

**FY 2012**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**OFFICE OF WORKERS' COMPENSATION PROGRAMS**



# OFFICE OF WORKERS' COMPENSATION PROGRAMS

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# OFFICE OF WORKERS' COMPENSATION PROGRAMS

## APPROPRIATION LANGUAGE

### Salaries and Expenses

*For necessary expenses for the Office of Workers' Compensation Programs, \$121,354,000, together with \$2,184,000 which may be expended from the Special Fund in accordance with sections 39(c), 44(d), and 44(j) of the Longshore and Harbor Workers' Compensation Act.*

Note. — A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111–242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

# **OFFICE OF WORKERS' COMPENSATION PROGRAMS**

## **EXPLANATION OF LANGUAGE**

In FY 2010, the Department abolished the former Employment Standards Administration (ESA) and realigned its individual offices within the Department of Labor under the Office of the Secretary. As a result, funding that previously was requested under the heading "Employment Standards Administration Salaries and Expenses" is requested separately in FY 2012 for the previous component offices. For the Federal Programs for Workers' Compensation, changes to the appropriations language reflect a deletion of references unrelated to the workers' compensation programs.

## OFFICE OF WORKERS' COMPENSATION PROGRAMS

“...44(d) and...”

This language provides authority for the transfer of resources from the Longshore and Harbor Workers' Compensation Act special fund to defray expenses incurred by the Department of Labor in conducting special fund inspections and/or audits and to defray expenses incurred by the Department in direct administration of the fund.

## OFFICE OF WORKERS' COMPENSATION PROGRAMS

<b>AMOUNTS AVAILABLE FOR OBLIGATION</b>						
(Dollars in Thousands)						
	<b>FY 2010 Comparable</b>		<b>FY 2011 Estimate</b>		<b>FY 2012 Request</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>A. Appropriation</b>	<b>858</b>	<b>\$105,578</b>	<b>828</b>	<b>\$105,578</b>	<b>867</b>	<b>\$121,354</b>
Real Transfer to EBSA for implementation of PPACA	0	-\$400	0	\$0	0	\$0
Appropriation, Revised	0	\$0	0	\$0	0	\$0
Comparative Transfer From Former ESA/PDS	30	\$10,593	30	\$10,593	0	\$0
A.1) Subtotal Appropriation (adjusted)	888	\$115,771	858	\$116,171	867	\$121,354
Offsetting Collections From:						
Reimbursements (includes Fair Share funding)	0	\$0	0	\$0	0	\$0
Trust Funds	187	\$34,441	174	\$34,441	177	\$35,090
Comparative Transfer of Trust Funds From Former ESA/PDS:	3	\$403	3	\$403	0	\$0
A.2) Subtotal	190	\$34,844	177	\$34,844	177	\$35,090
<b>B. Gross Budget Authority</b>	<b>1,078</b>	<b>\$150,615</b>	<b>1,035</b>	<b>\$151,015</b>	<b>1,044</b>	<b>\$156,444</b>
Offsetting Collections	0	\$0	0	\$0	0	\$0
Deduction:	0	\$0	0	\$0	0	\$0
Real Transfer to EBSA for implementation of PPACA	0	\$400	0	\$0	0	\$0
Fees	0	\$0	0	\$0	0	\$0
Unobligated Balance	0	\$0	0	\$0	0	\$0
B.1) Subtotal	0	\$400	0	\$0	0	\$0
<b>C. Budget Authority Before Committee</b>	<b>1,078</b>	<b>\$151,015</b>	<b>1,035</b>	<b>\$151,015</b>	<b>1,044</b>	<b>\$156,444</b>
Before Committee	0	\$0	0	\$0	0	\$0
Offsetting Collections From:	0	\$0	0	\$0	0	\$0
Reimbursements	0	\$0	0	\$0	0	\$0
Fees	0	\$0	0	\$0	0	\$0
IT Crosscut	0	\$0	0	\$0	0	\$0
C.1) Subtotal	0	\$0	0	\$0	0	\$0
<b>D. Total Budgetary Resources</b>	<b>1,078</b>	<b>\$151,015</b>	<b>1,035</b>	<b>\$151,015</b>	<b>1,044</b>	<b>\$156,444</b>
Other Unobligated Balances	0	\$0	0	\$0	0	\$0
Unobligated Balance Expiring	-54	-\$121	0	\$0	0	\$0
<b>E. Total, Estimated Obligations</b>	<b>1,024</b>	<b>\$150,894</b>	<b>1,035</b>	<b>\$151,015</b>	<b>1,044</b>	<b>\$156,444</b>

# OFFICE OF WORKERS' COMPENSATION PROGRAMS

## SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2011 Estimate	FY 2012 Request	Net Change
<b>Budget Authority</b>			
General Funds	\$116,171	\$121,354	+\$5,183
Trust Funds	\$34,844	\$35,090	+\$246
<b>Total</b>	<b>\$151,015</b>	<b>\$156,444</b>	<b>+\$5,429</b>
 <b>Full Time Equivalents</b>			
General Funds	858	867	9
Trust Funds	177	177	0
<b>Total</b>	<b>1,035</b>	<b>1,044</b>	<b>9</b>

Explanation of Change	FY 2011 Base		Trust Funds		FY 2012 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Costs of pay adjustments	1,035	\$86,613	0	\$0	0	\$0	0	\$0
Personnel benefits	0	\$16,921	0	\$0	0	\$0	0	\$0
Employee health benefits	0	\$5,382	0	\$0	0	\$0	0	\$0
Moving allowance	0	\$93	0	\$0	0	\$0	0	\$0
One day less of Pay	0	\$0	0	\$0	0	\$0	0	\$0
Federal Employees Compensation Act (FECA)	0	\$2,122	0	\$0	0	\$0	0	\$0
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$448	0	\$0	0	\$250	0	\$250
Transportation of things	0	\$22	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$9,753	0	\$189	0	\$633	0	\$822
All Other Rental	0	\$0	0	\$0	0	\$0	0	\$0
Communications, utilities, and miscellaneous charges	0	\$2,140	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$167	0	\$0	0	\$100	0	\$100
Advisory and assistance services	0	\$0	0	\$0	0	\$300	0	\$300
Other services	0	\$3,862	0	\$0	0	\$300	0	\$300
Working Capital Fund	0	\$11,461	0	\$0	0	\$0	0	\$0
Other government accounts (Census Bureau)	0	\$0	0	\$0	0	\$0	0	\$0
Other government accounts (DHS Charges)	0	\$925	0	\$0	0	\$0	0	\$0
Other purchases of goods and services from Government accounts	0	\$762	0	\$57	0	\$0	0	\$57
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	-\$57	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$7,349	0	\$0	0	\$150	0	\$150
Supplies and materials	0	\$1,295	0	\$0	0	\$100	0	\$100
Equipment	0	\$1,757	0	\$0	0	\$150	0	\$150
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0

## OFFICE OF WORKERS' COMPENSATION PROGRAMS

Explanation of Change	FY 2011 Base		Trust Funds		FY 2012 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Insurance claims and indemnities	0	\$0	0	\$0	0	\$0	0	\$0
<b>Built-Ins Subtotal</b>	<b>1,035</b>	<b>+\$151,015</b>	<b>0</b>	<b>+\$246</b>	<b>0</b>	<b>+\$1,983</b>	<b>0</b>	<b>+\$2,229</b>
<b>B. Programs:</b>								
To Provide for Transformation of Longshore Operations	91	\$11,518	0	\$0	9	\$3,200	9	\$3,200
<b>Programs Subtotal</b>			<b>0</b>	<b>\$0</b>	<b>9</b>	<b>+\$3,200</b>	<b>9</b>	<b>+\$3,200</b>
<b>Total Increase</b>	<b>1,035</b>	<b>+\$151,015</b>	<b>0</b>	<b>+\$246</b>	<b>9</b>	<b>+\$5,183</b>	<b>9</b>	<b>+\$5,429</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>B. Programs:</b>								
<b>Programs Subtotal</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>Total Decrease</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>Total Change</b>	<b>1,035</b>	<b>+\$151,015</b>	<b>0</b>	<b>+\$246</b>	<b>9</b>	<b>+\$5,183</b>	<b>9</b>	<b>+\$5,429</b>

## OFFICE OF WORKERS' COMPENSATION PROGRAMS

<b>SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY</b> (Dollars in Thousands)						
	<b>FY 2010 Comparable</b>		<b>FY 2011 Estimate</b>		<b>FY 2012 Request</b>	
	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>	<b>FTE</b>	<b>Amount</b>
<b>Division of Coal Mine Workers' Compensation</b>	<b>168</b>	<b>32,720</b>	<b>168</b>	<b>32,720</b>	<b>168</b>	<b>32,906</b>
General Funds	0	0	0	0	0	0
Black Lung Disability Trust Funds	168	32,720	168	32,720	168	32,906
<b>Division of Information Technology Management and Services (DITMS)</b>	<b>24</b>	<b>6,329</b>	<b>25</b>	<b>6,329</b>	<b>25</b>	<b>6,329</b>
General Funds	24	6,329	25	6,329	25	6,329
<b>Division of Longshore and Harbor Workers' Compensation</b>	<b>87</b>	<b>13,534</b>	<b>97</b>	<b>13,534</b>	<b>106</b>	<b>17,223</b>
General Funds	78	11,410	88	11,410	97	15,039
Longshore Trust Funds	9	2,124	9	2,124	9	2,184
<b>Division of Federal Employees' Compensation</b>	<b>745</b>	<b>98,432</b>	<b>745</b>	<b>98,432</b>	<b>745</b>	<b>99,986</b>
General Funds	745	98,432	745	98,432	745	99,986
<b>Total</b>	<b>1,024</b>	<b>151,015</b>	<b>1,035</b>	<b>151,015</b>	<b>1,044</b>	<b>156,444</b>
<b>General Funds</b>	<b>847</b>	<b>116,171</b>	<b>858</b>	<b>116,171</b>	<b>867</b>	<b>121,354</b>
<b>Trust Funds</b>	<b>177</b>	<b>34,844</b>	<b>177</b>	<b>34,844</b>	<b>177</b>	<b>35,090</b>

NOTE: FY 2010 reflects actual FTE.

## OFFICE OF WORKERS' COMPENSATION PROGRAMS

<b>BUDGET AUTHORITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2010 Comparable</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Request</b>	<b>Change FY 12 Req. / FY 10 Comp.</b>
	Full-Time Equivalent				
	Full-time Permanent	1,078	1,035	1,044	+20
	<b>Total</b>	<b>1,078</b>	<b>1,035</b>	<b>1,044</b>	<b>+20</b>
	Reimbursable	0	0	0	0
	<b>Total Number of Full-Time Permanent Positions</b>	<b>1,078</b>	<b>1,035</b>	<b>1,044</b>	<b>+20</b>
	Average ES Salary	\$155,450	\$155,450	\$155,450	\$0
	Average GM/GS Grade	12/5	12/5	12/5	0
	Average GM/GS Salary	\$84,855	\$84,855	\$84,855	\$0
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	84,003	83,931	84,900	897
11.3	Other than full-time permanent	505	178	178	-327
11.5	Other personnel compensation	2,805	2,504	2,504	-301
11.9	<b>Total personnel compensation</b>	<b>87,313</b>	<b>86,613</b>	<b>87,582</b>	<b>269</b>
12.1	Civilian personnel benefits	23,905	24,518	24,738	833
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	606	448	757	151
22.0	Transportation of things	47	22	22	-25
23.1	Rental payments to GSA	9,284	9,753	10,649	1,365
23.2	Rental payments to others	80	0	0	-80
23.3	Communications, utilities, and miscellaneous charges	1,850	2,140	2,140	290
24.0	Printing and reproduction	149	167	267	118
25.1	Advisory and assistance services	180	0	300	120
25.2	Other services	4,973	3,862	4,562	-411
25.3	Other purchases of goods and services from Government Accounts	13,687	13,148	13,205	-482
25.4	Operation and maintenance of facilities	10	-57	-57	-67
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	5,644	7,349	8,899	3,255
26.0	Supplies and materials	1,279	1,295	1,421	142
31.0	Equipment	2,008	1,757	1,959	-49
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>151,015</b>	<b>151,015</b>	<b>156,444</b>	<b>5,429</b>
	1/Other Purchases of Goods and Services From Government Accounts				
	Working Capital Fund	11,429	11,461	11,461	32
	DHS Services	1,102	925	925	-177
	Services by DOL Agencies	27	27	27	0
	Services by Other Government Departments	893	296	353	-540
	GSA Services	236	439	439	203

# OFFICE OF WORKERS' COMPENSATION PROGRAMS



## Secretary's Vision: "Good Jobs for Everyone"



# OFFICE OF WORKERS' COMPENSATION PROGRAMS

## PERFORMANCE STRUCTURE

<b>Strategic and Outcome Goals Supporting Secretary Solis' Vision of <i>Good Jobs for Everyone</i></b>	<b>Supporting Budget Activities</b>
<b>Strategic Goal 1 – Prepare Workers for Good Jobs and Ensure Fair Compensation</b>	DITMS
1.1 Increase workers' incomes and narrowing wage and income inequality.	
1.2 Assure skills and knowledge that prepare workers to succeed in a knowledge-based economy, including in high-growth and emerging industry sectors like "green" jobs.	
1.3 Help workers who are in low-wage jobs or out of the labor market find a path into middle class jobs.	
1.4 Help middle-class families remain in the middle class.	DITMS
1.5 Secure wages and overtime.	DITMS
1.6 Foster acceptable work conditions and respect for workers' rights in the global economy to provide workers with a fair share of productivity and protect vulnerable people.	
<b>Strategic Goal 2 – Ensure Workplaces Are Safe and Healthy</b>	
2.1 Secure safe and healthy workplaces, particularly in high-risk industries.	DITMS
<b>Strategic Goal 3 – Assure Fair and High Quality Work-Life Environments</b>	
3.1 Break down barriers to fair and diverse work places so that every worker's contribution is respected.	DITMS
3.2 Provide workplace flexibility for family and personal care-giving.	DITMS
3.3 Ensure worker voice in the workplace.	DITMS
<b>Strategic Goal 4 – Secure Health Benefits and, for Those Not Working, Provide Income Security</b>	
4.1 Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work.	DFEC, DLHWC, DITMS
4.2 Ensure income support when work is impossible or unavailable.	DFEC, DLHWC, DCMWC, DEEOIC, DITMS
4.3 Improve health benefits and retirement security for all workers.	
<b>Strategic Goal 5 – Assure the Production of Timely and Accurate Data on Social and Economic Conditions of Workers and their Families</b>	
5.1 Provide sound and impartial information on labor market activity, working conditions, and price changes in the economy for decision making, including support for the formulation of economic and social policy affecting virtually all Americans.	

# OFFICE OF WORKERS' COMPENSATION PROGRAMS

## AUTHORIZING STATUTES

Public Law / Act	Legislation	Statute No. / US Code	Volume No.	Page No.	Expiration Date
PUB. L. 267, 39 Stat. 742	Federal Employees Compensation Act, as amended.	5 U.S.C. 8101 et seq.			N/A
PUB. L. 69-803	Longshore and Harbor Workers' Compensation Act, as amended.	33 U.S.C. 901, et seq.			N/A
PUB. L. 91-173	Federal Coal Mine Health and Safety Act of 1969, (now called Federal Mine Safety and Health Act of 1977), as amended.	30 U.S.C. 901, et seq.			N/A
PUB. L. 107-275	Black Lung Consolidation of Administrative Responsibility Act, as amended.				N/A
PUB. L. 110-343	Emergency Economic Stabilization Act of 2008				N/A
PUB. L. 106-398	Energy Employees Occupational Illness Compensation Act	42 U.S.C. § 7385 et seq.			N/A
PUB. L. 108-375	Energy Employees Occupational Illness Compensation Act	42 U.S.C. § 7384 et seq.			N/A
PUB. L. 110-181	Energy Employees Occupational Illness Compensation Act	42 U.S.C. § 3116 et seq.			October 28, 2012

## OFFICE OF WORKERS' COMPENSATION PROGRAMS

<b>APPROPRIATION HISTORY</b>					
(Dollars in Thousands)					
	<b>Budget Estimates to Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriations</b>	<b>FTE</b>
2002	\$92,079	\$0	\$0	\$90,776	961
2003	99,062	0	0	98,582	946
2004	100,217	0	0	98,766	946
2005	101,586	0	0	99,362	905
2006	102,177	0	0	101,156	905
2007	106,250	0	0	102,893	859
2008	105,764	0	0	102,108	842
2009	110,210	0	0	113,501	897
2010	108,502	0	0	118,295	897
2011	127,346	0	0	0	867
2012	123,538	0	0	0	876

Note: Included in the annual Budget Estimates to Congress are reimbursements from the Special Workers Compensation fund established by the Longshore and Harbor Workers' Compensation Act: \$1,970,000 in FY 2002; \$2,029,000 in FY 2003; \$2,056,000 in FY 2004; \$2,023,000 in FY 2005; \$2,024,000 in FY 2006; \$2,042,000 in FY 2007; \$2,022,000 in FY 2008; \$2,101,000 in FY 2009; \$2,124,000 in FY 2010; \$2,181,000 in FY 2011; and \$2,184,000 in FY 2012.

FY 2009 and FY 2010 are comparable levels that include the resources for the work transferred from the former Employment Standards Administration, Program Direction and Support Budget Activity.

A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

# OFFICE OF WORKERS' COMPENSATION PROGRAMS

## OVERVIEW

### Introduction

The Office of Workers' Compensation Programs (OWCP) implements four Federal workers' compensation statutes providing benefits for work-related injuries and illnesses for Federal employees and certain other designated employee groups and responsibly administers the benefit funds authorized for these purposes.

- The Federal Employees' Compensation Act (FECA) program provides wage-loss compensation, medical treatment, return-to-work assistance and vocational rehabilitation to civilian employees of the Federal Government injured at work and to certain other designated groups.
- The Longshore and Harbor Workers' Compensation Act program provides similar benefits to injured private sector workers engaged in certain maritime and related employment.
- The Black Lung Benefits program provides monetary compensation and medical benefits to totally disabled miners suffering from coal mine pneumoconiosis stemming from mine employment, and monetary benefits to their dependent survivors.
- The Energy Employees Occupational Illness Compensation Program Act (EEOICPA) provides compensation and medical benefits to employees or survivors of employees of the Department of Energy (DOE), contractors or subcontractors with DOE, who have been diagnosed with cancer due to exposure to radiation or toxic substances.

OWCP includes the Division of Information Technology Management and Services (DITMS) which provides information technology General Services Support (GSS), which is shared by the Wage and Hour Division (WHD), the Office of Federal Contract Compliance Programs (OFCCP), the Office of Workers' Compensation Programs (OWCP), and the Office of Labor Management Standards (OLMS).

OWCP's national office consists of the OWCP Director, Deputy Director and the directors for each of the four program divisions. In addition, strategic planning, performance monitoring, medical policy, IT capital planning, and budget formulation and execution processes are provided through the Division of Planning, Policy and Standards. As noted above, DITMS provides the GSS for OWCP and three other agencies. Six OWCP Regional Directors manage and direct the operations of district and field offices nationwide.

OWCP supports the Secretary's vision of "*good jobs for everyone*", Outcome Goal 4.1, Facilitate 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, and Outcome Goal 4.2, Ensure income support when work is impossible or unavailable.

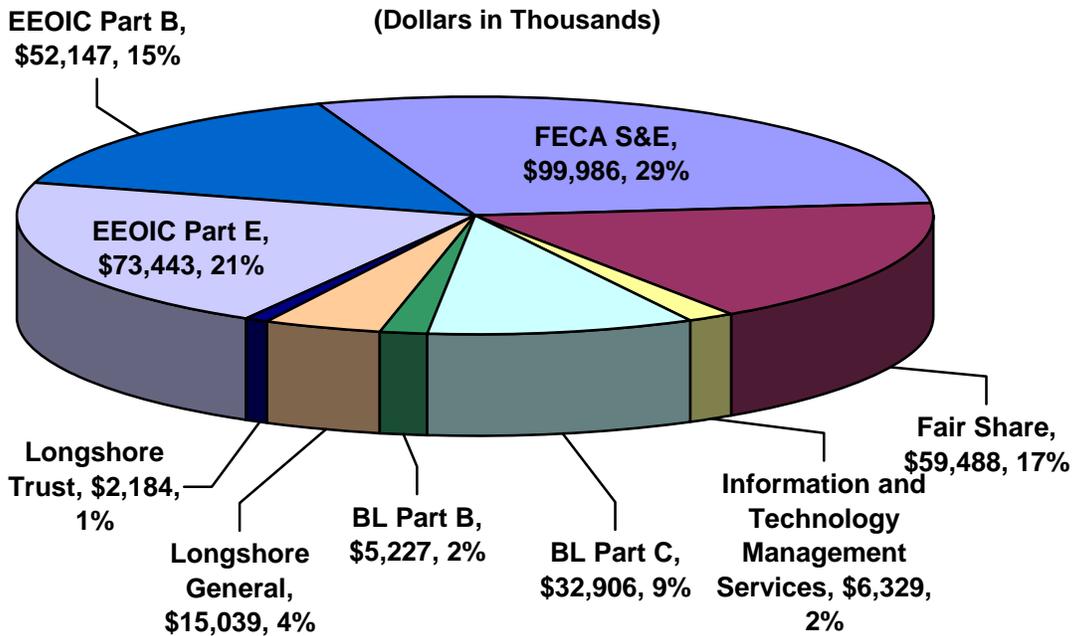
# OFFICE OF WORKERS' COMPENSATION PROGRAMS

## Cost Model

Total administrative funding requested in FY 2012 for the Office of Workers' Compensation programs is \$346,749,000 and 1,721 FTE. These amounts consist of:

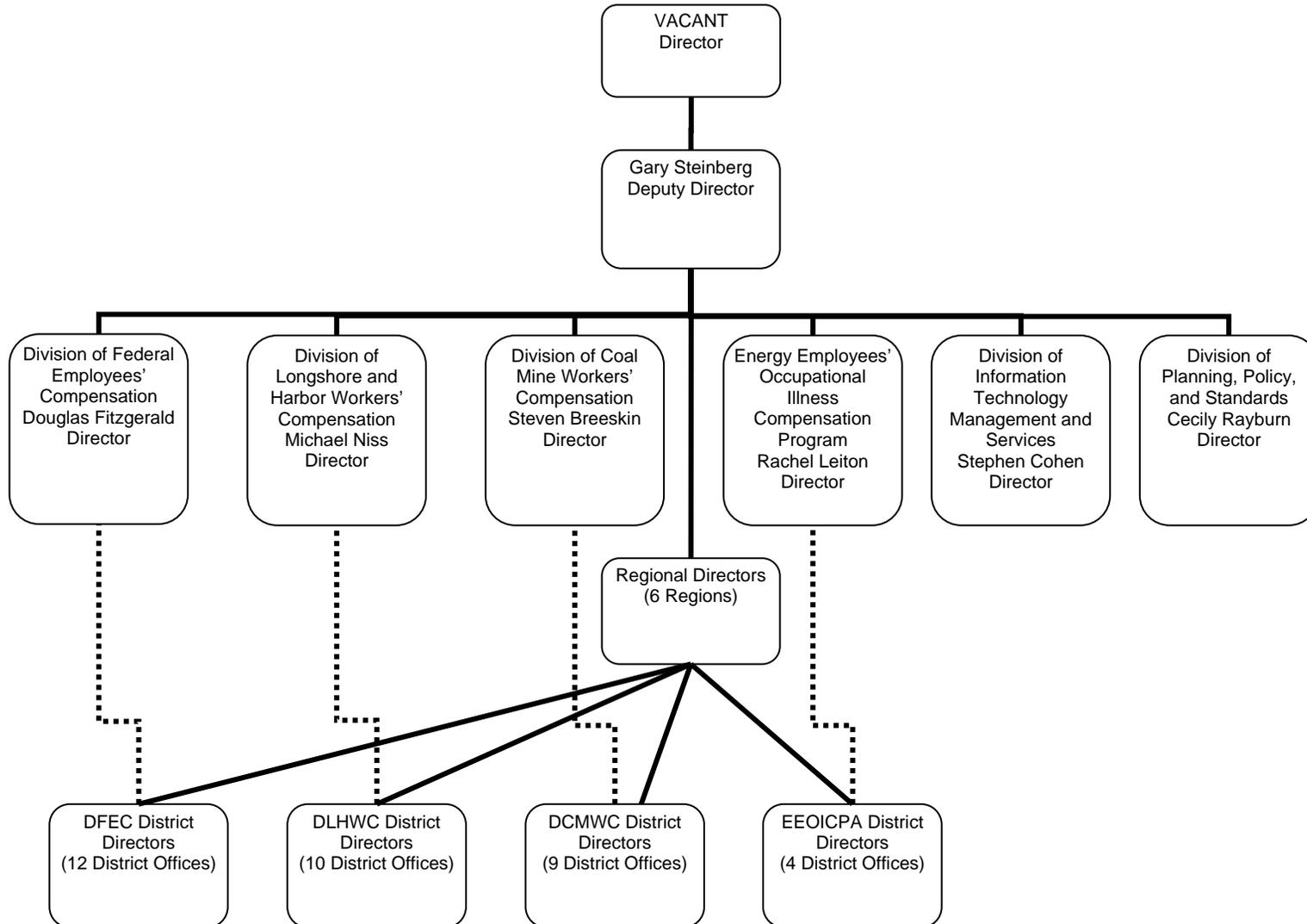
- \$121,354,000 and 867 FTE in Salaries & Expenses;
- \$2,184,000 and 9 FTE for Longshore Trust;
- \$32,906,000 and 168 FTE for the Black Lung Disability Trust Fund;
- \$59,488,000 from Special Benefits "Fair Share" collections and 120 FTE;
- \$5,227,000 and 17 FTE for Special Benefits for Disabled Coal Miners account for administration of Part B of the Black Lung Benefits Act; and
- \$125,590,000 and 540 FTE for EEOICPA.

**FY 2012 Budget Resources by  
Office of Workers' Compensation Programs  
Total Administrative Budget Resources \$346,749,000**



# OFFICE OF WORKERS' COMPENSATION PROGRAMS

## Federal Workers' Compensation Programs



## OFFICE OF WORKERS' COMPENSATION PROGRAMS

### TOTAL BUDGETARY RESOURCES

FY 2010 - 2012  
(Dollars in Thousands)

	FY 2010 Comparable				FY 2011 Estimate				FY 2012 Request			
	Activity Approp.	Other Approp. <sup>1/</sup>	Other Resrcs. <sup>2/</sup>	Total	Activity Approp.	Other Approp. <sup>1/</sup>	Other Resrcs. <sup>2/</sup>	Total	Activity Approp.	Other Approp. <sup>1/</sup>	Other Resrcs. <sup>2/</sup>	Total
<b>Federal Programs for Workers Compensation</b>	<b>151,015</b>	<b>0</b>	<b>0</b>	<b>151,015</b>	<b>151,015</b>	<b>0</b>	<b>0</b>	<b>151,015</b>	<b>156,444</b>	<b>0</b>	<b>0</b>	<b>156,444</b>
Division of Federal Employees' Compensation	98,432	0	0	98,432	98,432	0	0	98,432	99,986	0	0	99,986
Division of Longshore and Harbor Workers' Compensation	13,534	0	0	13,534	13,534	0	0	13,534	17,223	0	0	17,223
Division of Information Technology Management and Services (DITMS)	6,329	0	0	6,329	6,329	0	0	6,329	6,329	0	0	6,329
Division of Coal Mine Workers' Compensation	32,720	0	0	32,720	32,720	0	0	32,720	32,906	0	0	32,906
<b>Special Benefits</b>	<b>187,000</b>	<b>0</b>	<b>2,661,444</b>	<b>2,848,444</b>	<b>183,000</b>	<b>0</b>	<b>2,761,449</b>	<b>2,944,449</b>	<b>350,000</b>	<b>0</b>	<b>2,778,348</b>	<b>3,128,348</b>
FECA Fair Share (non-add)	0	0	(58,120)	(58,120)	0	0	(58,120)	(58,120)	0	0	(59,488)	(59,488)
Federal Employees' Compensation Act Appropriation <sup>3/</sup>	184,000	0	2,661,444	2,845,444	180,000	0	2,761,449	2,941,449	347,000	0	2,778,348	3,125,348
Longshore and Harbor Workers' Compensation Benefits	3,000	0	0	3,000	3,000	0	0	3,000	3,000	0	0	3,000
<b>Special Benefits for Disabled Coal Miners</b>	<b>225,180</b>	<b>0</b>	<b>0</b>	<b>225,180</b>	<b>203,180</b>	<b>0</b>	<b>0</b>	<b>203,180</b>	<b>182,227</b>	<b>0</b>	<b>0</b>	<b>182,227</b>
Special Benefits for Disabled Coal Miners	5,180	0	0	5,180	5,180	0	0	5,180	5,227	0	0	5,227
Advanced Appropriation - Benefits	56,000	0	0	56,000	45,000	0	0	45,000	41,000	0	0	41,000
Benefit Payments	164,000	0	0	164,000	153,000	0	0	153,000	136,000	0	0	136,000

<sup>1/</sup> "Other Appropriation" is comprised of resources appropriated elsewhere, but for which the benefits accrue toward the operation of the budget activities. (Executive Direction, and IT Crosscut)

<sup>2/</sup> "Other Resources" include funds that are available for a budget activity, but not appropriated such as, reimbursements and fees

## OFFICE OF WORKERS' COMPENSATION PROGRAMS

### TOTAL BUDGETARY RESOURCES

FY 2010 - 2012  
(Dollars in Thousands)

	FY 2010 Comparable				FY 2011 Estimate				FY 2012 Request			
	Activity Approp.	Other Approp. <sup>1/</sup>	Other Resrcs. <sup>2/</sup>	Total	Activity Approp.	Other Approp. <sup>1/</sup>	Other Resrcs. <sup>2/</sup>	Total	Activity Approp.	Other Approp. <sup>1/</sup>	Other Resrcs. <sup>2/</sup>	Total
<b>Energy Employees Occupational Illness Compensation Program</b>	<b>127,136</b>	<b>0</b>	<b>1,070,000</b>	<b>1,197,136</b>	<b>125,606</b>	<b>0</b>	<b>1,009,789</b>	<b>1,135,395</b>	<b>125,590</b>	<b>0</b>	<b>976,752</b>	<b>1,102,342</b>
Energy Employees Occupational Illness Compensation Program Part B	51,900	0	644,000	695,900	51,900	0	621,190	673,090	52,147	0	624,004	676,151
Energy Employees Occupational Illness Compensation Program Part E	75,236	0	426,000	501,236	73,706	0	388,599	462,305	73,443	0	352,748	426,191
<b>Black Lung Disability Trust Fund <sup>4/</sup></b>	<b>25,774</b>	<b>0</b>	<b>240,731</b>	<b>266,505</b>	<b>25,774</b>	<b>0</b>	<b>237,808</b>	<b>263,582</b>	<b>25,900</b>	<b>0</b>	<b>241,689</b>	<b>267,589</b>
<b>Total</b>	<b>716,105</b>	<b>0</b>	<b>3,972,175</b>	<b>4,688,280</b>	<b>688,575</b>	<b>0</b>	<b>4,009,046</b>	<b>4,697,621</b>	<b>840,161</b>	<b>0</b>	<b>3,755,342</b>	<b>4,836,950</b>

# OFFICE OF WORKERS' COMPENSATION PROGRAMS

## FEDERAL PROGRAMS FOR WORKERS' COMPENSATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2010 Comparable</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Request</b>	<b>Diff. FY12 Req./ FY10 Comp.</b>
Budget Authority	151,015	151,015	156,444	5,429
FTE	1,024	1,035	1,044	9

NOTE: FY 2010 reflects actual FTE. Authorized FTE for FY 2010 was 1,078

### Introduction

Resources for the Federal Programs for Workers' Compensation support three of four separate compensation programs within the Office of Workers' Compensation Programs:

- The Federal Employees' Compensation Act (FECA) program provides monetary wage-loss and medical compensation to civilian employees of the Federal Government injured at work, and to certain other designated groups.
- The Longshore and Harbor Workers' Compensation Act program provides similar benefits to injured private sector workers engaged in certain maritime and related employment.
- The Black Lung Benefits program provides monetary and medical benefits to totally disabled miners suffering from coal mine pneumoconiosis stemming from mine employment, and monetary benefits to their dependent survivors.

Resources also provide funding for OWCP's Division of Information Technology Management and Services (DITMS) to provide information technology General Services Support (GSS) shared by the Wage and Hour Division (WHD), the Office of Federal Contract Compliance Programs (OFCCP), the Office of Labor Management Standards (OLMS), and the Office of Workers' Compensation Programs.

The Federal Programs for Workers' Compensation supports the Secretary's vision of "*good jobs for everyone*", Outcome Goal 4.1, Facilitate 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, and Outcome Goal 4.2, Ensure income support when work is impossible or unavailable.

Performance outcomes are promoted through major strategies such as DFEC's proactive Disability Management to achieve earlier recovery from injury and fewer lost production days; technical assistance to work with Federal employers on job accommodations or other opportunities to reemploy recovering injured workers. Effective services to program customers enhance program administration and benefit processing by streamlining the filing of claims, better informing claimants of their responsibilities and benefits, and being more responsive to customer needs.

## OFFICE OF WORKERS' COMPENSATION PROGRAMS

Income support and medical care are ensured through proper claims adjudication, effective mediation in disputed claims, efficient case processing, and accurate and timely payment of benefits. Timely delivery of compensation payments mitigates the economic impact of the loss of income experienced following an injury. Timely authorization of medical treatment supports early recovery and return to work.

FY 2012 resources will support those goals and several major strategies that include:

- The Presidential “Protecting Our Workers and Ensuring Reemployment (POWER)” initiative jointly led by OWCP and OSHA;
- Support for Workplace Flexibility through DOL’s High Priority Performance Goal to “Create a Model Return to Work Program”;
- Support for the expanding claims workload requirements under the Defense Base Act;
- Address the workload impact of recent Black Lung amendments;
- IT modernization through infrastructure investments; expanded automation of business processes; centralization of functions; claims processing and disability case management enhancements; and improvement of information systems and communications services; and
- Continuation of efficiency and cost savings such as Telework and Flexiplace expansion, videoconferencing, document imaging, electronic claims filing, and work process automation.

The FY 2012 Budget also includes a legislative proposal for FECA reform entitled “Federal Injured Employees’ Reemployment Act (FIERA)”. The reform will standardize FECA benefit rates, including establishing a “conversion benefit” for beneficiaries at the age of retirement; provide additional benefits; and enable recovery of particular costs. The reform will also make FECA more equitable and easier to administer, improve FECA program management, and strengthen program integrity. Ten-year projected net cost savings of the reform is over \$411,000,000.

Implementation of FIERA will require DFEC to conduct the following activities:

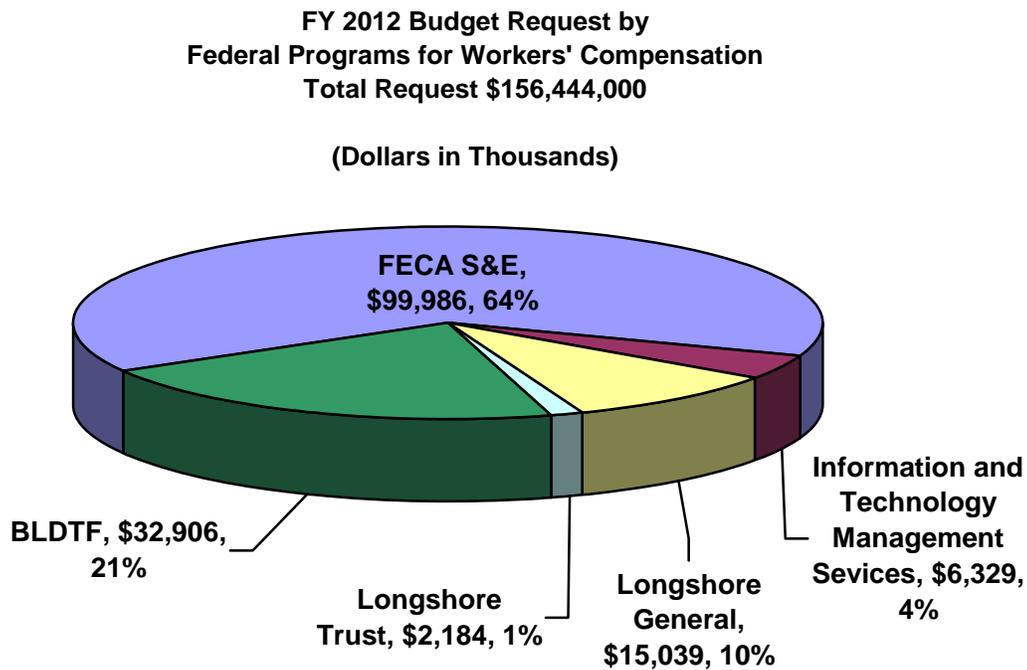
- Training workshops of DFEC supervisors, who would, in turn, train their employees in the district offices.
- Assistance and publicity in the form of outreach seminars in the OWCP regional cities to publicize and educate DFEC stakeholders on the FIERA changes; Stakeholders include Federal agency workers’ compensation and human resources specialists; Federal employee unions; and Congressional staff;
- Development of marketing tools for stakeholders (videos, presentations, publications, etc.); and

# OFFICE OF WORKERS' COMPENSATION PROGRAMS

- Requirements analysis and programming changes to the iFECS claims data system.

## Cost Model

Administrative funding for Federal Programs for Workers' Compensation consists of Salaries & Expenses of \$121,354,000 and 867 FTE, including \$99,986,000 for Federal Employees' Compensation; \$15,039,000 for Longshore and Harbor Workers' Compensation; and \$6,329,000 for the Division of Information Technology Management and Services (DITMS). Funding also includes \$2,184,000 and 9 FTE for Longshore Trust; and \$32,906,000 and 168 FTE for the Black Lung Disability Trust Fund.



## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2010 Comparable</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Request</b>	<b>Diff. FY 12 Req. / FY 10 Comp.</b>
Budget Authority	98,432	98,432	99,986	1,554
FTE	745	745	745	0

NOTE: FY 2010 reflects actual FTE. Authorized FTE for FY 2010 was 772.

### **Introduction**

The Division of Federal Employees' Compensation (DFEC) directs Federal Employees' Compensation Act (FECA) claims processing operations in 6 regions and 12 district offices. FECA is the exclusive remedy by which Federal employees may obtain compensation from the United States for work-related injury. The Act covers over 2,700,000 civilian Federal employees in more than 70 different agencies, providing benefits to those who sustain an injury or illness in the performance of duty anywhere in the world. Benefits include wage replacement payments and payments for reasonable and necessary medical treatment related to the injury as well as training and job placement assistance to help disabled workers return to gainful employment. Injured workers may also be compensated for permanent impairment of limbs and other parts of the body. Survivors are compensated in the event of work-related death.

New Federal injury cases in FY 2010 were approximately 127,500 and over 19,000 initial claims for FECA wage loss compensation were filed. Over 80 percent of the new injury claims are for traumatic injuries such as those caused by slips and falls. The remainder involved more complex situations in which a medical condition arose due to long-term exposure or exertion. Chargeback Year (CBY) 2010 benefit obligations for compensation for wage-loss and death and for medical treatment were \$2,783,000,000, an increase of 2.6 percent over CBY 2009. Total beneficiaries paid were 251,000.

### *Strategic Mission*

DFEC supports the Secretary of Labor's vision of "good jobs for everyone" through the achievement of Strategic Outcome Goal 4.1 - Facilitate return to work for workers experiencing workplace injuries or illnesses who are able to work, and Strategic Outcome Goal 4.2 - Ensure income support when work is impossible or unavailable.

For more than two decades, DFEC has proactively provided assistance to Federal workers with disabilities for injury recovery and return to work through its Quality Case Management (QCM) strategy. This assistance begins upon the receipt of the notice of injury and simultaneously with claims adjudication. DFEC uses registered nurses to provide early contact with the worker via telephone within the first weeks continuation-of-pay (COP) period following injury and, in cases that do not quickly resolve, to provide stepped-up services to coordinate with providers to obtain and monitor appropriate medical treatment and work with employers to facilitate a safe return to work. For those claimants with disabilities that prevent ready return to employment, DFEC contracts with professional rehabilitation counselors to provide vocational services that facilitate

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

return to work. For workers who experience workplace injuries or illnesses and are unable to work, DFEC continues to provide sufficient income and medical benefits.

Successful provision of income support is attained by ensuring timely report of injuries and promptly and accurately processing claims to determine entitlement to benefits, establishing liability for payment, and delivering benefits. Achievement of this ensures shorter periods of income interruption and speedy initiation of rehabilitative and return to work services to the injured worker.

### *Workplace Flexibility and Model Return to Work Program*

Significant challenges still remain to address the reemployment of persons who suffer more severe injuries, those with permanent disabilities, and generally those harder to reemploy and retain in new jobs. For this reason, the Department of Labor has included as a High Priority Performance Goal the development of the Federal Government as a “model workplace” for the accommodation of workers returning to work after injury and of those with disabilities. Accomplishment of this goal will require fundamentally new approaches and more active participation by Federal employer workers’ compensation and human resources programs. Two recent Executive-level initiatives are providing government-wide authority to support those objectives.

An Executive Order of July 26, 2010 directs Federal agencies to make special efforts to recruit and hire people with disabilities and to ensure the retention of those who are injured on the job. Under the EO, agencies are to work to improve, expand, and increase successful return to work outcomes by increasing the availability of job accommodations and light or limited duty jobs and removing disincentives for FECA claimants to return to work.

On July 19, 2010, President Obama issued a memorandum launching the Presidential POWER initiative: *Protecting Our Workers and Ensuring Reemployment*. This four-year initiative succeeds the Safety, Health and Return to Employment (SHARE) initiative which concluded in FY 2009. By setting specific performance targets for Federal employers, SHARE helped the Federal government make progress in reducing both new injury and lost production day rates. Injury claims (including those of the Postal Service) were reduced by 23 percent. Lost production day rates in the non-Postal agencies covered by SHARE dropped since FY 2006 from 49.5 days per 100 employees to just over 34 days in FY 2010. Lost production day rates provide a valuable measure of the overall incidence and severity of workplace injuries as well as the effectiveness of DFEC’s and employing agency return to work efforts.

POWER expands on SHARE by setting more aggressive targets to reduce Executive Branch injury and illness rates and improve return-to-work outcomes for injured federal employees. POWER was formally rolled out in September and October 2010 through a memorandum from the Secretary of Labor and at a formal meeting jointly led by OWCP and OSHA for Federal agency Washington headquarters staff. POWER’s key performance goals include:

- Reduction of total injury and lost time injury rates;
- Improved analysis and reporting of on-the-job injuries;
- Reduction of Federal agency lost production day rates (per 100 employees);
- Increase in the percentage of FECA Disability Management cases returned to work;

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

- Timely submission of Notices of Injury by Federal employers and timely adjudication of new claims by DFEC;
- Timely submission of Wage-Loss Claims by Federal employers and prompt processing of benefit payments by DFEC.

In support of the EO and of the POWER initiative, DFEC is strengthening its disability case management services and technical assistance to Federal employers. DFEC will work more closely with federal employers, particularly those with high injury and LPD rates, and assist in creating re-employment opportunities for those who are more severely injured. DFEC is collaborating with other agencies, including the DOL Office of Disability Employment Policy, to identify obstacles to the hiring of disabled or returning injured Federal workers, identify best practices for the development and expansion of employment opportunities, and develop new approaches that will assist Federal employers.

### *Legislative and Regulatory Reform*

The FY 2012 Budget also includes a legislative proposal for FECA reform entitled “Federal Injured Employees’ Reemployment Act (FIERA)”. The goals of the reform are to ensure that the benefit structure does not inadvertently undercut incentives for injured employees to return to work, make the Act more equitable and easier to administer, improve FECA program management and strengthen program integrity. The reform will standardize FECA benefit rates, including establishing a “conversion benefit” for beneficiaries at the age of retirement; provide additional benefits; and enable recovery of particular costs. The proposed legislation also contains conforming amendments and administrative improvements to the legislation. Ten-year projected net cost savings of the reform is over \$411,000,000.

In addition to its significant budgetary impact in the form of benefit outlay reductions, the proposal will also amend Section 8147 to enable payments from the Employees’ Compensation Fund for program administrative expenses and to require all Federal agencies to pay, through the current Chargeback system, their share of costs associated with FECA program administration. Under current law (FECA Regulations Section 8147 (c)), certain (non-appropriated) agencies, such as the United States Postal Service, are already being billed for their “Fair Share” of FECA program administration. If enacted, the surcharge would not be applied until FY 2013 to give agencies an opportunity to plan and budget for the change.

Implementation of FIERA will require DFEC to conduct the following activities:

- Training workshops of DFEC supervisors, who would, in turn, train their employees in the district offices.
- Assistance and publicity in the form of outreach seminars in the OWCP regional cities to publicize and educate DFEC stakeholders on the FIERA changes; Stakeholders include Federal agency workers’ compensation and human resources specialists; Federal employee unions; and Congressional staff;
- Development of marketing tools for stakeholders (videos, presentations, publications, etc.); and
- Requirements analysis and programming changes to the iFECS claims data system.

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

Through these activities, DFEC would ensure broad, consistent and accurate presentation of FIERA's policy and procedural changes to stakeholders; better assurance that the changes are understood and implemented properly and that conformance to the new requirements is universal; and that overall implementation of the Act is timely and efficient.

In FY 2011, OWCP will implement the provisions of new FECA regulations in 20 CFR and proposed reforms to the Federal Employees' Compensation Act. The legislative reforms will ensure that the benefit structure does not inadvertently undercut incentives for injured employees to return to work, make the Act more equitable and easier to administer, improve FECA program management, and strengthen program integrity.

### *Defense Base Act and War Hazards Compensation Act*

DFEC anticipates continuing additional workloads due to increases in Defense Base Act (DBA) and War Hazards Compensation Act (WHCA) claims in connection with the war in Iraq and Afghanistan. The WHCA supplements the DBA by reimbursing contract employers and insurance carriers for compensation and medical benefits paid by them for injuries or deaths involving a "war risk hazard" or by making direct payments to individuals when detention, injury or death occurs as a result of a "war risk hazard". Claims from Iraq and Afghanistan are more complex than typical claims for compensation. DFEC anticipates additional workload for adjudication, data analysis, reporting, customer assistance and correspondence associated with these claims and correspondence associated with the WHCA claims.

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

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2007	\$90,137	760
2008	\$89,449	745
2009	\$94,329	772
2010	\$98,432	772
2011	\$0	0

A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

### **FY 2012**

Resources requested for DFEC administration in the Salaries and Expenses account are \$99,986,000 and 745 FTE. This represents a funding increase of \$1,554,000 over the FY 2010 Enacted Level. In addition, \$59,488,000 of the FY 2012 Special Benefits "Fair Share" collections and 120 FTE are also requested. Total administrative resources requested by DFEC are \$159,474,000 and 865 FTE.

Major outcomes of DFEC activities can be measured in financial terms since FECA benefit costs reflect the efficiency and quality of claims and benefit processing and case management services delivery. In particular, DFEC's emphasizes return to work to most effectively mitigate the impact of workplace injuries and illnesses on workers. These outcomes produce significant savings through the avoidance of long-term compensation costs and restores productivity for

## **DIVISION OF FEDERAL EMPLOYEES' COMPENSATION**

employers. Cost reduction also advances DFEC's fiduciary responsibility to Federal employers (who are billed for the cost of their employees' benefits) and taxpayers.

Between 85 and 90 percent of new injury cases provided intervention services in FECA's Quality Case Management program are being returned to work within their first year. Since FY 1995, DFEC has reduced average lost production days (as measured in the first year from date of injury) in QCM cases to 156 days in FY 2010. This 39-day reduction equates to a comparative annual savings in compensation benefit costs of nearly \$54,000,000 for the approximately 13,000 cases counted.

In recent years, DFEC has used independent evaluations to assess program effectiveness, particularly of its disability case management processes to improve disability case management and return to work. The accumulated experience and knowledge gained through these studies is enabling DFEC to continue to move forward with procedural changes and improved strategies, such as earlier identification of injury cases with time loss from work and earlier assignment of nurse case managers.

Through Periodic Roll Management, DFEC monitors longer-term disability cases to identify those cases with improved medical conditions that would increase their return-to-work potential and which are likely capable of benefiting from vocational rehabilitation. PRM reviews have produced compensation cost reductions of approximately \$14 million annually.

Getting people back to work also involves the efforts of DFEC's Federal employing agency partners. DFEC has traditionally provided technical assistance to the agencies, working closely with them regarding matters of claims administration, advocating for individual cases and the development of work accommodations and reemployment opportunities.

DFEC technology systems are used to optimize claims workload distribution, further automate processes, expand program evaluation, support resource management, maintain fiscal integrity and improve financial reporting, and provide greater accessibility and services to customers. Technological advances are used to more effectively serve injured workers, including the implementation of a more robust IT system for claims staff to use in the management of cases, as well as accepting electronic submissions of certain claim forms. Claimants can now access real time status information about their cases online via our "Claimant Query System," and employing agency personnel can access the same data for their employees. A very substantial expansion of our online accessibility, including a portal for claimants and their representatives to submit evidence on line, is now under construction and will be implemented in 2011.

Historically, DFEC has struggled with effectively responding to the hundreds of thousands of telephone calls and information requests generated by claimants, Federal employers, and medical providers each year. Early in this decade, DFEC reorganized its telephone handling and customer service operation and developed a communications performance goal focused 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

## **DIVISION OF FEDERAL EMPLOYEES' COMPENSATION**

reduced by half; 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 38%; and 98% of calls meet program standards of quality.

DFEC activities in FY 2012 will also include:

- Consistent with POWER and the Executive Order on disability hiring in the Federal government, continue to assist Federal agencies in the reemployment of injured workers and in efforts to employ persons with disabilities of all kinds.
- In collaboration with the Office of Disability Employment Policy (ODEP), continue to assist Federal employers to identify and overcome obstacles within their organizations and enhance and promote new job recruitment and placement approaches.
- Maintain the accessibility of general FECA program information, regulations, forms and publications, as well as case-specific information, to employing agencies through DFEC's Internet site.
- Maintain the web-based application (ECOMP) to enable Federal employers and claimants to submit claims forms electronically and enable all stakeholders (medical providers, employing agencies and injured workers) to upload documents directly into the case file making them immediately available to FECA claims staff.
- Enhance the use of the new interactive voice response (IVR) system to provide claimants with greater access to OWCP claims staff to answer questions as well offer self-help features that will provide timely case status information.
- Continue to improve customer services through prompt and responsive communications, expanded access to information, and ensure quality and effectiveness through recurring assessment of customer needs through surveys and/or focus groups.
- Continue to increase efficiency and productivity by exploring business process and organizational design improvements and workload management innovations such as Telework and Flexiplace expansion.

### **FY 2011**

Figures shown for FY 2011 reflect the annualized Continuing Resolution level as a full-year appropriation has not been enacted at the time the budget was produced.

### **FY 2010**

Salaries and Expenses obligations in FY 2010 were \$98,117,000 and 745 FTE used. This included FY 2010 Comparable Level funding of \$3,821,000 and 4 FTE transferred along with the administrative workload transferred from the Employment Standards Administration, Program Direction and Support activity due to the dissolution of the ESA in FY 2010.

## **DIVISION OF FEDERAL EMPLOYEES' COMPENSATION**

Obligations for FECA program administration also included \$59,411,000 and 120 FTE funded from Special Benefits "Fair Share" collections from non-appropriated agencies. Fair Share funding in FY 2010 included funding for systems improvements to enhance productivity and program performance, including development and modernization of a centralized Interactive Voice Response system and other customer access and communications improvements; development of a Web-based portal to receive claims reports and other documents; and consolidation of case creation operations.

Also in FY 2010, DFEC:

- Moved the FECA regulatory and legislative reform packages to final OMB clearance.
- Drafted and secured support for the President's "Protect Our Workers and Ensuring Reemployment (POWER)" initiative effective FY2011-2016, signed by the President on July 19, 2010.
- Coordinated with OPM and ODEP in developing the language regarding FECA return to work in Executive Order 13548 on employment of persons with disabilities, which was signed on July 26, 2010. Supporting the EO will require agencies to adopt strategies to improve disability hiring and injured worker reemployment in the Federal Government, and will in turn support the Department's High Priority Performance Goal on creating a model return-to-work and injury reduction program and the POWER initiative.
- Implemented several procedural changes recommended in program evaluations of FECA early disability management, including enhanced and earlier reporting of new injuries and a pilot with the Census Bureau to test more rapid engagement of nurses.
- Laid the groundwork for substantially expanded Flexiplace access by all FECA claims examiners via software enhancements to the iFECs IT support system which will allow the full range of CE functions that are done electronically to be carried out remotely, and by contracting for the delivery of a vastly enhanced telephone/call director system which will allow public calls to be routed to employees' homes, will "pop up" the caller's claim records on the CE's remote PC screen, and will retain full privacy for the caller and for the CE. This system will be fully operational in 2011.
- Laid the groundwork for vastly expanded online access to the FECA data system by employing agencies, claimants and medical providers via the web-based "E-Comp" system, which will allow interactive access such that agencies can file claim forms directly to the claim file, and claimants and providers can also electronically submit evidence, inquiries, etc. that will be uploaded directly to the appropriate file. The contract to build this system was awarded in 2010 and full implementation is planned for FY 2011.

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2010 Enacted</b>		<b>FY 2011 Estimate</b>	<b>FY 2012 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Division of Federal Employees' Compensation</b>				
<b>GPRA/High Priority Measures</b>				
Lost Production Days rates (per 100 employees) in Non-Postal Agencies	35	35	35	35
Percent of DM Cases Reemployed within 2 years by Non-Postal agencies	76	89	87	88
Percent of Notices of Injury received within 14 days from Non-Postal agencies	81	82	81	82
Percent of Wage-Loss claims received within 7 days from non-Postal agencies	59	62	60	64
<b>Caseloads</b>				
Total Cases Created	127,000	127,526	127,000	126,000
Annual new injury cases per Claims Examiner	270	280	299	296
Periodic Roll Cases Being Paid	49,000	48,980	48,500	48,500
Initial Wage Loss Claims received	19,000	19,861	19,800	19,500
Total Wage Loss Claims received	153,000	171,020	185,000	190,000
Annual new FECA Wage-Loss Claims per Claims Examiner	195	380	410	420
QCM Universe Cases	35,000	35,500	36,000	37,000
<b>Productivity/Outcomes</b>				
Average Lost Production Days per Quality Case Management case	142	156	164	160
Annual QCM LPD Compensation Costs (in millions)	211	213	237	234
QCM Cases Returned to Work with Nurse Assistance	6,500	7,000	7,000	7,000
Process 90% of wage-loss claims received within 14 days.	90	91	90	90
Percentage of Traumatic Cases Processed w/in 45 Days	90	98	90	90
Cases under Periodic Roll Management	35,000	35,200	36,000	37,000
Periodic Roll Management Reviews	3,700	3,860	1,760	1,760
Periodic Roll Management Savings (\$ in millions)	14	14	9	9
Five -year cumulative PRM savings (in millions)	84	84	54	54
<b>Customer Service</b>				
Average Caller Wait Time (minutes)	3	1	3	3
Average Call-back Time (days)	1	1	1	1
Percent Calls Answered Same Day	75	81	73	73
Medical Authorizations Processed within 3 days	171,000	191,000	175,000	175,000
<b>Strategic Goal 4 - Secure health benefits and, for those not working, provide income security.</b>	--	--	--	--
<b>Outcome Goal 4.1 - Facilitate return to work</b>	--	--	--	--

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

<b>for workers experiencing workforce injuries or illnesses who are able to work.</b>				
<b>Outcome Goal 4.2 - Ensure income support when work is impossible or unavailable.</b>	--	--	--	--

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

The core mission activities of the FECA program are the determination of entitlement and the payment of benefits. DFEC's Disability Management program that provides assistance in new injury cases that support recovery and return is also key.

Several major factors are affecting DFEC workloads and performance and are reflected in the above table, beginning with the outcomes of the High Priority Performance Goal to "Create a Model Return to Work Program". A major supporting strategy of the HPPG is the four-year *Protecting Our Workforce and Ensuring Re-employment (POWER)* initiative. POWER places renewed focus on Federal employers to reduce lost production days and use new approaches and employing best practices for hiring and retention of injured workers and workers with disabilities.

DFEC uses multiple strategies to improve workload management and disability case outcomes. For example, return to work is most successful through early identification of the nature of injury or illness accompanied by prompt delivery of medical and reemployment assistance. DFEC integrates the intake and development of new claims with early nurse intervention, producing timely claims decisions and speeding recovery and return to work. These outcomes reduce claimants' time loss from injuries, restore employers' productivity, and reduce FECA compensation costs.

New injury volumes are expected to remain fairly constant or decline somewhat through FY 2012 as POWER continues the Government's focus on improving workplace safety. However, other trends through FY 2012 will increase FECA early Disability Management, Periodic Roll Management, and War Hazards Compensation Act workloads and costs.

Circumstances of the U.S. Postal Service have caused that agency to reduce employment overall, and in particular, have reduced limited and light duty positions, typically available for Postal workers returning to duty after injury. With the elimination of these positions, Postal workers with continuing disabilities or reduced work capacity are filing in large numbers for wage-loss benefits. DFEC is very much challenged in being able to place injured workers with the Postal Service or, given the current economy, with new employers. The impact of this is also reflected in longer average lost production days (LPD).

Potentially posing similar reemployment and placement challenges on DFEC are the Base Closure and Realignment Commission actions which will close or relocate Defense Department facilities. As facilities close or are moved, previously available jobs, including light and limited duty opportunities, will no longer be available in those communities.

Also producing significant additional claims for reimbursement and FECA benefit costs are markedly increasing numbers of War Hazards claims. As the country's military activities in Iraq

## **DIVISION OF FEDERAL EMPLOYEES' COMPENSATION**

and Afghanistan have grown in the past decade, so too have claims filed with OWCP's Longshore and Harbor Workers' program under the Defense Base Act. War Hazards claims are filed with DFEC and are expected to follow suit for the next several years in similar proportion as DBA decisions are concluded by the Longshore program and DBA contractors' insurance carriers seek reimbursement under the WHCA. Compared to other FECA claims, due to their complexities, War Hazards claims require additional FECA staff time to develop. War Hazards claims paid by DFEC have increased from 74 in FY 2008 to 676 in FY 2010, and associated costs have increased from \$11,400,000 to \$59,900,000 in that same period.

## DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		FY 2010 Comparable	FY 2011 Estimate	FY 2012 Request	Change FY 12 Req. / FY 10 Comp.
11.1	Full-time permanent	60,616	60,369	60,369	-247
11.3	Other than full-time permanent	241	55	55	-186
11.5	Other personnel compensation	1,928	1,907	1,907	-21
11.9	<b>Total personnel compensation</b>	<b>62,785</b>	<b>62,331</b>	<b>62,331</b>	<b>-454</b>
12.1	Civilian personnel benefits	18,004	18,412	18,412	408
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	340	275	525	185
22.0	Transportation of things	11	3	3	-8
23.1	Rental payments to GSA	5,689	6,040	6,244	555
23.2	Rental payments to others	79	0	0	-79
23.3	Communications, utilities, and miscellaneous charges	918	1,269	1,269	351
24.0	Printing and reproduction	63	59	159	96
25.1	Advisory and assistance services	170	0	300	130
25.2	Other services	578	478	778	200
25.3	Other purchases of goods and services from Government Accounts	8,619	8,459	8,459	-160
25.4	Operation and maintenance of facilities	8	0	0	-8
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	276	226	376	100
26.0	Supplies and materials	866	849	949	83
31.0	Equipment	26	31	181	155
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>98,432</b>	<b>98,432</b>	<b>99,986</b>	<b>1,554</b>
1/Other Purchases of Goods and Services From Government Accounts					
	Working Capital Fund	7,140	7,228	7,228	88
	DHS Services	791	746	746	-45
	GSA Services	221	397	397	176
	Services by Other Government Departments	467	88	88	-379

# DIVISION OF FEDERAL EMPLOYEES' COMPENSATION

## CHANGES IN FY 2012

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Employee health benefits	0
Moving allowance	0
One day less of Pay	0
Federal Employees Compensation Act (FECA)	0
Benefits for former personnel	0
Travel and transportation of persons	250
Transportation of things	0
Rental payments to GSA	204
All Other Rental	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	100
Advisory and assistance services	300
Other services	300
Working Capital Fund	0
Other government accounts (Census Bureau)	0
Other government accounts (DHS Charges)	0
Other purchases of goods and services from Government accounts	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	150
Supplies and materials	100
Equipment	150
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$1,554**

**Net Program** **\$0**

**Direct FTE** **0**

**Estimate** **FTE**

**Base** **\$99,986** **745**

## DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2010 Comparable</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Request</b>	<b>Diff. FY 12 Req. / FY 10 Comp.</b>
Budget Authority	13,534	13,534	17,223	3,689
FTE	87	97	106	19

NOTE: FY 2010 reflects actual FTE. Authorized FTE for FY 2010 was 100.

### **Introduction**

The Division of Longshore and Harbor Workers' Compensation (DLHWC) implements the Longshore and Harbor Workers' Compensation Act, as amended. Longshore administers a program of income replacement and medical and rehabilitation benefits for individuals who are injured during the course of covered maritime employment or who suffer an occupational disease arising from such employment. All program FTE and resources support mission critical functions, which in turn support the Secretary's vision of "good jobs for everyone" and the Department's Outcome Goal "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." Longshore's core mission activities are to provide mediation, adjudicate claims, resolve disputes, oversee benefit delivery by employers and insurance carriers, provide technical assistance to all stakeholders, and manage the Special Fund, for which it has fiduciary responsibility. Longshore also administers injury and occupational disease coverage for non-maritime employees under several extensions of the Act, including the Defense Base Act (DBA), Outer Continental Shelf Lands Act (OCSLA), Non-appropriated Fund Instrumentalities Act (NFIA), and the District of Columbia Workmen's Compensation Act (DCWCA) for injuries sustained prior to July 26, 1982.

The Division receives on average 30,000 new reports of injury and death per year. The Division collects assessments for the Special Workers' Compensation Fund, which provides benefits directly to certain individuals (claimants), including bi-weekly recurring benefit payments to over 4,700 beneficiaries. Annually 522 companies are evaluated and authorized to participate in the fund, and over \$2,000,000,000 in securities are maintained to ensure the continuing provision of benefits for covered workers in case of employer/carrier insolvency. Program operations are funded from the General Fund. Management of the Special Fund is supported by an appropriation referred to as Longshore Trust Funds from the Special Workers' Compensation Fund.

# DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

## Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2007	\$12,756	99
2008	\$12,659	97
2009	\$13,307	100
2010	\$13,534	100
2011	\$0	0

A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

## FY 2012

The FY 2012 request level for the Division of Longshore and Harbor Workers' Compensation (DLHWC) is \$17,223,000 and 109 FTE, an increase of \$3,689,000 and 9 FTE over the FY 2010 enacted level. General Funds provide \$15,039,000 and 100 FTE; Trust Funds provide \$2,184,000 and 9 FTE. The request includes a program increase of \$3,200,000 and 9 FTE to provide for a transformation of Longshore operations to address the requirements arising from the rapid increase in DBA workload.

DBA injury and death cases have increased from 347 cases in FY 2002 to 14,844 cases in FY 2010. The majority of the increase resulted from the wars in Iraq and Afghanistan. Longshore's resources have been severely taxed by both the numbers and the complexity of Defense Base Act claims arising from increased activity in support of the military operations. Our continued presence in Iraq will likely keep DBA cases at current levels. Simultaneously, contracting activities are expanding in Afghanistan, leading to increases in DBA injuries. The Transformation of Longshore Operations will enable the program to modernize the DBA claims intake and case creation process, provide additional staffing to maintain the increase in the DBA workload, provide a contract for in-country claims support, enhance information technology to reduce employer/carrier/OWCP administrative reporting costs and improve IT capability to better capture, analyze, track and report claims data.

The Longshore Division adopted two new performance goals in FY 2011 aimed at improving program effectiveness by facilitating the prompt delivery of benefits to injured workers and their families. The two new performance goals target the timeliness of the Employer's First Report of Injury and the First Payment of Compensation for non-DBA cases. The "First Report of Injury" measure tracks the time from the date of the injury or death, or the date of the employer's knowledge of the injury and the onset of disability, whichever is later, to the date the Longshore District Office receives the Employer's First Report of Injury (Form LS-202). The "First Payment" measure tracks the time it takes the employer or insurance carrier to issue the First Payment of Compensation after the worker becomes disabled or after the worker's death. These two new goals are in addition to the two adopted in FY 2010, targeting improved timeliness of DBA reports of injury and first payment of compensation.

The additional resources, \$3,200,000 and 9 FTE, will be directed to increasing the timeliness of claims processing, reducing pending case inventory, and improving the management of the DBA

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

caseload. Additional claims examiner staff will be placed in the three district offices that are responsible for 82% of the current DBA caseload. The requested funds include \$1.4 million to upgrade the Longshore IT system with Electronic Data Interchange (EDI) capability to support electronic submission of claims by insurance carriers, and to improve reporting capability to address the growing demand for current data on DBA injuries and deaths. These infrastructure improvements will increase the efficiency of claims processing, result in cost savings for insurers and employers, speed the processing of claims and benefit delivery, improve program reporting capabilities and data accuracy, and enhance customer service.

## DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2010 Enacted</b>		<b>FY 2011 Estimate</b>	<b>FY 2012 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Division of Longshore and Harbor Workers' Compensation</b>				
<b>GPRA Performance Measures</b>				
Percent of Employer's First Report of Injury filed within 30 days: Defense Base Act cases	65.00%	75.00%	75.00%	85.00%
Percent of Employer's First Report of Injury filed within 30 days: non-Defense Base Act cases	.00%	.00%	78.00%	85.00%
Percent of First Payment of Compensation issued within 30 days: Defense Base Act cases	50.00%	56.00%	58.00%	65.00%
Percent of First Payment of Compensation issued within 30 days: non-Defense Base Act cases	.00%	.00%	83.00%	85.00%
<b>Future GPRA Performance Measures</b>				
Average number of days between the date of injury and Longshore's receipt of the Employer's First Report of Injury: Defense Base Act cases	--	--	30	30
Average number of days between the onset of disability and the date of first payment of Longshore compensation: Defense Base Act cases	--	--	30	30
<b>Productivity Measures</b>				
Number of Open Claims	40,760	41,097	41,575	42,407
Lost Time Injuries Reported	28,882	31,628	32,774	35,374
Cases Being Compensated	14,439	15,016	15,034	15,930
Pending Case Inventory	7,700	8,854	10,900	11,990
<b>Strategic Goal 4 - Secure health benefits and, for those not working, provide income security</b>	--	--	--	--

### Workload Summary

The Division of Longshore and Harbor Workers' Compensation (DLHWC) will ensure the efficient delivery of benefits to injured workers, including timely claim adjudication, dispute resolution, file review and monitoring to determine the adequacy of services being provided, and offer claims assistance to injured workers for either Longshore or DBA claimants. Caseload will be managed to maintain the increase of DBA claims stemming from injuries to civilian contractors in Iraq and Afghanistan.

In addition, the program will continue to provide ancillary services such as outreach, education and compliance assistance for its entire workload. Disabled workers will be employed through the provision of vocational rehabilitation services.

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

<b>BUDGET ACTIVITY COMPONENT BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2010 Comparable</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Request</b>	<b>Change FY 12 Req. / FY 10 Comp.</b>
11.1	Full-time permanent	7,037	7,106	8,075	1,038
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	227	213	213	-14
11.9	<b>Total personnel compensation</b>	<b>7,264</b>	<b>7,319</b>	<b>8,288</b>	<b>1,024</b>
12.1	Civilian personnel benefits	1,891	2,178	2,398	507
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	54	50	109	55
22.0	Transportation of things	15	15	15	0
23.1	Rental payments to GSA	531	624	1,127	596
23.2	Rental payments to others	1	0	0	-1
23.3	Communications, utilities, and miscellaneous charges	144	141	141	-3
24.0	Printing and reproduction	28	27	27	-1
25.1	Advisory and assistance services	10	0	0	-10
25.2	Other services	26	2	402	376
25.3	Other purchases of goods and services from Government Accounts	1,126	902	902	-224
25.4	Operation and maintenance of facilities	1	0	0	-1
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	212	75	1,475	1,263
26.0	Supplies and materials	104	77	103	-1
31.0	Equipment	3	0	52	49
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>11,410</b>	<b>11,410</b>	<b>15,039</b>	<b>3,629</b>
1/Other Purchases of Goods and Services From Government Accounts					
	Working Capital Fund	962	902	902	-60
	DHS Services	158	0	0	-158
	Services by Other Government Departments	6	0	0	-6

# DIVISION OF LONGSHORE AND HARBOR WORKERS' COMPENSATION

## CHANGES IN FY 2012

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Employee health benefits	0
Moving allowance	0
One day less of Pay	0
Federal Employees Compensation Act (FECA)	0
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	432
All Other Rental	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services	0
Working Capital Fund	0
Other government accounts (Census Bureau)	0
Other government accounts (DHS Charges)	0
Other purchases of goods and services from Government accounts	57
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0
<b>Built-Ins Subtotal</b>	<b>\$489</b>

<b>Net Program</b>	<b>\$3,200</b>
<b>Direct FTE</b>	<b>9</b>

	<b>Estimate</b>	<b>FTE</b>
<b>Base</b>	<b>\$14,023</b>	<b>97</b>
<b>Program Increase</b>	<b>\$3,200</b>	<b>9</b>

**DIVISION OF INFORMATION TECHNOLOGY  
MANAGEMENT AND SERVICES**

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2010 Comparable</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Request</b>	<b>Diff. FY 12 Req. / FY 10 Comp.</b>
Budget Authority	6,329	6,329	6,329	0
FTE	24	25	25	1

NOTE: FY 2010 reflects actual FTE. Authorized FTE for FY 2010 was 25.

**Introduction**

The Division of Information Technology Management and Services (DITMS) provides Information Technology (IT) services under a General Services Support System (GSS) shared by the Wage and Hour Division (WHD), the Office of Federal Contract Compliance Programs (OFCCP), the Office of Workers' Compensation Programs (OWCP), and the Office of Labor Management Standards (OLMS). With the dissolution of the Employment Standards Administration on November 8, 2010, the former Division of Information Technology Services of the ESA Program Direction and Support activity was transferred to OWCP with the understanding that it would continue the same level of IT support to the agencies spun off from ESA in the reorganization. The division maintains the IT enterprise architecture and the operating platform for the IT environment shared by the four agencies. DITMS develops the IT strategic plan and performance goals, oversees the development and evolution of new capabilities, and develops standards and procedures consistent with the Department's policies, procedures, and standards. IT services and service requirements are identified and the IT Service Portfolio is managed, including operation of a Service Desk for users and restoration of service when an incident occurs with the IT infrastructure. Across the four agencies serviced, DITMS provides technological support to nearly 5,000 employees in over 300 locations across the country.

The various missions of WHD, OFCCP, OWCP, and OLMS directly support the Secretary's vision of "*Good Jobs for Everyone*." Strategic and outcome goals impacted focus on preparing workers for good jobs and ensuring fair compensation, ensuring workplaces are safe and healthy, assuring fair and high quality work-life environments and securing health benefit and, for those not working, providing income security. DITMS supports these complex enforcement and benefit delivery programs by providing and maintaining secure information technology systems.

**Five-Year Budget Activity History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2007	--	--
2008	--	--
2009	\$5,865	25
2010	\$6,329	25
2011	\$0	0

A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

## **DIVISION OF INFORMATION TECHNOLOGY MANAGEMENT AND SERVICES**

### **FY 2012**

Resources requested for the Division of Information Technology Management and Services (DITMS) program are \$6,329,000 and 25 FTE. These funds are in direct support of four agencies, WHD, OFCCP, OWCP, and OLMS, and their achievement of the Secretary's vision, Department strategic and outcome goals, and program performance goals. This request will enable DITMS to continue to provide the needed policy, planning, and program support for these client agencies to achieve and exceed program performance goals. DITMS resources will focus on IT modernization and improving transparency for client agencies. Strategies in support of DITMS client agency outcomes will improve implementation through oversight on projects to ensure that they will be completed on time and within cost constraints; improve IT Infrastructure and service availability by ensuring system availability and enhanced help desk performance through reducing time to resolution performance and improving customer service.

### **FY 2011**

Figures shown for FY 2011 reflect the annualized Continuing Resolution level as a full-year appropriation has not been enacted at the time the budget was produced. Since this level is based on the FY 2010 enacted level, operations under a full-year Continuing Resolution would be consistent with those described in the FY 2010 section.

### **FY 2010**

FY 2010 obligations for the Division of Information Technology Management and Services (DITMS) program were \$6,329,000 and 24 FTE used for the administrative work transferred from the former Program Direction and Support Budget Activity following the dissolution of the Employment Standards Administration.

With the dissolution of the Employment Standards Administration on November 8, 2010, the former Division of Information Technology Services of the ESA Program Direction and Support activity was transferred to OWCP with the understanding that it would continue the same level of IT support to the agencies spun off from ESA in the reorganization: WHD, OFCCP, OWCP, and OLMS. Memoranda of agreement were concluded between OWCP and the other serviced agencies to govern the continued delivery of these IT services.

DITMS upgraded the database platform to enhance applications of the Agencies supported. The evolution of the service oriented platform and development of new reporting framework and capabilities continued. DITMS developed and implemented a state-of-the-art computer telephony integrated system. DITMS supported the business and application services for Agencies' initiatives. DITMS worked on the upgrade of business application tools for the Agencies. Security program management support was provided to the agencies to ensure the confidentiality, integrity and availability of the general support system and the agencies' MIS. DITMS provided system and security support to ensure eight MIS obtained updated certification and accreditation to maintain their current operational status. DITMS supported DOL and other

**DIVISION OF INFORMATION TECHNOLOGY  
MANAGEMENT AND SERVICES**

Federal agencies to achieve Department-wide IT initiatives, including coordination with the Department on implementation of NIST 800-53 revision 2, and planning for NIST 800-53 revision 3.

**DIVISION OF INFORMATION TECHNOLOGY  
MANAGEMENT AND SERVICES**

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2010 Enacted</b>		<b>FY 2011 Estimate</b>	<b>FY 2012 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Division of Information Technology Management and Services (DITMS)</b>				
<b>IT Infrastructure and Service Availability</b>				
System Availability	99.80%	99.93%	99.80%	99.80%
<b>Help Desk Performance</b>				
Time to Resolution Performance	93.00%	97.79%	93.00%	93.00%
Customer Satisfaction	90.00%	98.83%	90.00%	90.00%

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

**Workload Summary**

DITMS will provide the necessary policy, planning and program support for the client agencies in order to achieve and exceed program performance goals. DITMS will improve the IT infrastructure and service availability, enhance help desk performance and improve customer service. DITMS will be able to maintain the current level of support for the Application Architecture that supports key functions for WHD, OFCCP, OWCP, and OLMS.

**DIVISION OF INFORMATION TECHNOLOGY  
MANAGEMENT AND SERVICES**

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2010 Comparable</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Request</b>	<b>Change FY 12 Req. / FY 10 Comp.</b>
11.1	Full-time permanent	2,908	3,103	3,103	195
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	101	114	114	13
11.9	<b>Total personnel compensation</b>	<b>3,009</b>	<b>3,217</b>	<b>3,217</b>	<b>208</b>
12.1	Civilian personnel benefits	662	706	706	44
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	7	7	7	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	15	22	22	7
24.0	Printing and reproduction	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services	67	71	71	4
25.3	Other purchases of goods and services from Government Accounts	34	34	34	0
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	508	508	508	0
26.0	Supplies and materials	51	51	51	0
31.0	Equipment	1,976	1,713	1,713	-263
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>6,329</b>	<b>6,329</b>	<b>6,329</b>	<b>0</b>
1/Other Purchases of Goods and Services From Government Accounts					
	Working Capital Fund	34	34	34	0

**DIVISION OF INFORMATION TECHNOLOGY  
MANAGEMENT AND SERVICES**

**CHANGES IN FY 2012**

(Dollars in Thousands)

**Activity Changes**

**Built-In**

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Employee health benefits	0
Moving allowance	0
One day less of Pay	0
Federal Employees Compensation Act (FECA)	0
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
All Other Rental	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services	0
Working Capital Fund	0
Other government accounts (Census Bureau)	0
Other government accounts (DHS Charges)	0
Other purchases of goods and services from Government accounts	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0
<b>Built-Ins Subtotal</b>	<b>\$0</b>

<b>Net Program</b>	<b>\$0</b>
<b>Direct FTE</b>	<b>0</b>

	<b>Estimate</b>	<b>FTE</b>
<b>Base</b>	<b>\$6,329</b>	<b>25</b>

## DIVISION OF COAL MINE WORKERS' COMPENSATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2010 Comparable</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Request</b>	<b>Diff. FY 12 Req. / FY 10 Comp.</b>
Budget Authority	32,720	32,720	32,906	186
FTE	168	168	168	0

NOTE: FY 2010 reflects actual FTE. Authorized FTE for FY 2010 was 181.

### **Introduction**

The Division of Coal Mine Workers' Compensation (DCMWC) draws its mandate from Title IV of the Federal Coal Mine Health and Safety Act of 1969, as amended, to serve coal industry workers, and their dependent survivors, who are totally disabled by pneumoconiosis or Black Lung disease as a result of their exposure to coal mine dust. The Division's core mission and budget activities are to develop and adjudicate claims and pay benefits. Its claims examiners and supporting staff process benefit applications and decide cases in nine district offices across the country. In addition, staff members monitor benefit payments and medical treatment provided by self-insured coal mine operators or their insurance carriers. The mission directly supports the Department's vision of "***good jobs for everyone***" and *Strategic Goal 4: Secure health and, for those not working, provide income security* by providing income support and medical care for beneficiaries who are unable to perform their previous coal mine work due to occupational lung disease. The national office supports the Secretary's fiduciary responsibility for the Black Lung Disability Trust Fund (BLDTF) by processing coal mine operator self-insurance requests and confirming that self-insurers post the appropriate amounts to cover potential benefit security liabilities. The Division further supports the Secretary's fiduciary responsibility by working with coal mine operators to encourage voluntary compliance with statutory insurance requirements. Other national office activities include overseeing and managing the program's data and medical bill processing systems and its accounting and debt management functions; coordinating litigation with the Solicitor of Labor (SOL); and providing procedural guidance to field operations.

Historically, the statute divided program administration between the Social Security Administration (Part B) and the Department of Labor (Part C). In FY 2002, Congress passed legislation permanently transferring jurisdiction over Part B to the Department of Labor. With the Part B appropriation transferred to the Department on October 1, 2003, all components of program administration were combined, resulting in fiscal and operational efficiencies and improved service delivery. Part B funding and activities are discussed in the Special Benefits for Disabled Coal Miners section of the Office of Workers' Compensation Programs (OWCP) budget.

The Patient Protection and Affordable Care Act (PPACA) of 2010 had a significant effect on the workload for the Black Lung Program, as it reinstated two provisions in the Act that had been removed in 1981 for claims filed on or after 1/1/82. Both these provisions are favorable to claimants and have led to an increase in claims received. In keeping with the Division's core mission to develop and adjudicate claims and pay benefits, resources have been focused on timely and accurate decisions for the increase of incoming claims.

## DIVISION OF COAL MINE WORKERS' COMPENSATION

The Division engages its stakeholders with outreach and educational activities designed to improve the quality of medical evidence submitted with claims for benefits, reinforce the concept of DCMWC as a fair and balanced adjudicator, and foster a better understanding of the claims decisions issued. The credibility of initial eligibility decisions will be increased by using higher-credentialed physicians for diagnostic examinations. These strategies will be combined with educational outreach and technical assistance to both customer and provider communities. DCMWC also is aggressively seeking ways to reduce erroneous benefit payments and improve overall program administration. For example, the program is expediting the process of reviewing annual status update questionnaires and refining the process for reviewing representative payee annual fiscal reporting.

Although rigorous Federal regulations and improved dust suppression technology have combined over the years to reduce the incidence of pneumoconiosis, National Institute of Occupational Safety and Health (NIOSH) data indicate an increased incidence of the disease beginning in the late 1990s. The Division's services remain essential for providing income support and medical care for its beneficiaries. Its highly trained and experienced professional staff continually seeks to improve the quality of customer service. The program has been very successful in meeting management and performance outcome goals through the careful oversight and application of available resources. The program will continue to work toward achieving its performance goal of reducing the average time it takes to process Black Lung claims by improving the quality and timeliness of its decisions and service delivery and enhancing its financial management tools and oversight. DCMWC will continue to assess and improve its performance through the use of its annual operating plan, quarterly review and analysis of performance results, and annual accountability reviews.

### Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2007	\$33,171	191
2008	\$32,365	184
2009	\$32,308	181
2010	\$32,720	181
2011	\$0	181

A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared.

### FY 2012

Resources requested for DCMWC are \$32,906,000 and 168 FTE to meet obligations for DCMWC's Salaries and Expenses. This amount is \$186,000 above the FY 2010 Enacted level.

DCMWC will continue the core activities of its mission to pay monthly compensation and ongoing medical treatment benefits to recipients under Part C, continue to monitor cash and medical treatment benefits disbursed by coal mine operators in the private sector, and process incoming claims. The alignment of resources with incoming claims volumes will be monitored.

## DIVISION OF COAL MINE WORKERS' COMPENSATION

The increased workload of claims work resulting from the provisions of the PPACA will challenge the program to achieve the target for its performance indicator and maintain acceptable performance at the current staffing levels. DCMWC expects to enter FY 2012 with an inventory of 4800 pending claims that will be increased by the 6600 new filings expected that year. Because claims and decisions are the most visible and measurable workload item to stakeholders, Congress, and claimants, and because the outcome of the decision is an award or denial of benefits, addressing new and pending claims must continue as the first priority of the program. However, because the spike in increased incoming claims is expected to peak in FY 2011 and FY 2012, begin to level off in FY 2013 and then gradually return to current levels thereafter, the program is not requesting resources for additional FTE for that relatively short period of time. While the average time to process Black Lung claims will increase in FY 2010 and in FY 2011, reflecting the increased workload relating to the amendments, the program expects to reduce the average number of days to process Black Lung claims from 250 days to 240 days in FY 2012 at the request level.

The program's primary focus in allocating its resources will be on processing the increased number of claims received so that claimants continue to receive decisions and beneficiaries receive their income support in a timely manner. DCMWC will also continue strategies whose outputs contribute to outcomes in direct support of the strategic goal to ensure income support for beneficiaries who can no longer work due to occupational illness.

These strategies will continue to:

- Leverage available resources to address the increased workload caused by passage of the Patient Protection and Affordable Care Act of 2010 to: reallocate workload from district offices which receive higher volumes to district offices with lower volumes and adjust staffing configurations in district offices and the national office as necessary to assure that claims processing activities are performed in a timely manner;
- Increase outreach to program stakeholders, including clinics, Black Lung Associations, doctors, attorney groups, and coal mine operator and insurance interests to: provide outreach and educational activities designed to improve the quality of medical evidence submitted with claims for benefits, foster a better understanding of the claims decisions issued, and reinforce the concept of DCMWC as a fair and balanced adjudicator;
- Enhance services and monitoring through site visits to representative payees of the program's elderly and most vulnerable population to ensure their financial protection and well-being and focus on potentially abusive, fraudulent representative payees.

Responsible Mine Operators (RMOs) are responsible for repaying benefits to the Black Lung Disability Trust Fund (BLDTF), when interim payments have been made on their behalf. DCMWC will follow up successful efforts begun in FY 2009 to recoup interim benefit payments from RMOs and return the recovered funds to the BLDTF. In FY 2009, \$9,161,000 was collected from RMOs, an increase of 82 percent above FY 2008. Similar results of \$9,025,000 were achieved in FY 2010 and are expected to continue in FY 2011. At this funding level, collection efforts will be sufficient to ensure that funds are returned to the BLDTF at similar levels.

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

### **FY 2011**

Amounts shown for FY 2011 reflect the annualized Continuing Resolution level as a full-year appropriation has not been enacted at the time the budget was produced.

### **FY 2010**

Obligations in FY 2010 were \$32,717,000 and 168 FTE used.

This funding enabled DCMWC to pay monthly compensation and ongoing medical treatment benefits to an average of 26,648 recipients under Part C; continue to monitor cash and medical treatment benefits disbursed by coal mine operators in the private sector to an average of 4,861 additional recipients under Part C; and process 7,044 incoming claims.

DCMWC's accomplishments in FY 2010 include:

- Successfully developed methods for increasing collection and analysis of claim and benefit statistics, and is now sharing the data on a quarterly basis with interested partners, such as NIOSH and MSHA, in support of their workplace enforcement efforts.
- Continued planning to provide assistance and protect physically or mentally incapable beneficiaries. Progress was made by a working group in analyzing the representative payee policies of both the Social Security Administration (SSA) and the Veterans Administration. The working group also met with SSA officials to discuss and compare procedures. The group developed and tested an analytical tool to be used in reviewing current and prospective payee situations that would help identify potential problems.
- A pilot to increase monitoring of representative payees beyond the current paper-based review process by adding face-to-face visits on a targeted basis was completed and an evaluation of the effectiveness of the pilot is currently underway.
- Engaged in extensive outreach to stakeholders including: idea sharing at the West Virginia National Coalition of Black Lung and Respiratory Disease Clinics Conference with the officers and membership of the United Mine Workers of America, the National Black Lung Association, and the Black Lung Clinics ; attendance at a Federal Black Lung Seminar held by Wells Fargo Disability, and a black lung legal seminar that was held in Washington, DC; and participation in the "End Black Lung Now!" initiative of the Mine Safety and Health Administration.

## DIVISION OF COAL MINE WORKERS' COMPENSATION

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2010 Enacted</b>		<b>FY 2011 Estimate</b>	<b>FY 2012 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Division of Coal Mine Workers' Compensation</b>				
<b>Strategic Goal 4 - Secure health benefits and, for those not working, provide income security</b>	--	--	--	--
<b>Outcome Goal 4.2 - Ensure income support when work is impossible or unavailable</b>	--	--	--	--
Measure 1	--	--	--	--
Average Number of Days to Process Black Lung Claims	200	210	250	240
Measure 2	--	--	--	--
Conversion of benefits to miners' survivors within 45 days	--	--	90.00%	90.00%
Measure 3	--	--	--	--
Representative Payee Reviewed within 30 days	--	--	90.00%	90.00%
Workload Volumes	--	--	--	--
Claims Received	6,800	7,044	7,200	6,600
Proposed Decisions and Orders	4,605	3,757	5,708	7,050
Conversion of Benefits to Miners' Survivors	649	576	670	620
Referrals to ALJ	1,032	1,141	1,142	1,410
Referrals to BRB	405	378	600	713

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

### **Workload Summary**

As a result of the provisions of the Patient Protection and Affordable Care Act (PPACA) of 2010, claim filings of 7,044 increased by 62% in FY 2010 over the FY 2009 result of 4,354. This is indication of the increased workload the Black Lung Program will experience over the next few years. DCMWC's experience with such surges following changes in law or regulations has been that the increased filings will likely continue for two years and begin to taper off for a period of several years with a gradual return to steady state. DCMWC anticipates claim filings to continue at the high levels through FY 2012 and is expecting 7,200 filings in FY 2011. Due to the time necessary for initial case development, the increased volume of claims filings in FY 2011 will result in increased workloads in FY 2012 for Proposed Decision and Orders (PDOs), the program's basic decisional document.

An increase in claims correlates to an increase in claims processing, and DCMWC expects that issuance of PDOs will increase by 88 percent in FY 2012 over FY 2010, from 3,757 to 7,050. Because the amendments made survivors' benefits easier to obtain, there will be more awards that will need continued monitoring to ensure that overpayments and erroneous payments are minimized.

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

About 20 percent of claim decisions are appealed to the Office of Administrative Law Judges, so DCMWC expects referrals to increase, especially in FY 2012 and FY 2013 as decisions are issued in the backlog of pending claims.

## DIVISION OF COAL MINE WORKERS' COMPENSATION

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2010 Comparable</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Request</b>	<b>Change FY 12 Req. / FY 10 Comp.</b>
11.1	Full-time permanent	12,680	12,567	12,567	-113
11.3	Other than full-time permanent	264	123	123	-141
11.5	Other personnel compensation	527	248	248	-279
11.9	<b>Total personnel compensation</b>	<b>13,471</b>	<b>12,938</b>	<b>12,938</b>	<b>-533</b>
12.1	Civilian personnel benefits	3,113	2,979	2,979	-134
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	199	110	110	-89
22.0	Transportation of things	21	4	4	-17
23.1	Rental payments to GSA	3,064	3,064	3,250	186
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	772	707	707	-65
24.0	Printing and reproduction	58	81	81	23
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services	3,997	3,006	3,006	-991
25.3	Other purchases of goods and services from Government Accounts	3,659	3,500	3,500	-159
25.4	Operation and maintenance of facilities	1	0	0	-1
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	4,104	6,000	6,000	1,896
26.0	Supplies and materials	258	318	318	60
31.0	Equipment	3	13	13	10
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>32,720</b>	<b>32,720</b>	<b>32,906</b>	<b>186</b>
1/Other Purchases of Goods and Services From Government Accounts					
	Working Capital Fund	3,134	3,134	3,134	0
	DHS Services	70	96	96	26
	Services by DOL Agencies	20	20	20	0
	GSA Services	15	42	42	27
	Services by Other Government Departments	420	208	208	-212

# DIVISION OF COAL MINE WORKERS' COMPENSATION

## CHANGES IN FY 2012

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Employee health benefits	0
Moving allowance	0
One day less of Pay	0
Federal Employees Compensation Act (FECA)	0
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	186
All Other Rental	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services	0
Working Capital Fund	0
Other government accounts (Census Bureau)	0
Other government accounts (DHS Charges)	0
Other purchases of goods and services from Government accounts	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$186**

**Net Program** **\$0**

**Direct FTE** **0**

	Estimate	FTE
<b>Base</b>	<b>\$32,906</b>	<b>168</b>