn her passion for baking into her own business. It was an instant success: she made her first profit in four months. Jill started with 8 bakers and now has 15 working for her. These bakers all have State certified kitchens and thanks to Jill and the REA program they no longer need to collect unemployment benefits. Currently, Jill is in the process of expanding her business. The only thing expanding faster than the reputation of her bakery is its reputation for excellence. Jill's establishment has been featured in all the local newspapers and magazines for her exquisite bakery confections. Earlier this year the MSEA, SEIU Local 1989 ran a feature on her and her bakery in all the Maine newspapers. It is no wonder that Jill is being considered for "Small Business Woman of the Year". If it happens, she certainly deserves it! Photo Credit: Maine Department of Labor

For Union Members

- Audit effectiveness, as measured by the percent of targeted union audits that resulted in the opening of a criminal case, improved from the FY 2008 baseline of 11.5 percent to 12.1 percent.
- Resolution of union officer election complaints took an average of 70 days – down from 92 days in FY 2008.

For Workers with Retirement and other Employer-provided Benefits

- Employee Retirement Income Security Act (ERISA) fiduciary violations were corrected in 72 percent of the civil cases closed during FY 2009.
- Pension insurance program customers' satisfaction for trustee plan participants increased for the third consecutive year (to 82 percent). The length of time it takes to make a benefit determination, however, increased to an average of 3.8 years.

For more specific information on the programs, see the Performance Goal narratives.

The following table provides net costs for all performance goals and indicators associated with this strategic goal.⁴³

Goal or Indicator	Net Costs (\$Millions) ⁴⁴		
	FY 2007 PY 2006	FY 2008 PY 2007	FY 2009 PY 2008
Strategic Goal 4: Strengthened Economic Protections⁴⁵	\$38,495	\$48,957	\$128,640
Performance Goal 09-4A (Unemployment Insurance) Make timely and accurate benefit payments to unemployed workers, facilitate the reemployment of Unemployment Insurance claimants, and set up unemployment tax accounts promptly for new employers.	34,647	45,035	123,541
Mandated benefit payments ⁴⁶	32,069	42,281	120,300
<i>Percentage of intrastate UI first payments made within 14 days in states with a waiting week and 21 days if no waiting</i>	-	-	-
<i>Dollar amount established for recovery as a percentage of estimated overpayments that states can detect and recover under state law</i>	-	-	-
<i>Percentage of UI claimants who received a first payment in a given quarter who entered employment within the subsequent quarter</i>	-	-	-
<i>Percentage of determinations about UI tax liability of new employers made within 90 days of the end of the first quarter they became liable</i>	-	-	-
Dollars not associated with indicators	2,645	2,755	3,241

⁴³ Rows labeled "Dollars not associated with indicators" indicate costs that cannot be associated with the current set of performance indicators. For some goals, indicator costs are intentionally combined by merging cells because program activities are not separable into categories associated with one or another of them (e.g., job training program common measures – entered employment, employment retention and average earnings).

⁴⁴ *Net Cost* reflects the *full cost* of each program as assigned by DOL entities to the Department's outcome goals *less* any exchange revenue earned. *Full cost* consists of (a) both direct and indirect costs, and (b) the costs of identifiable supporting services provided by other segments within DOL and by other Federal agencies. Sums may not equal higher level totals due to rounding.

⁴⁵ Costs for Performance Goal 09-4E (PBGC) are not referenced because the Corporation's financial statements are not part of the Department's consolidated statements. PBGC's financial statements can be found in their Annual Management Report at <http://www.pbgc.gov/doc/2009AMR.pdf>.

⁴⁶ Mandatory benefit payments for Unemployment Insurance and Workers' Compensation programs account for most costs for Performance Goals 09-4A and 09-4B. Because performance indicators and the Department's managerial cost accounting system that generates this information are designed to inform analysis and decision-making related to discretionary budgets and program management, such payments are shown separately and not included in allocation cost models.

Performance Goal 09-4B (Workers' compensation) Reduce the consequences of work-related injuries.	3,554	3,693	4,878
Mandated benefit payments	3,050	3,204	4,458
<u>Federal Employees' Compensation Act (FECA) Program</u> <i>Lost production days rate (LPD per 100 employees) for all government agency cases</i>	7	7	8
<i>Lost production days rate (LPD per 100 employees) for the United States Postal Service</i>	7	7	8
<i>First-year benefit savings realized as a result of periodic beneficiary roll management review (in millions of dollars)</i>	34	15	18
<i>Rate of change in the indexed cost per case receiving medical treatment compared to the Milliman USA Health Cost Index</i>	40	25	33
<i>Targets for six communications performance areas</i>	12	8	10
<u>Longshore and Harbor Workers' Compensation Program</u> <i>Average days required to resolve disputed issues in contested cases</i>	6	4	5
<u>Division of Coal Mine Workers' Compensation</u> <i>Average number of days to render a decision on a claim</i>	26	17	19
<i>Percent change in Black Lung average medical treatment cost for the previous year compared to the National Health Expenditure Projection</i>	-	2	3
<u>Energy Employees Occupational Illness Compensation Program</u> <i>Average number of days to process Part B initial claims</i>	185	60	19
<i>Average number of days to process Part E initial claims</i>	-	58	18
<i>Percent of Part B and Part E final decisions processed within 180 days where there is a hearing or 75 days where there is no hearing</i>	18	18	11
Dollars not associated with indicators	172	270	270
Performance Goal 09-4C (Labor-Management Standards) Ensure union financial integrity, democracy and transparency.	68	58	56
<i>Union receipts audited per staff day</i>	-	-	-
<i>Percent of audits resulting in a criminal investigation</i>	35	29	30
<i>Percent of unions filing reports electronically</i>	16	11	11
<i>Average number of days to resolve union officer election complaints</i>	13	14	12
Dollars not associated with indicators	4	3	3
Performance Goal 09-4D (EBSA) Enhance pension and health benefit security.	176	170	165
<i>Ratio of closed civil cases with corrected fiduciary violations to civil closed cases</i>	103	102	117
<i>Ratio of criminal cases accepted for prosecution to cases referred</i>			
<i>Applications for Voluntary Compliance programs</i>	-	-	-
Dollars not associated with indicators	44	68	48

Make timely and accurate benefit payments to unemployed workers, facilitate the reemployment of Unemployment Insurance (UI) claimants, and set up unemployment tax accounts promptly for new employers.



Performance Goal 09-4A (ETA)

Indicators, Targets and Results

*Indicator target reached (Y), improved (I), or not reached (N) **Estimated		FY 2004 Goal Not Achieved	FY 2005 Goal Not Achieved	FY 2006 Goal Not Achieved	FY 2007 Goal Not Achieved	FY 2008 Goal Not Achieved	FY 2009 Goal Not Achieved
Percentage of intrastate UI first payments made within 14 days in States with a waiting week and 21 days if no waiting	Target	89.2%	89.9%	89.9%	90.0%	88.4%	85.7%
	Result	90.3%	89.3%	87.6%	88.2%	86.8%	83.8%**
	*	Y	N	N	N	N	N
Dollar amount established for recovery as a percentage of estimated overpayments that States can detect and recover under State law	Target	59%	59.5%	59.5%	60.0%	56.0%	51.8%
	Result	57.4%	58.7%	62.1%	54.8%	56.2%	54.9%**
	*	N	N	Y	N	Y	Y
Percentage of UI claimants who received a first payment in a given quarter who entered employment within the subsequent quarter	Target	—	—	baseline	65.0%	65.2%	59.0%
	Result	—	—	62.4%	65.1%	62.5%	58.0%**
	*	—	—	Y	Y	N	N
Percentage of determinations about UI tax liability of new employers made within 90 days of the end of the first quarter they became liable	Target	82.2%	82.4%	82.5%	82.8%	84.9%	88.7%
	Result	83.6%	82.4%	83.7%	85.6%	84.9%	84.1%**
	*	Y	Y	Y	Y	Y	N
Goal Net Cost (millions)		—	\$34,243	\$33,340	\$34,697	\$45,035	\$123,541

Source(s): Payment Timeliness: ETA 9050 and 9050p reports; Payment Accuracy: Benefit Accuracy Measurement (BAM) program and ETA 227 report; Facilitate Reemployment: ETA 9047 report; New Status Determinations Timeliness: ETA 581 Report.

Legacy Data: Some indicators not shown for FY 2004-05. Complete indicators, targets and results for FY 2004-05 are available in the FY 2006 report at <http://www.dol.gov/sec/media/reports/annual2006/PGD.htm>. See Performance Goal 06-2.2B.

Note: *Net Cost* reflects the *full cost* of each program as assigned by DOL entities to the Department's outcome goals *less* any exchange revenue earned. *Full cost* consists of (a) both direct and indirect costs, and (b) the costs of identifiable supporting services provided by other segments within DOL and by other Federal agencies. Approximately \$2 billion of the net cost is for administration; the rest is for benefit payments to individuals. Costs are not allocated to the indicator level because performance indicators do not map to administrative cost categories or benefit payments. DOL collects information on State spending of UI grant funds; however, the categories in which cost data are collected are generally functional or workload categories – initial claims, continued claims, eligibility determination, appeals, employer accounts, tax audits, overhead, and infrastructure costs such as space and information technology.

Program Perspective and Logic

By temporarily replacing part of unemployed workers' lost wages, the Federal-State Unemployment Insurance (UI) system reduces individual financial hardship resulting from unemployment and stabilizes the economy during economic downturns. States operate their own programs under their own laws, which must conform to and substantially comply with Federal law. As the Federal partner, DOL provides program leadership, allocates administrative funds, provides technical assistance, and exercises performance oversight to ensure that State partners meet Federal UI laws and regulations. Measuring efficiency and effectiveness of States' administrative operations is an important aspect of program management. For both workers and employers, success is measured by timely payment of benefits; payment accuracy; prompt determination of new employers' tax liabilities; and promoting reemployment of claimants in suitable work.

As economic conditions change, the resulting workloads affect many aspects of the UI system performance. For example, when unemployment rises, more claims are filed and UI payment timeliness generally declines. On the

other hand, although business creation slows when unemployment rises, reducing the number of new employer tax accounts, the timeliness of tax liability determinations may nevertheless decrease as States move staff to claims-taking and adjudication activities. In addition, non-economic events such as hurricanes and other natural disasters can be extensive enough to affect aggregate UI system performance. Performance targets are based on economic forecasts, which are subject to change.

Recovery Act

Unemployment Insurance Administration State Grants

The Assistance for Unemployed Workers and Struggling Families Act, Title II of Division B of the Recovery Act, provided for an immediate special transfer of administrative funding to all States totaling \$500 million. On March 2, 2009 - just two weeks after passage of the Recovery Act – the Department made these funds available to all States and territories. States may use the administrative transfer only for:

- Implementing and administering the provisions of State law that qualify the State for incentive payments;
- Improved outreach to individuals who might be eligible by virtue of these provisions;
- The improvement of unemployment compensation (UC) benefit and tax operations, including responding to increased demand for UC; and
- Staff-assisted reemployment services for UC claimants.

Under the Recovery Act, each State's share is calculated based on its proportion of the Federal Unemployment Tax Act (FUTA) taxable wages. For more information, see http://www.recovery.gov/?q=content%2Fprogram-plan&program_id=7669.

Unemployment Insurance Modernization Incentive Payments

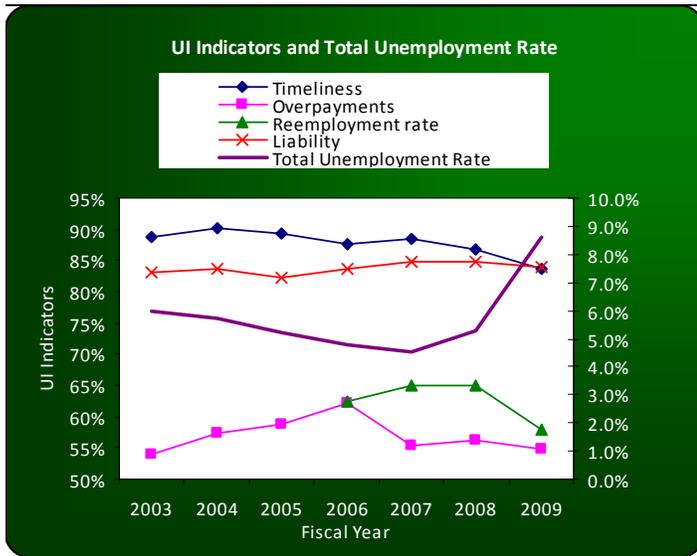
The Recovery Act made a total of \$7 billion available in UI modernization incentive payments to States that include certain benefit eligibility provisions in their State UI programs. Each State can qualify for a share of those funds by showing that its law includes certain provisions. Detailed information on qualifying may be found at http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2715. As of September 2009, UI modernization incentive payments totaled \$2.6 billion. Thirty-two States enacted monetary eligibility requirements to qualify for one-third of the payments available to the State. Nineteen States enacted other eligibility provisions to qualify for the remaining two-thirds incentive payments. Summary information on UI Modernization incentive payments by State is available at http://workforcesecurity.doleta.gov/unemploy/docs/app_form.doc. Information on approved applications is available at <http://www.doleta.gov/recovery/#PressReleases>.

Emergency Unemployment Compensation (EUC08)

This program was created in June 2008 to provide additional 100 percent federally-funded benefit payments to individuals who exhausted their regular unemployment compensation and have no other rights to extended benefits. Tier 1 provides up to 20 weeks of unemployment compensation to eligible individuals in all States. Tier 2 expanded the program by providing up to 13 weeks of additional benefits for eligible individuals in States with high unemployment. The Recovery Act expanded Tier 2 benefits to include claimants exhausting Tier 1 benefits after March 31, 2009 and establishing eligibility for *all* claimants for unemployment beginning after August 27, 2009. Through August 2009, the Recovery Act has funded nearly \$3.3 billion of nearly \$20 billion paid to EUC08 claimants. For more information on EUC, see <http://workforcesecurity.doleta.gov/unemploy/euc.asp>.

Federal Additional Compensation (FAC)

The FAC program provides a \$25 weekly supplement to the unemployment compensation of eligible claimants. This supplement, as well as additional administrative expenses incurred by the State in paying the supplement, is 100 percent federally-funded. Most individuals receiving Federal and State unemployment benefits receive the FAC supplement. Through June 2009, States issued a total of 141 million payments totaling \$3.5 billion in benefits. For more information on FAC, see <http://workforcesecurity.doleta.gov/unemploy/fac.asp>.



Analysis and Future Plans

The FY 2009 goal was not achieved; only one of four targets was reached. The target for detection and establishment for recovery of UI overpayments was reached. States have increasingly used crossmatches with the National Directory of New Hires (NDNH) to accelerate detection of fraud (employed claimants are the largest single cause of detectable overpayments). Earlier detection reduces the number of overpaid weeks. Targets for UI first payment timeliness, reemployment of UI claimants, and timely completion of UI tax liability determinations for new employers were not reached. Greater than expected deterioration in the economy led to a 70 percent increase in new claims, including new temporary programs. Timeliness results suffered, as many States

experienced funding and staffing problems and others encountered capacity limitations of aging computer systems and call centers. Although States are making use of reemployment and eligibility reviews to match claimants with available jobs, adverse labor market conditions prevented them from reaching the target. Tax liability determinations usually speed up in economic downturns as business formation slows. However, in this severe recession, budgetary problems and staffing pressures have forced many States to divert tax staff to perform claims activities.

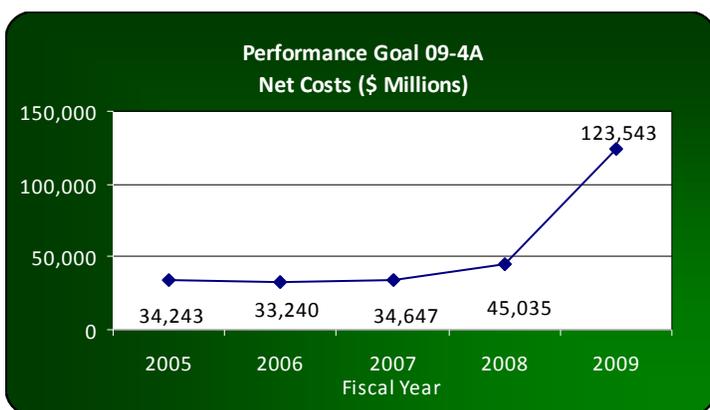
Indicator	*	What worked	What didn't work
First payment timeliness	N		<ul style="list-style-type: none"> The sharp increase in UI benefit claims overwhelmed the capacity of most State agencies to meet the timeliness target.
Reduce overpayments	Y	<ul style="list-style-type: none"> State Benefit Payment Control (BPC) operations significantly increased overpayment detections due to appeals reversals and the use of crossmatches with the National Directory of New Hires (NDNH). 	
Facilitate reemployment of UI claimants	N		<ul style="list-style-type: none"> Although the performance target was adjusted in response to an anticipated increase in the Total Unemployment Rate and the percentage of UI claimants who are not expected to be recalled to their former jobs, actual labor market conditions did not reflect these original economic assumptions.
Establish tax accounts promptly	N		<ul style="list-style-type: none"> States diverted tax staff to perform UI claims activities in response to the large increase in workloads, resulting in a decrease in status determination timeliness.

Program Performance Improvement Plan

To meet all its performance goals in the future, the Department has several initiatives under way:

- Continue to promote the use of the NDNH by all States to address the largest cause of UI improper payments – claiming benefits after returning to work. States that have not fully implemented Benefit Accuracy Measurement matching with NDNH will be required to submit a Corrective Action Plan in FY 2010.
- Continue to facilitate the design and implementation of the Unemployment Insurance Separation Information Data Exchange System (SIDES) to address the second largest cause of overpayments – errors in handling employment separation issues. SIDES is expected to provide more timely and complete separation information. The Department will continue to work with a six-state consortium, employers, and third party administrators and is planning a phased implementation of SIDES. After the six-state consortium implements the system, the Department will assist the other state agencies with their implementation.
- Sponsor a National UI Integrity Conference, scheduled for April 2010, for States to share best practices and discuss new strategies for reducing improper payments of UI benefits and the prompt identification and recovery of overpayments.
- Propose legislation that would allow States to redirect some of the overpayments that are recovered into integrity activities, such as follow-up investigations of claimant matches with the NDNH.
- Continue to work with other Federal agencies to allow States to recover certain Unemployment Compensation debts due to fraud from Federal income tax refunds under the Treasury Offset Program (TOP).

*Target reached (Y), improved (I), or not reached (N)



In FY 2009, the UI system costs were \$78.5 billion higher than in FY 2008. Approximately \$29 billion of this increase is attributable to the Emergency Unemployment Compensation program and another \$6.5 billion is the cost of the temporary Federal Additional Compensation program. The rest of the increase reflects the increase in the average unemployment rate from 5.3 percent to 8.6 percent. Overall, benefit payments rose 185 percent to \$120.300 billion in FY 2009 from \$42.281 billion in FY 2008. Administrative costs increased by 18 percent, from \$2.755 billion to \$3.241 billion.

In 2010, the UI system's activities will contribute to the following outcome goals in support of the Department's Strategic Vision of *Good Jobs for Everyone*:

- *Income support when work is impossible or unavailable;*
- *Helping workers who are in low-wage jobs or out of the labor market find a path into middle-class jobs; and*
- *Helping middle-class families remain in the middle-class.*

Program Assessments, Evaluations and Audits

Findings and recommendations from an Unemployment Insurance Administration State Grants program assessment in 2003 prompted specific actions to improve performance. Here is a summary of progress in FY 2009:

- *Obtaining additional tools and resources to help States prevent fraud and reduce benefit overpayments.* As of July 1, 2009, all but four State Workforce Agencies (SWAs) were matching paid claims cases with the NDNH or their State Directory of New Hires (SDNH). Of the four States not yet matching, two States have signed data agreements with the Department of Health and Human Services, which maintains the NDNH. DOL sent letters to the other two agencies (District of Columbia and Indiana) requesting action plans to meet the NDNH matching requirements.
- *Advising, facilitating and coordinating State adjudication training designed to improve claimant eligibility determinations.* Since 2007, a total of 400 staff have completed training.
- *Supporting the development and testing of the Separation Information Data Exchange System (SIDES) to automate and standardize the collection of employee separation information from employers and third party administrators (TPA) to improve accuracy of claimant eligibility determinations.* DOL is working with

the six-State consortium and employers to develop eligibility protocols and procedures. Testing for TPAs is scheduled for FY 2010 Q1, and the system is scheduled to move into production during FY 2010 Q2.

More information is available at <http://www.whitehouse.gov/omb/expectmore/summary/10001102.2003.html>.

Independent evaluations and audits completed in FY 2009 are summarized below.

“Enhanced Oversight Will Improve State Workforce Agencies’ Use of the National Directory of New Hires (NDNH) to Prevent and Detect Unemployment Compensation (UC) Overpayments,” March 2009 (OIG)	
<p>Relevance: This audit evaluated ETA’s oversight of State Workforce Agencies’ (SWA) utilization of the NDNH to prevent and detect UC overpayments.</p>	
<p>Findings and Recommendations:</p> <ul style="list-style-type: none"> ETA could not demonstrate it exercised sufficient oversight to ensure that SWAs utilized information from the NDNH to prevent and detect UC overpayments. ETA did not mandate use of the NDNH because it expected that all States will soon be voluntarily matching. OIG recommended that ETA update the current Review Guide to include specific review steps addressing the States’ use of NDNH for the Benefit Payment Control cross-match process; during on-site reviews, assess the filtering process for the NDNH crossmatch and validate the data reported by the SWAs; increase the frequency of on-site reviews to more than once every four years; require SWAs to submit quarterly reports that include a line item for NDNH cross-match results; and continue to pursue legislation to define Date of Hire as the first day of work for new hires and mandate its reporting by employers. 	<p>Actions:</p> <ul style="list-style-type: none"> The update of the review guide is planned to be completed by the first quarter of CY 2010. It includes procedures for review of States’ use of NDNH for BPC, assessment of the filtering process, validation of data reported for NDNH and other data matching tools. While ETA agrees that more frequent BPC reviews are desirable, past and current staffing levels constrain such activity. The ETA 227 Report, Overpayment Detection and Recovery Activities, captures data matching results from SDNH and NDNH in a single line item. SDNH results are virtually identical to NDNH matching and results are often received earlier. Nevertheless, ETA will assess the cost-benefit of modifying this report to include a separate line item to report the NDNH cross match results. The Department supports the inclusion of Date of Hire language in UI Integrity or other appropriate legislation.
<p>Additional Information: The report is available at http://www.oig.dol.gov/public/reports/oa/2009/06-09-002-03-315.pdf.</p>	
“Unemployment Insurance Systems’ Information Technology Contingency Plans Need Improvement,” March 2009 (OIG)	
<p>Relevance: This audit evaluated ETA’s oversight of SWA partners’ information technology (IT) contingency plans, which are vital for maintenance of UI services in the event of a disaster or system interruption.</p>	
<p>Findings and Recommendations:</p> <ul style="list-style-type: none"> OIG found that while ETA encouraged SWAs to follow best practices for IT contingency plan elements, ETA did not verify SWA plan existence nor did the SWAs provide ETA with evidentiary verification. In some cases, the SWAs did not carry out the attestations in their respective grant agreements to maintain plans. OIG recommended that ETA conduct annual verification and assessment of SWAs’ IT contingency plans using risk-based approaches that consider the SWAs’ contingency planning maturity and likelihood of disasters. 	<p>Actions:</p> <ul style="list-style-type: none"> ETA issued Unemployment Insurance Program Letter No. 24-4, Change 3, in March 2009 to provide IT security guidance to the SWAs. ETA sent letters to 10 States that had incomplete IT Contingency Plans to encourage requests for supplemental funds to improve their plans. Several States applied for the funds. ETA made changes to its State Quality Service Plan to include guidance on the implementation of system security and contingency planning and plans issuance during FY 2009.
<p>Additional Information: The report is available at http://www.oig.dol.gov/public/reports/oa/2009/23-09-002-03-315.pdf.</p>	

Data Quality and Top Management Challenges

Data quality for this performance goal was rated *Very Good*.⁴⁷ Strengths of the data include timeliness and reliability, which result from the use of consistent data collection and reporting methods. Quality controls and procedures for verifying program data could be strengthened to reduce instances of overpayment and worker misclassification by assuring that definitions are uniformly applied among the States and that performance data are correctly reported. In FY 2008, ETA implemented a UI Data Validation (DV) program to verify that UI activities are reported according to prescribed definitions. States are required to submit their DV results as part of the State Quality Service Plan (SQSP) process. States that fail to submit all of their DV results must address this deficiency in the SQSP Corrective Action Plan. States can address failing DV items in a narrative (provided all required DV items have been submitted), which discusses the actions they plan to take to pass DV.

Reducing improper payments and improving the integrity and solvency of the UI program remain among the Department's top management challenges (see *Safeguarding Unemployment Insurance*, which is one of the Top Management Challenges in the Other Accompanying Information section). DOL continues to aggressively address the leading cause of overpayments – individuals who claim benefits after returning to work – by promoting use of the NDNH, which provides State agencies with information on the claimants' employment status. All States are required to cross-match paid UI claims selected for audits with the NDNH data. As of July 1, 2009, all but four State programs had implemented NDNH matching.

The weakening in the economy has severely impacted State Unemployment Trust Fund (UTF) accounts. Twenty-two states borrowed from the Federal Unemployment Account this fiscal year in order to pay unemployment benefits. Aggregate state balances, net of loans, were negative at the end of FY 2009. Several existing and proposed measures are expected to improve trust funds' solvency. All States' UI tax schedules are indexed; when trust fund balances fall below predetermined levels, payroll tax rates rise automatically to increase contributions. Ongoing efforts to prevent, detect and recover overpayments will conserve scarce funds. Finally, DOL is in the process of implementing a regulation requiring that States requesting interest-free cash-flow loans from the Federal Unemployment Account of the UTF first meet a funding goal for their own trust fund balance. This requirement will provide an incentive to States to improve solvency and will establish a DOL position on what constitutes an adequate fund balance.

⁴⁷ Information on DOL's Data Quality Assessments, conducted annually for each performance goal, can be found in the Introduction to the Performance Section.

Reduce the consequences of work-related injuries.



Performance Goal 09-4B

Indicators, Targets and Results

*Indicator target reached (Y), improved (I), or not reached (N) **Estimated		FY 2004 Goal Sub- stantially Achieved	FY 2005 Goal Sub- stantially Achieved	FY 2006 Goal Achieved	FY 2007 Goal Sub- stantially Achieved	FY 2008 Goal Sub- stantially Achieved	FY 2009 Goal Not Achieved
<u>Federal Employees' Compensation Act (FECA) program</u> Average lost production days (LPD) per 100 non-Postal employees) resulting from work-related injury and illness	Target	55.4	61.0	60.0	49.0	48.5	42.0
	Result	61.9	56.0	52.2	46.3	41.3	35.3**
	*	N	Y	Y	Y	Y	Y
	Cost	—	—	\$7	\$7	\$7	\$8
Average lost production days (LPD) per 100 Postal employees resulting from work-related injury and illness	Target	146	148	146	130	142	139
	Result	147	135	142	135	134	146.8**
	*	N	N	Y	N	Y	N
	Cost	—	—	\$7	\$7	\$7	\$8
First-year benefit savings as a result of Periodic Roll Management (PRM) reviews (\$million)	Target	\$18	\$17	\$13	\$8	\$14	\$15
	Result	\$24	\$23	\$16	\$17	\$17	\$14
	*	Y	Y	Y	Y	Y	N
	Cost	—	—	\$20	\$34	\$15	\$18
Rate of change in medical cost per case is below comparable measure of the annual rate of change in the national Milliman USA Health cost index (MHCI)	Target	≤8.8%	≤8.8%	≤8.7%	≤8.3%	≤8.5%	≤7.6%
	Result	+2.4%	+2.8%	+6.3%	+8.1%	+3.2%	5.1%**
	*	Y	Y	Y	Y	Y	Y
	Cost	—	—	\$22	\$39	\$25	\$33
Targets for six communications performance areas	Target	3	3	4	4	5	5
	Result	4	3	4	4	5	5
	*	Y	Y	Y	Y	Y	Y
	Cost	—	—	\$7	\$12	\$8	\$10
<u>Longshore and Harbor Workers' Compensation Program</u> Days required to resolve disputed issues in contested cases	Target	273	245	250	248	baseline	242
	Result	247	254	235	230	239	251
	*	Y	N	Y	Y	—	N
	Cost	—	—	\$6	\$6	\$4	\$5
<u>Division of Coal Mine Workers' Compensation</u> Average number of days to render a decision on a claim	Target	—	320	315	247	220	218
	Result	—	323	251	224	205	201
	*	—	—	—	Y	Y	Y
	Cost	—	—	\$24	\$26	\$17	\$19
Percent change in Black Lung average medical treatment cost from the previous year compared to the National Health Expenditure Projection (NHEP)	Target	—	—	—	—	≤6.1%	≤4.6%
	Result	—	—	—	—	+10%	4.3%
	*	—	—	—	—	N	Y
	Cost	—	—	—	—	\$2	\$3
<u>Energy Employees Occupational Illness Compensation Program (EEOIC)</u> Average number of days to process part B initial claims	Target	—	—	—	—	226	160
	Result	—	—	—	238	164	113
	*	—	—	—	—	Y	Y
	Cost	—	—	—	—	\$60	\$19

Average number of days to process part E initial claims	Target	—	—	—	—	290	195
	Result	—	—	—	293	284	159
	*	—	—	—	—	Y	Y
	Cost	—	—	—	—	\$58	\$18
Percent of Part B and Part E final decisions processed within 180 days where there is a hearing and within 75 days where there is no hearing	Target	—	—	80%	85%	87%	88%
	Result	—	—	89%	88%	93%	92%
	*	—	—	Y	Y	Y	Y
	Cost	—	—	\$16	\$18	\$18	\$11
Goal Net Cost (millions)		—	\$6,131	\$2,130	\$3,554	\$3,693	\$4,878

Source(s): FECA: Integrated Federal Employees' Compensation System, Federal agency payroll offices, Office of Personnel Management employment statistics, Medical Bill Payment data file, Milliman USA Cost Index Report, Definity telecommunications system standard reports, district office and national MIS reports, customer surveys, focus group records, and other customer service performance data sources. Longshore Case Management System, Black Lung Automated Support Package, and Energy Program Case Management System.

Legacy Data: Some indicators not shown for FY 2004-07. Complete indicators, targets and results for FY 2004-06 are available in the FY 2006 report at <http://www.dol.gov/sec/media/reports/annual2006/PGD.htm>. See Performance Goal 06-2.2C. Complete indicators, targets and results for FY 2007 are available at <http://www.dol.gov/sec/media/reports/annual2007/SG4.htm>. See Performance Goal 07-4B.

Note: *Net Cost* reflects the *full cost* of each program as assigned by DOL entities to the Department's outcome goals *less* any exchange revenue earned. *Full cost* consists of (a) both direct and indirect costs, and (b) the costs of identifiable supporting services provided by other segments within DOL and by other Federal agencies.

Program Perspective and Logic

Through the Office of Workers' Compensation Programs (OWCP), DOL protects workers, their dependents and survivors from the economic effects of work-related injuries and illnesses by providing wage replacement and cash benefits, medical treatment, vocational rehabilitation, and other benefits through four disability compensation programs:

- Federal Employees' Compensation Act (FECA) program for civilian Federal workers,
- Longshore and Harbor Workers' Compensation for private-sector maritime workers,
- Black Lung Benefits program for coal miners, and
- Energy Employees Occupational Illness Compensation (EEOIC) for nuclear weapons employees of the Department of Energy or its contractors.

OWCP activities emphasize adjudicating claims and paying benefits accurately and in a timely manner, efficiently mediating disputed claims, assisting claimants with injury recovery and return to work, controlling costs, being responsive with informational and other assistance to customers, and assisting employers with regulatory compliance and participation in their roles as partners in program administration. OWCP examines the relationships among investments, activities and program results to allocate resources to achieve program goals.

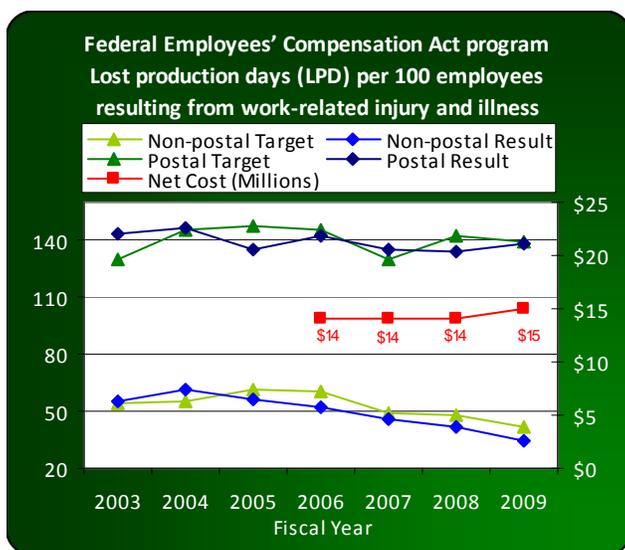
Performance measures for this goal track the outcomes of key OWCP strategies and program priorities. Lost production day (LPD) rates capture time away from work in Federal employee injury cases. FECA uses nurse case managers and other strategies to coordinate medical care and assist with return to work to significantly reduce the LPD. Communications goals increase customer access to program information and responsiveness to customer requests for assistance. Periodic roll management generates benefit cost savings through the careful review of cases to determine if continued disability status is warranted and to determine the reemployment potential of those currently receiving compensation payments. The FECA and Black Lung programs measure themselves against nationwide indices to gauge their effectiveness in containing medical benefit costs. The Black Lung program measures average time to render claims decisions and its efficiency in producing quality decisions. By reducing the average processing time for disputed claims, the Longshore program contributes to its chief outcome of resolving claims appropriately and equitably at minimum cost to all parties. Effective dispute resolution works to reduce extended hearings and appeals processes by raising the quality of communications, medical evidence, mediation services, and clarity of decisions. The Energy program measures processing efficiency and service delivery time using two measures that track average days to process initial claims and the share of final decisions produced

timely. Target levels take into consideration the differing complexities of Energy cases in terms of toxic exposures and reported illness.

Several external factors challenge OWCP performance. The number, types and skill requirements of jobs available to persons with injury-related limitations or disabilities are driven by employment and business technology trends. For example, the modernization of U.S. Postal Service (USPS) operations has resulted in the elimination of many traditional jobs and an overall reduction in employment levels at that agency. Shrinking numbers of available jobs in the Nation’s current economy also makes reemployment of injured workers much more difficult. The trend in the nature of new injury cases and the type of assistance they require reflect an aging workforce. For example, while musculoskeletal injuries still predominate, back injuries that used to be the most common, are now accompanied by knee, hip and shoulder problems. The cost of medical care continues to rise with better and earlier diagnostic medical technology, medicines and treatment procedures. The nation’s expanded use of private contractor resources to support the wars in Iraq and Afghanistan has increased the number of deaths and injuries compensable under the Defense Base Act (DBA) and the War Hazards Compensation Act, both of which are administered by OWCP. New technologies and higher customer expectations continue to challenge OWCP to provide greater information more quickly. The EEOIC program structure mandates that certain cancer claims be transferred to the Department of Health and Human Services’ National Institute for Occupational Safety (NIOSH) for a dose reconstruction to determine the probability that cancer was caused by radiation or toxic exposure. Length of processing times in these cases impacts EEOIC’s overall program performance.

Analysis and Future Plans

DOL did not achieve this performance goal in FY 2009. However, eight of 11 targets were reached.



Shortening the duration in which injured workers remain out of work due to their injuries is a major indicator of the FECA program results. LPD is a ratio of days of work lost due to injury or illness per 100 workers. FECA’s LPD target for Non-Postal agencies was reached as FECA continued to reduce lost production days for cases receiving Quality Case Management assistance for injury recovery and return to work. Also, safety improvements by Federal agencies under the Safety, Health and Return-to-Employment (SHARE) initiative have continued and fewer new injury cases were filed in FY 2009. The U.S. Postal Service LPD target was not reached in FY 2009. The Postal Service experienced both an increase in lost production days overall and a decline in employment, due to the automation of many job functions and economic cut-backs at that agency, that greatly

increased their LPD rate.

Measured in financial terms, FECA outcomes reflect the efficiency and quality of benefit payment activities and the impact of case management and benefit services. FECA did not reach the Periodic Roll Management (PRM) savings target. Just over one-third of the over 3,700 cases reviewed in FY 2009 produced cost savings of \$14 million (vs. a target of \$15 million). FECA effectively manages medical costs through centralized bill processing, strengthened reviews of treatment authorization requests, fee schedules, and stronger automated edits and other controls. In FY 2009, the indexed rate of change in FECA average medical treatment costs indicator reached its target; it rose by 5.1 percent compared to the rate of increase in national health care costs of 7.6 percent reported by the Milliman USA Health Cost Index. Comparing the FECA medical cost growth rates to the nationwide rates since FY 2000 equates to (conservatively) a cost reduction of over \$28 million annually.

Reorganized telephone claims handling and customer service operations focus on increasing customer access to information sources, improving responsiveness to callers, and raising the level of call handling quality and information accuracy. Since FY 2003, results have included more than doubling of customers obtaining information from, or submitting documentation through, OWCP automated systems. Average caller wait times have been reduced by almost two-thirds; turnaround time to caller inquiries has been reduced to less than one day; effectiveness resolving caller inquiries at the time of call has improved by 41 percent; and 98 percent of calls meet program standards of quality.

In FY 2009, the average time to resolve disputed issues in Longshore claims was 251 days, representing a nine-day increase over the 2009 target. Defense Base Act (DBA) injury and death cases in connection with the wars in Iraq and Afghanistan have increased from 347 cases in FY 2002 to 12,255 cases in FY 2009. In addition to the impact of expanding case volumes on resources, DBA claims present unique challenges and require more time and claims expertise to process than general Longshore claims. Claims development and documentation are more complicated and time-consuming, processing is more labor-intensive, response times from overseas are extended, medical issues are more complex, and disputes are more difficult to resolve, especially for complex claims such as Post Traumatic Stress Disorder. OWCP will continue conducting outreach and working closely with parties to contested cases to reach timely resolutions.

The Black Lung Program achieved its target for its average claims processing indicator. Overall average claims processing time was reduced from 205 days in FY 2008 to 201 days in FY 2009. The Black Lung Program will continue to evaluate the target for this indicator to ensure that it is realistic in relation to performance results.



A year ago, there wasn't a line at all. Ten a.m. was considered early. But once word spread that the Division of Energy Employees Occupational Illness Compensation (DEEOIC) was sponsoring monthly Traveling Resource Centers (TRCs) in Shiprock, New Mexico, and Kayenta, Arizona, to assist the Navajo claimant community, the line began forming at 7 a.m. One by one, members of the Navajo Nation sign in and exchange greetings with one another, saying, "Yah-tah-hey," the Navajo word for hello. Each individual is there to see somebody who cares, such as Paula, a technical assistant with DEEOIC in Denver. Paula travels from Denver to Shiprock and Kayenta each month to provide support to Navajo claimants seeking benefits under the Energy Employees Occupational Illness Compensation Program Act (EEOICPA). Many former uranium workers live in remote or rural areas such as the Navajo and other reservations located across the western states. DEEOIC is determined to provide in-person assistance to individuals regardless of where they live. The goal of each TRC is to explain how the EEOICPA program works, to encourage those potentially eligible to file claims, and to provide status updates to those individuals who have already filed claims. "I feel so fortunate to have the opportunity to provide this help and support – we're making a difference," said Paula about the monthly TRCs. Photo Credit: DOL/ESA

The Energy Program continues to provide timely claims adjudication and benefit delivery. In FY 2009, the Energy program reached its performance targets for average days under Part B with a result of 113 days against a target of 160 days; average days under Part E with a result of 159 days against a target of 195 days; and final decisions with a result of 92 percent against a target of 88 percent.

Indicator	*	What worked	What didn't work
FECA LPD – non-postal	Y	<ul style="list-style-type: none"> FECA's ongoing Quality Case Management strategy of providing nurses to assist claimants with recovery and return to work contributed to reductions in LPD rates. Average time lost time in the first year for QCM cases declined to 140 days – a 28 percent reduction over the past decade. 	<ul style="list-style-type: none"> Recent studies of the FECA program noted that improvements were needed in communication and coordination between FECA and the employing agencies, to achieve even earlier returns to work.
FECA LPD – postal	N	<ul style="list-style-type: none"> Total new Postal Service injury cases declined by 10 percent from FY 2008, consistent with declining employment levels at that agency. 	<ul style="list-style-type: none"> USPS continues to review limited duty positions for elimination. Fewer positions are available to USPS to transition and reemploy their injured workers. FECA's Quality Case Management is challenged by these circumstances as well as by reduced employment opportunities in the current national economy making finding new jobs for injured Postal workers even harder
FECA – PRM first year savings	N	<ul style="list-style-type: none"> PRM case reviews increased by 20 percent overall due to greater attention in several district offices to change the ways staff and workloads were assigned and to adopt new case review approaches. 	<ul style="list-style-type: none"> Despite an increase in cases reviewed, cases yielding savings dropped by 19 percent, indicating that the disability status of those remaining in the PRM universe remain constant and fewer are determined to have return-to-work potential.
FECA medical cost containment	Y	<ul style="list-style-type: none"> Bill review and medical bill processing system cost controls kept the FECA rate of change below the national average. 	<ul style="list-style-type: none"> Increased medical care costs continue to challenge most benefit payers, and the FECA program will continue to seek controls for specific cost areas. FECA must also address the reluctance of many physicians to treat injured federal workers.
FECA communications	Y	<ul style="list-style-type: none"> Specialized customer service staff in DFEC district offices combined with an emphasis on meeting communications standards contributed to reaching targets. 	<ul style="list-style-type: none"> Automatic notification of injury and other claims documentation from employing agencies is currently limited to those agencies compatible with FECA's Electronic Data Interchange technology.
Longshore dispute resolution	N	<ul style="list-style-type: none"> Longshore reduced call up times to the carriers, causing them to move files quickly, which increased district office resolution timeliness. 	<ul style="list-style-type: none"> The number of cases requiring formal hearings represented a large share of disputed cases. On average, these add at least 200 days to the overall process.
Black Lung processing	Y	<ul style="list-style-type: none"> The program substantially achieved the target for the indicator and will adjust out-year targets accordingly. 	<ul style="list-style-type: none"> This indicator has timeliness measures for four sub-categories of claims disposition. The sub-category for Responsible Operator Merit claims constitutes 58 percent of all decisions. In FY 2009 the target for this sub-category was increased by 10 days to encourage granting time extensions so that operators and insurers could develop and submit evidence when requested. The FY 2009 results were 10 percent below the target

			indicating that the program overestimated the amount of time necessary. The program will adjust the target accordingly.
Black Lung medical cost	Y	<ul style="list-style-type: none"> As a result of the program's review of its medical cost experience and to control costs, the program has adopted OWCP's standards for setting prescription prices. 	<ul style="list-style-type: none"> Due to the unique medical service requirements of the Black Lung beneficiary population, their medical costs continue to be subject to large annual variances outside the program's control.
Energy Part B initial claims	Y	<ul style="list-style-type: none"> Revising this indicator to a measure of average days refocused claims processing on reaching timely claims decisions. Substantial attention was devoted to resolving all claims that were pending as of the beginning of the year, allowing the program to reach steady state processing timeliness. 	
Energy Part E initial claims	Y	<ul style="list-style-type: none"> Measuring average days instead of percentage of claims within a timeframe focuses claims examiners on making the most timely possible decision for each claim. Substantial attention was devoted to resolving all claims that were pending as of the beginning of the year, allowing the program to reach steady state processing timeliness for the first time since the inception of Part E. 	
Energy final decisions (B&E)	Y	<ul style="list-style-type: none"> Increases in the final decisions completion target in FY 2009 were due to the Final Adjudication Branch's (FAB) efforts to adjudicate and clean-up late caseloads in the beginning of the fiscal year. In addition, FAB managers increased meetings with staff members, provided staff with additional training and tools to track their performance, and hired additional staff with the emphasis on processing cases more timely. 	

Program Performance Improvement Plan

- FECA is renewing its emphasis on return to work with a new goal to increase the proportion of injured workers reemployed by Federal agencies and by seeking new strategies that will assist agencies to improve results.
- FECA seeks to increase the speed of claims receipt for wage-loss compensation from agency employers to improve the overall time of payment delivery and maintain uninterrupted income for claimants.
- FECA will convert claims receipt to a Web-based application to expand the number of employing agencies capable of transmitting claims and other documents electronically.
- Longshore's dispute resolution goal is best achieved through mediation and prompt, accurate communication. To that end, the program will use more aggressive interventions in disputes, closer and timelier follow up, educational initiatives with attorney/employers/insurers, and better marketing of mediation services. The affected claims community includes attorneys, employers, and insurance carriers.
- Comparison of Black Lung cost changes to the Department of Health and Human Services' broader National Health Expenditure Projection has not proven to be a proper indicator. Black Lung experiences significant variations in annual costs that are unique to the program, such as disproportionate end-of-life medical expenditures experienced by the Black Lung population. Also, the relatively small number of miners receiving medical benefits means that a very few cases with extraordinary costs in a given year can create large fluctuations in average costs. The goal to effectively manage costs remains a Black Lung priority. While the program will drop the comparison to the NHEP as an indicator, it will continue to pursue additional cost controls and strategies for improving medical cost management

*Target reached (Y), improved (I), or not reached (N)

Net performance costs for OWCP increased by 32 percent between FY 2008 and FY 2009. This increase is almost entirely attributable to financing transactions associated with OWCP benefit accounts. In FY 2009, a one-time loss transaction of \$2.495 billion to repay the Black Lung Disability Trust Fund debt was implemented by the Department of Treasury as authorized by the Emergency Economic Stabilization Act of 2008. OWCP benefit payments and administrative funding expenses declined in FY 2009.

In 2010, OWCP's activities will contribute to the following outcome goals in support of the Department's Strategic Vision of *Good Jobs for Everyone*:

- *Securing safe and healthy workplaces, particularly in high-risk industries;*
- *Facilitating return to work for workers experiencing workplace injuries or illnesses who are able to work and sufficient income and medical care for those who are unable to work;*
- *Income support when work is impossible or unavailable; and*
- *Helping middle-class families remain in the middle-class.*

In FY 2010, return to work will be supported with a new performance goal to increase the percentage of injured Federal workers reemployed by Federal agencies and through continued reduction of LPD rates. Claims processing and benefit delivery measures will continue to ensure that income support and medical care is provided timely and assist in the maintenance of the economic position of injured workers. New measures in the Longshore Program will focus on reducing the time between cessation of wages and beginning of compensation to injured workers. Technology enhancements will expand automation of information exchanges, increase access to and the transparency of program information, and improve responsiveness in communications services.

Program Assessments, Evaluations and Audits

Findings and recommendations from a Federal Employees Compensation Act program assessment completed in 2008 prompted specific actions to improve performance. Here is a summary of progress in FY 2009:

- *Work with Congress to update the benefit structure, adopt best practices from State workers' compensation systems, and convert benefits for retirement-age individuals to a typical retirement level.* The Department continues to refine its FECA legislative reform proposal.
- *Implement recommendations from an independent evaluation to improve significant components of FECA processes, including industry best practices.* Improvements being made to the Continuation-of-Pay (COP) Nurse program include an electronic means to receive reports from employing agencies when an injured employee has returned to work, a Web portal through which to receive reports from nurses in the field, and a standardized case evaluation guide for nurses.
- *Conducting preliminary work, including the development of a logic model, which will serve as a basis for a future impact evaluation of FECA's disability management activities and program effectiveness.* This work was completed in August 2009 as part of an evaluation of FECA disability management processes.
- *Assess the recently implemented electronic case management system to determine long-term program benefits.* FECA continues to assess the capabilities of the new automated data processing system to address performance gaps, support business process changes, provide improved program assessment capability, and provide improved information and assistance to Federal employer partners. Examples include consolidation of the case creation activity, increased automation of the receipt of claims, upgrade of the interactive voice response system, and improvements supporting video conferencing and telework.
- *Implement recommendations from an independent evaluation to improve significant components of FECA processes.* Improvements underway include: speeding notices from employing agencies when an injured worker has returned to work, easing transmission of case status reports from Continuation of Pay (COP) nurses, and standardizing case evaluation guidelines for COP nurses.

More information is available at <http://www.whitehouse.gov/omb/expectmore/summary/10000334.2008.html>.

An assessment of the Longshore and Harbor Workers' Compensation Program in 2005 led to another improvement plan. Here is a summary of progress in FY 2009:

- *Engaging program stakeholders to examine ways to improve and update the Longshore and Harbor Workers' Compensation Act through legislative changes.* The Program is currently in the process of

developing a regulation to address the issuance of Defense Base Act waivers. A standard for granting new waivers as well as clarification on existing waivers is needed. Additionally, language in the American Recovery and Reinvestment Act of 2009 amends the Longshore Act to exclude workers who repair recreational vessels or dismantle them for repair, regardless of the length of the vessel on which they work. Longshore is working on a regulation to address the lack of a definition for recreational vessel, ensuring employees don't move in and out of coverage, and addressing employees who are excluded from State workers' compensation coverage.

- *Evaluating proposed alternatives for modifying the automated claims system for tracking the benefit delivery services of employers and carriers and to allow comparisons with similar programs.* Longshore is developing and implementing an electronic database of authorized insurers. Currently the Longshore program collects and files handwritten 3x5 cards.
- *Developing new performance measures to track and measure benefit facilitation to improve Longshore insurance carriers' and self-insured employers' timeliness in filing initial claims and initiating payments.* Baselines for two new benefit facilitation performance measures were established during FY 2009. The first measure is to reduce the average number of days between the date of injury and OWCP's receipt of the Employer's First Report of Injury (Form LS-202). The second measure is to reduce the average number of days between the date of onset of disability and the date of first payment of compensation.

More information is available at <http://www.whitehouse.gov/omb/expectmore/summary/10003904.2005.html>.

The Black Lung Benefits Program was assessed in 2003. Progress in FY 2009 on the resulting improvement plan is summarized as follows:

- *Establishing performance goals for the Office of Administrative Law Judges (ALJ), Benefits Review Board (BRB), and Solicitor that are ambitious and contribute to efficient adjudication of Black Lung claims.* The Department's BRB and Solicitor have established performance measures and targets. In 2008, the Department successfully worked with ALJ to establish measures and targets for Black Lung claims.
- *Increasing Responsible Operator and Insurer participation in evidentiary development of Black Lung claims at the District Office level.* The Program continues to perform outreach to the operator/insurer community emphasizing the importance of developing and submitting their evidence at the district director level to avoid awards based on partial evidence which may be overturned. The Program analyzed claim data and individual files to determine the effectiveness of early development and to identify operators that submitted such evidence. The Program continues to encourage the district offices to grant extensions of time to operators and insurers to develop and submit evidence when requested. The response from the operator/insurer community has been favorable.
- *Reviewing medical cost containment objectives and the construction of the indicator used to measure results, including the appropriateness of measuring against independent industry benchmarks.* The program has adopted OWCP standards for prescription drug pricing and dispensing fees and will adopt geographically-adjusted pricing for other medical services when a new Central Bill Processing contract begins. There are a number of other interim measures that the Program is considering and, in some cases, adopting.

More information is available at <http://www.whitehouse.gov/omb/expectmore/summary/10001098.2003.html>.

The Energy Employees Occupational Illness Compensation Program assessment in 2007 resulted in an improvement plan for which FY 2009 progress is summarized below:

- *Working with the National Institute for Occupational Safety and Health (NIOSH) to establish compatible timeliness measures that are consistent with program goals, and reporting performance against those goals.* The Department and NIOSH collaborated to establish NIOSH timeliness performance measures. Reporting against goals will be ongoing.
- *Obtaining an independent, comprehensive evaluation of the program.* Based on the management study conducted in FY 2008, the Energy program enhanced program operations; including outreach, training of claims examiners, technology, workload, claims processing, and organization and management structure.

- *Improving coordination with State workers' compensation systems to prevent duplicate payments.* Cross-matching procedures were developed with the State of Ohio. This information will be used to help EEOIC coordinate Part E benefits with State workers' compensation benefits to eliminate duplication of payments. More information is available at <http://www.whitehouse.gov/omb/expectmore/summary/10009004.2007.html>.

Independent evaluations and audits completed in FY 2009 are summarized below.

"Dual Tracking of DFEC Quality Case Management Nurse and Vocational Rehabilitation Processes," August 2009 (SRA International, Inc.)	
<p>Relevance: The study was pursued to assist the design improvements for FECA Quality Case Management and Vocational Rehabilitation and to strengthen their integration.</p>	
<p>Findings and Recommendations:</p> <ul style="list-style-type: none"> • Incorporate Early Intervention and Team Claim Handling into the FECA program. • Make communications with team members and stakeholders more efficient and effective. • Expand the use of return to work tools earlier and more broadly. • Improve the performance of information systems that support case management • Organize and track information differently to better evaluate program results. 	<p>Actions:</p> <ul style="list-style-type: none"> • Review study recommendations for implementation; consider feasibility, priority and impact potential. • Assess resource requirements for implementing recommendations. • Construct an implementation plan.
<p>Additional Information: Copies available from the Division of Federal Employees' Compensation, U.S. Department of Labor, Room S-3229, 200 Constitution Ave., N.W., Washington, D.C. 20210.</p>	
"Special Report Relating to the Federal Employees' Compensation Act Special Benefit Fund," October 2008 (OIG)	
<p>Relevance: The OIG contracted with an independent certified public accounting firm to prepare the report on the Fund as of and for the year ended September 30, 2008.</p>	
<p>Findings and Recommendations:</p> <ul style="list-style-type: none"> • Management should establish written policies and procedures to provide supervisors with detailed guidance on the proper schedule review to mitigate the risks of misstatements. 	<p>Actions:</p> <ul style="list-style-type: none"> • Current written procedures were updated in December 2008 to include, among other things, specific guidance for staff and supervisors on the preparation and review of quarterly and year-end FECA schedules.
<p>Additional Information: The report is available at http://www.oig.dol.gov/public/reports/oa/2009/22-09-001-04-431.pdf.</p>	
"Energy Employees Occupational Illness Compensation Program – DOL Could Do More to Assist Claimants and Further Improve Timeliness," November 2008 (OIG)	
<p>Relevance: OIG conducted an evaluation to: (a) determine if DOL issued claim decisions that complied with applicable law and regulation and (b) assess whether DOL ensures that claims are adjudicated as promptly as possible and that claimants are kept informed. OIG also wanted to assess the validity of allegations from a former claims examiner that claims examiners had been directed to inappropriately deny claims.</p>	
<p>Findings and Recommendations:</p> <ul style="list-style-type: none"> • Establish improved interagency agreements with all Federal partner agencies that specify expectations and the details of work to be performed. • Establish an overall performance measure for the timeliness of processing claims from point of application to final decision and payment, as well as delineating more milestones and goals for the initial processing phase. • Expand Resource Centers' responsibilities to include helping claimants obtain evidence to support claims and better educate the claimant on requirements for eligibility. 	<p>Actions:</p> <ul style="list-style-type: none"> • DOL worked with the Department of Energy and NIOSH to develop interagency agreements by September 30, 2009. • DOL provided the revised initial processing goals on March 27, 2009. • DOL provided the OIG with copies of informational materials distributed to the Resource Centers, instructing them on the use of ECMS to provide better service to claimants on March 27, 2009.
<p>Additional Information: The report is available at http://www.oig.dol.gov/public/reports/oa/2009/04-09-002-04-437.pdf.</p>	

“Longshore and Harbor Workers’ Compensation Act Special Fund Financial Statements and Independent Auditors’ Report,” February 2009 (OIG)

Relevance: The OIG audited the financial statements of the Longshore and Harbor Workers’ Compensation Act Special Fund as of September 30, 2008, and for the year then ended.

Findings and Recommendations:

- OIG concluded that the Fund’s financial statements as of and for the years ended September 30, 2008 and 2007, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.
- The OIG noted no matters involving the internal control and its operation that is considered to be a material weakness as defined in this report.
- The results of the tests of compliance with certain provisions of laws and regulations disclosed no instances of noncompliance or other matters that are required to be reported.

Actions:

- No recommendations made.

Additional Information: The report is available at <http://www.oig.dol.gov/public/reports/oa/2009/22-09-004-04-432.pdf>.

“District of Columbia Workmen’s Compensation Act Special Fund Financial Statements and Independent Auditors’ Report,” February 2009 (OIG)

Relevance: The OIG audited the financial statements of the District of Columbia Workmen’s Compensation Act Special Fund as of September 30, 2008, and for the year then ended.

Findings and Recommendations:

- OIG concluded that the Fund’s financial statements as of and for the years ended September 30, 2008 and 2007, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.
- The OIG noted no matters involving the internal control and its operation that is considered to be a material weakness as defined in this report.
- The results of the tests of compliance with certain provisions of laws and regulations disclosed no instances of noncompliance or other matters that must be reported.

Actions:

- No recommendations made.

Additional Information: The report is available at <http://www.oig.dol.gov/public/reports/oa/2009/22-09-005-04-432.pdf>.

“Human Capital – Actions Needed to Better Track and Provide Timely and Accurate Compensation and Medical Benefits to Deployed Federal Civilians,” June 2009 (GAO)

Relevance: GAO compared agency policies and identified issues in policy or implementation regarding (1) compensation, (2) medical benefits, and (3) identification and tracking of deployed civilians.

Findings and Recommendations:

- Revise the application materials for Federal Employees’ Compensation Act claims to make clear what documentation applicants must submit with their claims.
- Set a clear timeline for issuing implementing guidance concerning the death gratuity granted by section 1105 of the National Defense Authorization Act for Fiscal Year 2008, Public Law Number 110-181.

Actions:

- DOL committed to reviewing the instructions that accompany the CA-1 form, Federal Employees’ Notice of Traumatic Injury and Claim for Continuation of Pay/Compensation, to determine whether to include further guidance on what medical information should be submitted to support a claim.
- Regarding the timeframe for issuing guidance concerning the death gratuity, the FECA Death Gratuity Interim Final Rule was published on August 18, 2009.

Additional Information: The report is available at <http://www.gao.gov/new.items/d09562.pdf>.

“OWCP’s Jacksonville and New York District Offices Need to Improve Monitoring of Re-employment Status of Claimants,” September 2009 (OIG)

Relevance: OIG conducted the audit to determine if OWCP provided adequate oversight of claimants whose re-employment status had not yet been determined.

Findings and Recommendations:

- Create a specialized workgroup to (a) identify cases in the re-employment-status-not-yet-determined category that need immediate case management; (b) determine the intervention(s) that may be needed for those identified cases; and (c) execute actions, as needed, to reduce

Next Steps:

- DOL committed to developing a report that tracks the frequency at which PR cases are reviewed, so claims examiners can be alerted and prompted to take the next necessary action. In cases where no action has taken place within a specified period of time, a reminder in

<p>compensation payments and/or remove claimants from this periodic roll category.</p> <ul style="list-style-type: none"> • Implement a requirement that claims examiners use the integrated Federal Employees' Compensation System (iFECS) Reminder Feature to alert them when to (a) consider or reconsider referring claimants to a second opinion specialist, (b) follow up on referrals to nurse or vocational rehabilitation services, (c) follow up on pending medical reports, and (d) mail 10-month letters. 	<p>iFECS will be sent to the claims examiner, prompting them to take action. These reminders will also be available through an on-line query tool. These actions will be completed by March 1, 2010.</p> <ul style="list-style-type: none"> • Regarding the recommendation pertaining to the 10-month letter, DOL is developing a specific reminder that will prompt the claims examiner to issue the letter at the appropriate juncture in the case. This feature will also be available March 1, 2010.
<p>Additional Information: The report is available at http://www.oig.dol.gov/public/reports/oa/2009/04-09-004-04-431.pdf.</p>	

Data Quality and Top Management Challenges

Data quality for this performance goal is rated *Excellent*,⁴⁸ reflecting OWCP's long history of managing workers' compensation case record data and benefit payment histories. Performance measurement, also a long-standing priority for OWCP, relies primarily upon data extracted from internal automated case management and benefit payment systems. Technology upgrades to OWCP automated data systems have made possible more efficient reporting processes and improved statistical report design and content. Enhanced systems also enable OWCP to better test performance data, make quality improvements and increase accuracy. Outside sources, including other Federal agencies, the nationally known research institute, Milliman USA, and the Centers for Medicare and Medicaid Services within the Department of Health and Human Services, also provide performance data.

OWCP maintains strict oversight of data entry into its internal systems, with regular on-site review by local managers and formal periodic reviews that check the quality of the claims data record. Other quality tools include extensive checks and edits built into automated data processing system programming, second-tier certifications of claims and payment decisions, telephone call monitoring, and regular performance reviews by district management. Multiple OWCP analytical staff collaborate in the report production, data collection and results measurement processes. Performance results are reviewed frequently, in formal sessions, by OWCP management, which emphasizes a culture of performance accountability.

In the Office of the Inspector General's (OIG) recent report, concerns were raised with respect to the timeliness and length of DEEOIC's adjudication process and compliance with laws and regulations established in the EEOICPA. The OIG found the process to still be quite lengthy, with some claims taking up to two years to process. However, the OIG stated that DEEOIC has made major progress in shortening adjudication timeframes and has complied with applicable laws and regulations in making final decisions to accept or deny claims. DEEOIC is still faced with the challenge of the length of time it takes NIOSH to complete a dose reconstruction, but does not have any regulatory authority to control the NIOSH dose reconstruction process.

The OIG also reported the challenge to the FECA program of determining continuing eligibility to benefits and ensuring proper payments while being responsive to claimants. Departmental progress has included system changes that improve tracking of due dates for periodic medical evaluations, assist revalidation of eligibility for continued benefits, use data mining to prevent and identify improper payments, and improved services to customers. The OIG supports the Department's efforts to seek legislative reforms to the FECA program which would enhance incentives for employees who have recovered to return to work, address retirement equity issues, discourage unsubstantiated or otherwise unnecessary claims, allow for easy access to Social Security Administration wage records to ensure proper FECA payments, and make other benefit and administrative improvements.

⁴⁸ Information on DOL's Data Quality Assessments, conducted annually for each performance goal, can be found in the Introduction to the Performance Section.

Ensure union financial integrity, democracy, and transparency.



Performance Goal 09-4C (ESA)

Indicators, Targets and Results

*Indicator target reached (Y), improved (I), or not reached (N)		FY 2008 Goal Not Achieved	FY 2009 Goal Not Achieved
Union receipts audited per staff day	Target	—	\$92,500
	Result	\$82,067	\$77,271
	*	—	N
	Cost	—	—
Percent of audits resulting in a criminal investigation	Target	baseline	12.0%
	Result	11.5%	12.1%**
	*	—	Y
	Cost	\$29	\$30
Percent of unions filing reports electronically	Target	baseline	20.5%
	Result	20%	20.9%
	*	—	Y
	Cost	\$11	\$11
Number of days to resolve union officer election complaints	Target	baseline	88
	Result	92	70
	*	—	Y
	Cost	\$14	\$12
Goal Net Cost (millions)		\$58	\$55

Source(s): OLMS union compliance audit information and e.LORS data system.

Legacy Data: None of the indicators shown were applied to goal achievement determination in FY 2008. Results for those three indicators are available at <http://www.dol.gov/sec/media/reports/annual2008/SG4.htm>. See Performance Goal 08-4C.

Note: *Net Cost* reflects the *full cost* of each program as assigned by DOL entities to the Department's outcome goals *less* any exchange revenue earned. *Full cost* consists of (a) both direct and indirect costs, and (b) the costs of identifiable supporting services provided by other segments within the reporting entity and by other reporting entities.

Program Perspective and Logic

The Office of Labor-Management Standards (OLMS) administers the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA), as amended, and related laws. These laws primarily establish safeguards for union democracy and union financial integrity and require public disclosure reporting by unions, union officers, union employees, employers, labor consultants and surety companies, and impose criminal sanctions for embezzlement of union funds and other crimes. To implement the LMRDA protections, OLMS conducts criminal and civil investigations and union audits, offers compliance assistance, and administers the reporting and public disclosure program.

Financial transparency underpins the achievement of democracy and financial integrity objectives. Labor unions, union officers, union employees, employers, labor consultants and others covered by the LMRDA and related laws are required to file financial and activity reports with OLMS. OLMS operates an electronic reporting system for LMRDA reports and an Internet public disclosure system that provides public access to information from filed reports. To increase transparency and improve the accuracy of financial reports, OLMS aims to increase the rate of reports filed electronically. In 2008, baseline results showed that 20.5 percent of the annual financial reports filed by unions (Form LM-2, LM-3, and LM-4) were submitted electronically. OLMS reached this target by increasing the



To equip union officers across nation with clear and consistent information on the Labor-Management Reporting and Disclosure Act (LMRDA), OLMS provides seminars through a nationwide educational program. Topics include recordkeeping, reporting, and union officer elections; and each District Office invites all unions in its jurisdiction. Photo Credit: DOL/ESA

percent of electronically filed union reports to 20.9 percent. OLMS is redesigning its electronic filing system to address barriers to filing with the aim of increasing the number of reports filed electronically.

Effective auditing is central to OLMS' ability to determine compliance with the LMRDA. By using more effective methods to select unions for audit, OLMS can make more effective use of resources needed to achieve compliance with the law and discover instances of criminal violations, principally union funds embezzlement. In FY 2009, OLMS reached its target to increase the percent of union audits that result in the opening of a criminal case to 12.1 percent compared to the baseline of 11.5 percent.

In support of union democracy, OLMS introduced a new performance measure in 2009 that tracks the average number of days elapsed for union election cases' resolution. An internal study of election cases indicated that the average election case required 92 days to resolve; about 50 percent longer than the deadline required by the LMRDA. To reduce this timeframe, OLMS targets sources of delay, such as waivers requesting extensions beyond the deadline. OLMS reached its target for FY 2009 by reducing days required to resolve unions complaints to 70

days compared with the FY 2009 baseline of 92 days.

Approximately 25 percent of OLMS resources support the agency's Internet public disclosure system and a wide range of compliance assistance, liaison, enforcement, and regulatory activities to increase union transparency and LMRDA reporting compliance. OLMS dedicates more than 50 percent of its annual resources to support a program of audits and criminal investigations to protect the millions of dollars in dues paid by labor union members. OLMS dedicates about 20 percent of its annual budget to investigating union member complaints of election misconduct and supervising union officer election reruns to assure compliance with LMRDA union democracy provisions.

Recovery Act

OLMS received additional funding of \$391,000 in FY 2009 and \$190,000 in FY 2010 as a result of the Recovery Act to conduct certification of labor protections for public transit grants. Specifically, the Recovery Act allocates \$8.4 billion to the Federal Transit Administration (FTA) for assistance to States and municipalities for capital expenditures on public transit investment. These funds have a "use-it-or-lose-it" condition placed on them to ensure that all apportioned funds are used promptly. OLMS must certify that fair and equitable labor protective provisions are in place to protect the interests of employees affected by the Recovery Act grants. The FTA cannot award funds without prior DOL certification. The processing of these certifications is the same as under established procedures for non-Recovery Act grants. OLMS expects an additional 800 to 1,000 grants and is using the funds to handle the workload.

To ensure that grants under the Recovery Act are issued in a timely and prompt manner, OLMS has established two performance measures. First, OLMS has established a goal that 100 percent of all Recovery Act grants will be certified within the 60-day time limit established by OLMS under its case processing guidelines. Additionally, OLMS has established a goal that the average elapsed time for processing of applications will be under 45 days. OLMS met both goals for FY 2009. The Agency achieved an average processing time of 13.7 days per certification, while certifying 100 percent of grants received within the 60-day target. As a result, no Recovery Act funds were forfeited or reallocated for failure to meet the deadline under the "use-it-or-lose-it" condition. OLMS credits the achievement of both these goals to a successful outreach program that alerted parties to the availability of these grants and provided guidance in meeting grant requirements. For more information, see http://www.recovery.gov/?q=content/program-plan&program_id=7549.

Analysis and Future Plans

OLMS did not achieve its FY 2009 performance goal. However, FY 2009 targets were reached for each of the three measures established to advance the core performance goal to ensure union financial integrity, democracy, and transparency. Additionally, OLMS made strides in establishing procedures for increasing program effectiveness. OLMS initiated work on new electronic filing programs that will address barriers which formerly hindered the online filing rate of smaller unions. In addition, OLMS regional managers began sharing best practices for targeting audits. A statistical study of Labor-Management (LM) reporting data is providing useful insights on how OLMS can use LM data to better target audits.

Indicator	*	What worked	What didn't work
Audit efficiency	N	<ul style="list-style-type: none"> Management efforts to closely track and reduce the number of staff days devoted to compliance audits. 	<ul style="list-style-type: none"> Complex cases, which represent a growing portion of OLMS audits, require longer staff time to resolve.
Audit targeting	Y	<ul style="list-style-type: none"> Solicitation and sharing of best targeting practices through nationwide forums. 	<ul style="list-style-type: none"> A statistical study has thus far not been useful in correlating LM reporting data with fraud findings. As a result, OLMS still lacks an empirically-based linkage between financial report data and methods to improve targeting.
Electronic reporting	Y	<ul style="list-style-type: none"> Discontinued mailing paper LM-3 forms to encourage online filing. Sent postcard advisories to LM-3 filers reminding them of report due dates and the electronic filing option. Clarified instructions for downloading forms on the OLMS Web pages. 	<ul style="list-style-type: none"> OLMS has identified the electronic signature process as a principal deterrent to electronic filing. OLMS is streamlining the electronic signature process.
Complaint resolution	Y	<ul style="list-style-type: none"> Reduced number and duration of waivers requesting additional days. Improved coordination with SOL. 	<ul style="list-style-type: none"> Several barriers continue to impede timely complaint resolution. OLMS is working with other agencies to ameliorate these barriers.

Program Performance Improvement Plan

- Upon implementation of the goal to reduce elapsed time for election complaints, OLMS identified a series of activities and measures that assist in achieving this goal. OLMS implemented a number of these measures, each of which will contribute to achieving the goal and in the future. OLMS will continue to work, both internally and with other agencies, to identify additional sources of delays in the election complaint system. These additional measures will contribute to OLMS' overall success in reducing processing time for election complaints.
- In support of its targeted enforcement strategy, OLMS is working with the Eastern Research Group to determine whether LM report data correlates with the existence of fraud indicators. The Agency will also continue to share targeting best practices among District Offices.
- Redesigning its electronic submission process for the LM forms. The new system will streamline e-filing by eliminating the electronic signature and enabling the use of a Web browser for data entry. Once implemented, the new submission procedures are expected to increase the percentage of unions filing electronically.

*Target reached (Y), improved (I), or not reached (N)

Net costs of OLMS activities decreased three percent from FY 2008-2009 due to a similar decrease in appropriations.

In 2010, OLMS' activities will contribute to the outcome goal *voice in the workplace* in support of the Department's Strategic Vision of *Good Jobs for Everyone*. OLMS plans to increase public disclosure concerning employer/consultant agreements by increasing the number of Form LM-20 reports filed by consultants.

Program Assessments, Evaluations and Audits

Findings and recommendations from an Office of Labor-Management Standards program assessment completed in 2005 prompted specific actions to improve performance. Here is a summary of progress in FY 2009:

- *Developing and implementing specific performance indicators to measure agency progress towards ensuring union democracy.* Prior to 2009, OLMS measured compliance with LMRDA election standards. In 2008 OLMS developed a timeliness measure and a baseline for this measure that does not rely on a random sample of audited unions for data and replaced the democracy measure in 2009. This measure relies on data produced internally that is timelier, not subject to sampling error, and more closely ties program outputs to outcomes and Agency goals.
- *Conducting an external review of program processes to identify areas for improvement.* In 2007, OLMS underwent an evaluation of its reporting and disclosure program. In 2008, a subsequent cost-benefit analysis recommended ways to improve the electronic filing process for unions, which are currently under review. In 2009, OLMS is undergoing an independent program evaluation focusing strictly on improving the efficiency of its manual filing process, which remains the predominant filing method for Labor-Management forms. Recommendations will also focus on ways to improve the quality of the forms published online. This evaluation was completed in September 2009.

More information is available at <http://www.whitehouse.gov/omb/expectmore/summary/10003903.2005.html>.

Independent evaluations and audits completed in FY 2009 are summarized below.

“Business Process Analysis of OLMS Manual Reports Filing and Disclosure Process,” September 2009 (Mathematica Policy Research, Inc.)	
<p>Relevance: This evaluation provided recommendations to improve the efficiency of public disclosure reports processes in OLMS, and included cost-effective strategies for the transition to all-electronic storage of forms. Recommendations focused on measures of efficiency and quality assurance to capture the benefits of proposed process improvements.</p>	
<p>Findings and Recommendations:</p> <ul style="list-style-type: none"> • Mathematica identified certain inefficiencies in report processing, and made recommendations for improving process documentation, identified potential areas for cost savings, and suggested internal measures for quality assurance. 	<p>Actions:</p> <ul style="list-style-type: none"> • OLMS is reviewing the recommendations and expects to implement process improvements, as feasible, during FY 2010.
<p>Additional Information: Copies available from the Office of Labor-Management Standards, U.S. Department of Labor, FOIA Coordinator, Room N-5609, 200 Constitution Ave., N.W., Washington, D.C. 20210.</p>	

Data Quality and Top Management Challenges

Data quality for this performance goal was rated *Very Good*.⁴⁹ OLMS uses its Case Data System to track investigations and performance. The electronic reporting and disclosure database provides quick access to accurate and timely union financial data. In 2009, OLMS implemented three new performance measures, each of which relies on data from either the Case Data System or the Electronic Labor Organization Reporting System. Both are mature, robust systems, and the data retrieved from these systems allows the OLMS to track long-term trends and identify areas in which program operations can be improved. OLMS will continue to promote the use of electronic filing by unions, which will improve the data accuracy of financial reports, by implementing a new, Internet-based filing system. This new system will facilitate electronic filing and help ameliorate identified barriers to electronic filing. The data used for performance measurement is available in databases routinely used for agency management, therefore, no additional resources are required to maintain and update the data set.

⁴⁹ Information on DOL’s Data Quality Assessments, conducted annually for each performance goal, can be found in the Introduction to the Performance Section.



Enhance pension and health benefit security.

Performance Goal 09-4D (EBSA)

Indicators, Targets and Results

*Indicator target reached (Y), improved (I), or not reached (N)		FY 2007 Goal Achieved	FY 2008 Goal Achieved	FY 2009 Goal Achieved
Ratio of criminal cases accepted for prosecution to cases referred	Target	48%	50%	52%
	Result	67%	74%	79%
	*	Y	Y	Y
	Cost	\$103	\$102	\$117
Ratio of closed civil cases with corrected fiduciary violations to civil closed cases	Target	61%	64%	67%
	Result	69%	70%	72%
	*	Y	Y	Y
	Cost	—	—	—
Applications to Voluntary Compliance programs	Target	13,838	21,000	21,500
	Result	20,123	28,261	28,182
	*	Y	Y	Y
	Cost	—	—	—
Goal Net Cost (millions)		\$176	\$170	\$165

Source(s): Enforcement Management System and Delinquent Filer Voluntary Compliance Tracking System.

Note: *Net Cost* reflects the *full cost* of each program as assigned by DOL entities to the Department's outcome goals less any exchange revenue earned. *Full cost* consists of (a) both direct and indirect costs, and (b) the costs of identifiable supporting services provided by other segments within DOL and by other Federal agencies. The cost listed for the first indicator also includes the costs associated with the civil ratio measures. Costs are not allocated to the indicator level for the civil and criminal ratio measures because these programs are not separable into individual costs.

Program Perspective and Logic

The Employee Benefits Security Administration (EBSA) is responsible for ensuring compliance with the Employee Retirement Income Security Act (ERISA). EBSA's activities are essential to maintaining the public's trust and confidence in the employee benefits system. DOL demonstrates its success in identifying and pursuing wrongdoers through successful civil and criminal case closure and acceptance rates. By providing outreach and education and directly assisting plan participants, beneficiaries, employers and plan officials to understand their rights and responsibilities under the law, DOL helps protect workers' and retirees' benefits.

EBSA oversees benefit security for an estimated 695,000 private retirement plans, 2.5 million health plans, and similar numbers of other welfare benefit plans, such as those providing life or disability insurance. Benefit plans under EBSA's jurisdiction cover approximately 150 million participants and beneficiaries.

EBSA contacted a Dallas, Texas, group health plan on behalf of a participant who had unpaid medical claims. The participant had recently been terminated but had properly extended his group health benefits under COBRA. The plan sponsor contended that the COBRA premium payments had not been made and that notwithstanding, were also being denied on the basis of a pre-existing condition. EBSA assisted the participant in demonstrating that payments had been made, and in evaluating the pre-existing condition assertion of the plan sponsor. As a result of EBSA's efforts, the plan reversed its decision and paid the participant's medical claims totaling \$140,000.

Recovery Act

The Recovery Act contains Consolidated Omnibus Budget Reconciliation Act (COBRA) premium assistance provisions that expand COBRA eligibility and provide eligible individuals with a 65 percent reduction of their COBRA premiums for up to nine months. If eligible, these individuals pay only 35 percent of their COBRA premiums to the plan; the remaining 65 percent is paid by the government to the employer through a payroll tax credit.

In 2009, EBSA developed and implemented a program that provides for expedited review and determination when an individual has been denied COBRA Premium Assistance. In addition, EBSA issued model notices, forms, and disclosure notices and launched an aggressive outreach and education program. In FY 2009, EBSA received almost 10,000 applications for expedited review and overturned the employer’s decision to deny COBRA Premium Assistance in nearly 6,500 cases. EBSA followed a detailed hiring plan to ensure appropriate staffing levels for the program and processed approximately 96 percent of expedited reviews in 14 days or less. For the duration of the law, EBSA will continue to complete expedited reviews in a timely manner and implement its outreach and education programs.

Analysis and Future Plans

EBSA achieved its performance goal. The agency reached its performance target for the ratio of closed civil cases with corrected fiduciary violations to closed civil cases. With respect to criminal case work, EBSA reached its target to report cases accepted for prosecution. Last year, EBSA began implementing a regulation that provided a safe harbor for assessing the timeliness of forwarding participant contributions to 401(k) plans with less than 100 participants. The regulation defines the period under which participant contributions to a small plan will be deemed to be made in compliance with the law. EBSA cautioned that the regulation could substantially impact both the civil and criminal enforcement programs because approximately one-third of the investigations conducted by EBSA focus on this issue. In EBSA’s preliminary analysis, the regulation did not materially reduce EBSA’s overall enforcement ratios in FY 2009. EBSA will continue to monitor the impact of the regulation subsequent to FY 2009 results and adjust performance targets, as necessary.

National Enforcement Initiatives		
Each Indicator is the Ratio of Closed Cases with Corrected Fiduciary Violations to total closed cases		
Employee Contribution Project	Target	83%
	Result	85%
Employee Stock-Ownership Plans	Target	64%
	Result	53%
Multiple Employer Welfare Arrangements	Target	61%
	Result	55%
Rapid ERISA Action Team	Target	54%
	Result	71%
Consultant/Advisor Project (CAP)	Target	Baseline
	Result	50%

The table lists component indicators of the broader civil ratio. These performance measures may change from year to year as the agency satisfies its commitments and priorities change. The Consultant Advisor Project (CAP) ratio, which includes a small number of carefully targeted cases and focuses on the receipt of improper, undisclosed compensation by pension consultants and other investment advisers, is a relatively new program with extremely complex and time consuming cases. EBSA has not closed enough cases to develop a baseline. EBSA exceeded its targets for the Employee Contribution, and Rapid ERISA Action Team projects. Multiple Employer Welfare Arrangements fell just short of the target; EBSA continues to assess the data. The Employee Stock Ownership Plan target remains elusive because these

cases are difficult to bring to closure due to the complexity of the underlying financial transactions. EBSA is reviewing its strategies to maintain its performance and to improve, where appropriate.

EBSA reached its voluntary compliance target in FY 2009. This measure demonstrates achievements in programs such as the Voluntary Fiduciary Correction Program and the Delinquent Filer Voluntary Compliance Program.

This year, Benefits Advisors provided superior participant assistance by responding to 99 percent of all written inquiries within 30 days of receipt and responding to over 99 percent of telephone inquiries by the close of the next business day. In FY 2009, DOL obtained monetary results of approximately \$1.3 billion. Monetary results are a product of EBSA's investigative, compliance and participant assistance activities.

Indicator	*	What worked	What didn't work
Criminal prosecution ratio	Y	<ul style="list-style-type: none"> EBSA effectively targeted cases that are likely to be accepted for prosecution. 	<ul style="list-style-type: none"> Legal issues prevented EBSA from posting the names of individuals and entities against whom DOL obtained a health fraud or MEWA-related injunction on the DOL public website.
Civil correction ratio	Y	<ul style="list-style-type: none"> EBSA effectively targeted cases that are likely to produce fiduciary results. 	<ul style="list-style-type: none"> Despite targeting efforts, Employee Stock Ownership Plan cases remain difficult to close due to the complexity of the underlying financial transactions.
Voluntary compliance applications	Y	<ul style="list-style-type: none"> EBSA improved compliance with ERISA without the expense of additional investigations. 	<ul style="list-style-type: none"> As demonstrated by the fact that over 90 percent of all VFCP applications relate to delinquent employee contribution issues, the nature of the violations corrected through the program are not as wide-ranging as possible.

*Target reached (Y), improved (I), or not reached (N)

Net costs of EBSA activities decreased three percent from FY 2008-2009 due to changes in administrative expenses.

In 2010, EBSA's activities will contribute to the outcome goal *Improving health benefits and retirement security for all workers* in support of the Department's Strategic Vision of *Good Jobs for Everyone*.

Program Assessments, Evaluations and Audits

Findings and recommendations from an Employee Benefits Security Administration assessment completed in 2004 prompted specific actions to improve performance. Here is a summary of progress in FY 2009:

- Implementing program improvements based on the independent evaluations completed or currently underway.* EBSA is conducting a Health Disclosure and Claims Issues (HDCI) evaluation under which a statistically valid sample of over 1,700 group health plans are investigated over a two-year period to determine compliance with the health care laws in Part 7 of ERISA. EBSA is completing the investigative portion of the study and beginning the interpretation of data and quality control portions of the study. EBSA will use the findings to refine its compliance assistance and enforcement strategies.
- Developing ways to quantify and reduce the burden imposed by EBSA's regulations.* ICF International completed an analysis that determined EBSA is publishing regulations in which benefits outweigh costs. The final report was submitted to EBSA on January 2, 2009. EBSA conducted in-house training sessions relating to economic analysis of regulatory initiatives and intends to make further training opportunities available to staff. Further, EBSA is hiring additional staff to conduct regulatory analysis.

More information is available at <http://www.whitehouse.gov/omb/expectmore/summary/10000338.2004.html>.

Independent evaluations and audits completed in FY 2009 are summarized below.

"EBSA Could More Effectively Evaluate Enforcement Project Results," March 2009 (OIG)	
Relevance: The OIG conducted a performance audit of EBSA's processes for evaluating its civil enforcement results. The audit examined whether EBSA is effectively evaluating its civil enforcement project results and directing its resources to enforcement issues that have a significant impact on American workers' health, pension and other employee benefits.	
Findings and Recommendations: <ul style="list-style-type: none"> Clearly define the objective of each of its civil enforcement projects. Establish a performance measure(s) that evaluate(s) each civil enforcement project's outcomes versus the stated objective. Develop guidance for allocating enforcement resources based on intended enforcement outcomes and actual performance results. 	Actions: <ul style="list-style-type: none"> EBSA expanded its public description of the national enforcement projects to include a specific objective of "finding and correcting violations of ERISA." EBSA did not agree with the other two recommendations. In anticipation of the Department's updated strategic plan to be published in September 2010, EBSA will develop measures that support the Secretary's vision of good jobs for everyone.
Additional Information: The report is available at http://www.oig.dol.gov/public/reports/oa/2009/05-09-003-12-001.pdf .	

Data Quality and Top Management Challenges

Data quality for this performance goal is rated *Excellent*.⁵⁰ EBSA's Enforcement Management System (EMS) provides the data for the enforcement ratios. EBSA's quality assurance processes require that individuals not directly involved with the investigation at hand approve all case openings. Cases with monetary results receive several levels of scrutiny, including national office oversight and review. Additionally, EBSA uses a peer review method to conduct quality assurance of randomly selected closed cases. The Voluntary Fiduciary Correction Program data are maintained in the EMS and the Delinquent Filer Voluntary Compliance Program tracking system.

The Inspector General listed *Implementing the American Recovery and Reinvestment Act of 2009* and *Ensuring the Security of Employee Benefit Plan Assets* as major challenges for EBSA (see the Top Management Challenges in the Other Accompanying Information section). The OIG cites administering the COBRA provisions of the Recovery Act, benefit plan audits, corrupt multiple employer welfare arrangements and civil enforcement project results as areas of concern. Because these risks go to the heart of EBSA's goal to secure pension and health plans, the agency is taking specific actions to address these concerns, including developing and implementing a program that provides for expedited review and determination regarding an individual's denial of the COBRA premium assistance; strengthening benefit plan audits through increased oversight of accounting firms; meeting ambitious targets for civil and criminal cases; expanding the public description of national enforcement projects; and vigorously pursuing fraudulent multiple employer welfare arrangements.

⁵⁰ Information on DOL's Data Quality Assessments, conducted annually for each performance goal, is available in the Introduction to the Performance Section.

Improve the pension insurance program.



Performance Goal 09-4E (PBGC)

Indicators, Targets and Results

*Indicator target reached (Y), improved (I), or not reached (N)		FY 2004 Goal Not Achieved	FY 2005 Goal Not Achieved	FY 2006 Goal Not Achieved	FY 2007 Goal Sub- stantially Achieved	FY 2008 Goal Not Achieved	FY 2009 Goal Not Achieved
Customer Satisfaction score for premium filers	Target	71	72	74	68	69	70
	Result	69	68	68	70	72	72
	*	N	N	N	Y	Y	Y
Customer Satisfaction score for trustee plan participant callers	Target	77	78	80	80	80	80
	Result	78	79	75	78	81	82
	*	Y	Y	N	I	Y	Y
Customer Satisfaction score for retirees receiving benefits from the PBGC	Target	—	84	84	85	85	85
	Result	—	85	85	88	89	88
	*	—	Y	Y	Y	Y	Y
Average Time to Issue Benefit Determinations (years)	Target	—	—	—	—	3.0	3.0
	Result	—	—	—	3.0	3.3	3.8
	*	—	—	—	—	N	N

Source(s): American Customer Satisfaction Index and Corporate Performance Reporting System.

Legacy Data: Some indicators not shown for FY 2007. Results for the three indicators that were dropped are available at <http://www.dol.gov/sec/media/reports/annual2007/SG4.htm>. See Performance Goal 07-4E.

Note: Costs are not provided because the PBGC is not included in the Consolidated Statement of Net Costs. However, in accordance with the requirements of the Government Performance and Results Act (GPRA), the PBGC's performance reporting is included in this report because its performance goals are included in the Department's performance budget.

Program Perspective and Logic

The Pension Benefit Guaranty Corporation (PBGC) operates in accordance with policies established by its Board of Directors, which is comprised of the Secretaries of Labor (Chairman), Commerce and Treasury. PBGC protects the retirement incomes of 44 million American workers in over 29,000 defined benefit pension plans, which provide specified monthly benefits at retirement, often based on salary and years of service. The Corporation safeguards the pension insurance program and provides service to its customers, while exercising stewardship over its resources. It is responsible for the current and future pensions of about 1.3 million people, including those who have not yet retired and participants in multiemployer pension plans receiving financial assistance. At the end of FY 2009, PBGC was paying benefits to about 665,000 retirees and beneficiaries in terminated underfunded plans; another 635,000 participants in these plans will become eligible to start receiving benefits in the future.

PBGC receives no funds from general tax revenues. Operations are financed by insurance premiums set by Congress and paid by sponsors of defined benefit plans, investment income, assets from pension plans trusted by PBGC, and recoveries from the plans' former corporate sponsors. However, the PBGC's premium structure does not adequately reflect the risks posed by individual plans. While the Deficit Reduction Act and the Pension Protection Act, both enacted in 2006, made significant structural changes to the defined benefit system, they did not fully address the Corporation's long-term challenges. Although current assets are sufficient to meet liabilities for a number of years, the PBGC does not have the resources to fully satisfy its long-term obligations to plan participants. Further reforms are needed to address a growing gap between assets and liabilities (estimated at \$33.5 billion as of March 31, 2009).

PBGC uses the American Customer Satisfaction Index (ACSI) survey methodology to monitor its progress in meeting the needs and expectations of its customers – primarily participants and premium filers. Using ACSI survey results, PBGC evaluates the effectiveness of its services to customers and makes targeted improvements. Another key measure of PBGC mission effectiveness is the time required to provide participants with a final determination of their benefits. To address the shortage of resources needed to satisfy long-term plan obligations, this year PBGC provided an analysis of options for improving the pension insurance program’s financial condition.

Analysis and Future Plans



Although PBGC did not achieve all its goals in 2009, the Corporation’s continued focus on customer service yielded positive results. PBGC reached all of its customer satisfaction targets as demonstrated in the chart. The result for the premium filer customer satisfaction indicator was 72, maintaining 2008’s record high for this measure. Retirees scored PBGC’s service at 88, surpassing the target of 85. The ACSI score for participant callers to the Customer Contact Center was 82 this year, up one point from 2008. PBGC provides readily accessible service to customers online using

My Pension Benefit Account (MyPBA) for participants and My Plan Administration Account (MyPAA) for pension plan administrators through PBGC.gov as part of its customer service outreach.

As of September 2009, the average time to issue benefit determinations had increased to 3.8 years from 3.3 years in 2008. Performance has been impacted by several large plans requiring more complex benefit calculations.

Indicator	*	What worked	What didn’t work
Premium filer satisfaction	Y	<ul style="list-style-type: none"> PBGC responded proactively to legislative challenges to the filing dates by providing automated email filing reminders and by expanding phone and email coverage around major filing dates to filers. PBGC enhanced its quality assurance program, which has resulted in improvements to customer care and revisions to a number of PBGC’s standard letters. 	<ul style="list-style-type: none"> To improve communication with its customers, PBGC will assess and identify ways to better serve customers through the Internet and expand online services.
Participant caller satisfaction	Y		
Retiree satisfaction	Y		
Benefit determination timeliness	N	<ul style="list-style-type: none"> PBGC focused on completing benefit determinations in its oldest plans to reduce its aging inventory. 	<ul style="list-style-type: none"> To better measure benefits determination timeliness, PBGC will focus on the completion of entire plans rather than on individual benefit determinations. PBGC will track tasks associated with the processing of large, complex plans. PBGC will explore options to minimize the impact of overpayments.

Program Performance Improvement Plan

PBGC actively promotes continuous improvement initiatives across all program areas:

- Expand online customer services,
- Explore more cost effective ways to improve customer communication,

- Increase streamlining in benefit and premium processing areas and enhance the premium payment system,
- More efficiently manage its resources to meet its incoming workloads and strengthen performance accountability,
- Make technology improvements to replace outdated and overloaded infrastructure,
- Renew the Corporation’s focus on succession management, leadership development, recruitment, and retention.
- Develop greater flexibility to fund unexpected workloads and address funding concerns.

*Target reached (Y), improved (I), or not reached (N)

In 2010, PBGC’s activities will contribute to the outcome goal *improving health benefits and retirement security for all workers* in support of the Department’s Strategic Vision of *Good Jobs for Everyone*.

Program Assessments, Evaluations and Audits

Findings and recommendations from a Pension Benefits Guaranty Corporation assessment completed in 2007 prompted specific actions to improve performance. Here is a summary of progress in FY 2009:

- *Refining and maturing the new certification and accreditation process for deployment of major systems and General Support System using relevant information technology (IT) guidelines.* While PBGC made some progress in strengthening the design and implementation of its entity-wide information security management program in 2008, additional reviews in 2009 identified significant deficiencies in the controls. PBGC will focus on strengthening its controls and monitoring accountabilities to ensure the certification and accreditation process is compliant with Federal Information Systems Management Act (FISMA) and National Institute of Standards and Technology (NIST) requirements.
- *Educating the public on the issues facing the private defined benefit pension system and working with Congress on legislative reforms to enable the PBGC to meet its long-term obligations to retirees.* PBGC completed an analysis of options to improve the financial condition of its single-employer insurance program.

More information is available at <http://www.whitehouse.gov/omb/expectmore/summary/10002382.2007.html>.

Independent evaluations and audits completed in FY 2009 are summarized below.

“High Risk Series: An Update,” January 2009 (GAO)	
<p>Relevance: In 2003, PBGC’s single-employer program was added to the GAO high risk list. With a net accumulated deficit of \$11.5 billion at the end of September 2008, the program remains on the list. (Note: The deficit tripled to \$33.5 billion in March 31, 2009.) In addition, GAO added the multiemployer program to the high-risk list in 2009.</p>	
<p>Findings and Recommendations:</p> <ul style="list-style-type: none"> • The pension insurance programs that PBGC administers need urgent attention and transformation to ensure the mission set forth in ERISA is carried out effectively and efficiently. 	<p>Actions:</p> <ul style="list-style-type: none"> • Support Congress in closely monitoring the financial health of PBGC programs and defined benefit plans and in taking additional steps to safeguard the programs.
<p>Additional Information: The full report (GAO-09-271) is available at http://www.gao.gov/new.items/d09271.pdf.</p>	
“Pension Benefit Guaranty Corporation: Financial Challenges Highlight Need for Improved Governance and Management,” May 2009 (GAO)	
<p>Relevance: Testimony before the Special Committee on Aging regarding PBGC’s financial, governance, and management challenges.</p>	
<p>Findings and Recommendations:</p> <ul style="list-style-type: none"> • Mounting financial challenges exacerbated by the economic downturn as well as governance and management challenges require stronger governance and a more strategic approach to acquisition and human capital management. 	<p>Actions:</p> <ul style="list-style-type: none"> • Workload planning is ongoing to meet challenges during the economic downturn. • PBGC is working with its Board to ensure there is sufficient communication to enable the Board to formulate appropriate policy and PBGC to receive guidance. • Congress proposed legislation to strengthen governance.
<p>Additional Information: The full report (GAO-09-702T) is available at http://www.gao.gov/highlights/d09702thigh.pdf.</p>	

“Former Director’s Involvement in Contracting for Investment Services Blurs Roles and Raises Fairness Issues,,” May 2009 (PBGC Office of Inspector General)	
Relevance: Audit of the Pension Benefit Guaranty Corporation’s (PBGC) implementation of its new investment policy.	
Findings and Recommendations: <ul style="list-style-type: none"> • Serious allegations about a former PBGC director’s involvement in the procurement process used to select the investment managers responsible for executing aspects of the new policy. The PBGC Board should require the: <ul style="list-style-type: none"> – current Acting Director to cancel the contracts; and – future Directors to ensure appropriate separation of duties, to include refraining from service on technical evaluation panels and other de facto procurement activities. 	Actions: <ul style="list-style-type: none"> • Contracts were cancelled. • The Board agrees with the recommendation to ensure separation of duties and issued a resolution to address the issue, which PBGC has now incorporated into its procedures.
Additional Information: The full report (AUD-2009-5/PA-08-63-1) is available at http://oig.pbgc.gov/audit/2009/pdf/PA-08-63-1.pdf .	
“Evaluation of the PBGC’S Activities With Respect to its Securities Lending Program,,” July 2009 (PBGC Office of Inspector General)	
Relevance: As part of its overall investment program, the PBGC engages in securities lending. The report evaluates PBGC’s policies and procedures governing the securities lending program.	
Findings and Recommendations: <ul style="list-style-type: none"> • The findings addressed the absence of written policies and guidance for the securities lending program. There are 16 recommendations to improve the program, including documenting policies and procedures. 	Actions: <ul style="list-style-type: none"> • PBGC proposed corrective actions and reached agreement with the OIG for all the report recommendations.
Additional Information: The full report (EVAL-09-06/FA-08-51) is available at http://oig.pbgc.gov/audit/2009/pdf/FA-08-51.pdf .	
“Pension Benefit Guaranty Corporation: More Strategic Approach Needed for Processing Complex Plans Prone to Delays and Overpayments,,” August 2009 (GAO)	
Relevance: PBGC may be required to assume responsibility for a growing number of underfunded pension plans due to the economic downturn.	
Findings and Recommendations: <ul style="list-style-type: none"> • Processing benefit determinations in a small number of complex plans and plans with missing data takes longer. PBGC should develop a better strategy for processing benefits in complex plans, improve communications with participants and make the appeals process more accessible. 	Actions: <ul style="list-style-type: none"> • By September 30, 2010, PBGC will implement steps for tracking and monitoring tasks associated with processing large complex plans; explore options to minimize the impact of overpayments; revise guidelines for benefit statements; and look for ways to better communicate the complexities of PBGC benefits to participants.
Additional Information: The full report (GAO-09-716) is available at http://www.gao.gov/new.items/d09716.pdf .	

Data Quality and Top Management Challenges

Data quality for this performance goal is rated *Very Good*.⁵¹ PBGC actively monitors customer satisfaction through the American Customer Survey Index (ACSI). This methodology, adopted in 2001, delivers high quality data and provides a uniformed system of customer service measurement, which supports key performance goals in the budget. Through its Corporate Performance Reporting System (CPRS), an automated data mart and analytic tool implemented in 2006, PBGC monitors performance measures related to plan termination and benefit processing. Each month, process owners perform accuracy checks of CPRS performance data and corrections are made, if necessary.

⁵¹ Information on DOL’s Data Quality Assessments, conducted annually for each performance goal, can be found in the Introduction to the Performance Section.

PBGC's Inspector General designated five areas as top management challenges: governance, stewardship, PBGC's business model, information technology, and procurement and contracting in its Semi-Annual Report to Congress.⁵² To address the governance issues, the Board of Directors amended PBGC by-laws in 2008 to streamline processes and clarify the roles and responsibilities of the Board, Board Representatives and PBGC Director. However, further changes were recommended by the Government Accountability Office in its testimony before the Special Committee on Aging in 2009. PBGC developed a comprehensive approach to information and infrastructure security and is strengthening controls where deficiencies were found. Corrective actions are underway or planned to strengthen processes in the remaining areas of PBGC's purview.

⁵² Source: Semi-Annual Report to Congress, October 1, 2008 – March 31, 2009. For more information, please see the full report at <http://oig.pbgc.gov/reports/semi/pdf/SARC40.pdf>.