

FY 2025

CONGRESSIONAL BUDGET JUSTIFICATION

OFFICE OF WORKERS' COMPENSATION PROGRAMS

OVERVIEW

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OFFICE OF WORKERS' COMPENSATION PROGRAMS

OVERVIEW

The mission and vision of the Department of Labor's (DOL) Office of Workers' Compensation Programs (OWCP) are:

- To protect the interests of workers who are injured or become ill on the job, their families and employers, by making timely, appropriate, and accurate decisions on claims, providing prompt payment of benefits, and helping injured workers to return to gainful work as early as is feasible.
- To be an innovative leader in the delivery of benefits and a responsible steward of the resources entrusted to us, as well as be respected and relied upon by those who depend on us for their health and economic well-being.

As a result of job-related injury or illness, workers covered by OWCP programs are faced with potentially devastating economic, health, and other personal costs. These costs arise from interruption of income while out of work; loss of income if permanently disabled and unable to work or, for survivors, due to death of the employee; temporary or permanent reduced capacity to return to work; temporary or permanent dislocation from prior employment; reduced capacity to find new employment; and the need for ongoing medical care.

OWCP administers four Federal compensation statutes providing benefits and responsibly administers the benefit funds authorized for these purposes:

- The Federal Employees Compensation Act (FECA) Program is administered by the Division of Federal Employees', Longshore and Harbor Workers' Compensation (DFELHWC) and 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 War Hazards Compensation Act is also administered by the FECA program, where insurance carriers can file reimbursement claims for workers' compensation benefits paid under the Defense Base Act for injury or death caused by a war-risk hazard as defined in the statute.
- The Longshore Program is administered by DFELHWC and oversees the delivery of benefits by private sector employers and insurance carriers to injured workers engaged in certain maritime and related employment. Longshore also administers the provisions of the Defense Base Act (DBA), which covers civilian contractors working overseas.
- The Black Lung Program is administered by the Division of Coal Mine Workers' Compensation (DCMWC) and provides monetary compensation and medical benefits to coal miners totally disabled by pneumoconiosis (black lung disease) stemming from mine employment, and monetary benefits to their dependent survivors.
- The Energy Workers Program is administered by the Division of Energy Employees Occupational Illness Compensation (DEEOIC) and provides compensation and medical benefits to employees or survivors of employees of the Department of Energy (DOE), and contractors or subcontractors with DOE who have been diagnosed with cancer due to

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exposure to radiation, chronic beryllium disease, beryllium sensitivity, chronic silicosis or any occupational illnesses that are causally linked to toxic exposures in the DOE or uranium mining, milling and ore transporting work environments.

OWCP's national office consists of the OWCP Director and Deputy Director, and the directors and staff of the four compensation programs and two administrative divisions.

The funding accounts managed by OWCP include:

- **Salaries and Expenses (S&E) Federal Programs for Workers' Compensation (FPWC):** Provides funding, through direct appropriation and transfers from Trust Funds, for the administration of DFELHWC's FECA Program, DFELHWC's Longshore Program, OWCP's administration of the Black Lung Disability Trust Fund (BLDTF), and DCMWC's administration of claims filed under Part C of the Black Lung Benefits Act (BLBA).
- **Special Benefits (SB):** Finances payments to Federal civilians for work-related injuries and illnesses; and to Longshore and Harbor Workers and their dependents for work-related injuries and illnesses sustained prior to November 26, 1972, pursuant to Longshore and Harbor Workers' Compensation Act Section 10(h). Under legislative amendments of the FECA, benefits are also paid to certain groups such as non-Federal law enforcement officers, Job Corps enrollees, and certain federally supported volunteers. The Special Benefits account also provides for DFELHWC program administration using "Fair Share" funds collected pursuant to FECA Section 8147 (c).
- **Special Benefits for Disabled Coal Miners (SBDCM):** Finances monthly compensation to miners suffering from Black Lung disease and eligible survivors for claims filed under Part B of the BLBA between December 30, 1969, and June 30, 1973, and associated administrative costs.
- **Energy Employees Occupational Illness Compensation Program Act (EEOICPA):** Part B and Part E funding provide compensation to DOE employees and their survivors, as well as contractors and their survivors, for illness or death stemming from work in the DOE nuclear weapons complex. Funding is also provided for the associated administrative costs of the program.
- **Black Lung Disability Trust Fund (BLDTF):** Established under the Black Lung Benefits Reform Act of 1977 to provide for payment of Part C benefits (monetary payments and medical benefits to miners suffering from totally disabling Black Lung disease and monetary payments to eligible survivors) when no coal mine operator can be held liable. Also provides for payment of related administrative expenses, and interest on repayable advances.
- **The Panama Canal Commission (PCC) Compensation Fund:** Established to provide for the accumulation of funds to meet the Commission's Federal Employees Program workers' compensation obligations that extend beyond the dissolution of the PCC on December 31, 1999, under the Panama Canal Treaty of 1977. This Fund was established in conjunction with the transfer of the administration of the Federal Employees Program from the Commission to DOL (OWCP) effective January 1, 1989.

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- **The Special Workers' Compensation (SWC) Fund:** Consists of amounts received from employers pursuant to an annual assessment of the industry and for the death of an employee where no person is entitled to compensation for such death, and for fines and penalty payments under the LHWCA, as amended. Fund expenses include benefit payments in second injury cases, costs for vocational rehabilitation services to injured workers, and benefits for cases involving insolvency or other circumstances precluding payment by the employer.

OWCP's FY 2025 requested administrative resources total \$422,286,000 and 1,463 FTE. The budget breakout is as below:

- \$128,271,000 and 663 FTE for DFELHWC in General Salaries & Expenses funding;
- \$2,274,000 and 7 FTE for DFELHWC in Longshore Trust funding;
- \$84,106,000 and 171 FTE for DFELHWC in SB Fair Share funding;
- \$51,580,000 and 152 FTE for DCMWC in funding transferred from the BLDTF;
- \$5,167,000 and 13 FTE for DCMWC in SBDCM funding;
- \$66,966,000 and 228 FTE for DEEOIC in EEOICPA Part B funding (\$811,000 and 2 of the requested FTE are for the Ombudsman); and
- \$83,922,000 and 229 FTE for DEEOIC in EEOICPA Part E funding (\$1,016,000 and 3 of the requested FTE are for the Ombudsman, and \$535,000 and 1 of the requested FTE are for the Advisory Board).

Note: In addition to the FTE described above, American Rescue Plan Act funding authority enables the cost-reimbursable transfer of FTE to the Employee Compensation Fund to support the COVID-19 related workload. OWCP anticipates that approximately 30 FTE in DFELHWC may be necessary to support COVID-19 related workload in FY 2025.

OWCP's FY 2025 requests for additional resources include:

- \$439,000 and 9 FTE for DFELHWC's FTE maintenance request in General Salaries & Expenses funding;
- \$7,000,000 and 0 FTE for DCMWC's IT Modernization of Black Lung's Automated Support System (ASP) request in funding transferred from the BLDTF. ASP is an aging Black Lung system that requires significant modernization to prevent the risk of potential catastrophic failure that would impede OWCP's ability to provide medical benefits to coal mine workers and their families. In addition, GAO has identified critical updates that are needed to better administer the BLDTF, which are not possible in the current system. The funding requested would result in a fully modernized system within four years that implements improvements required to address GAO's concerns;
- \$800,000 and 4 FTE for OWCP's Customer Experience (CX) request. Of this amount, \$600,000 and 3 FTE is requested in SB Fair Share funding and \$200,000 and 1 FTE is requested in funding transferred from the BLDTF. The funding is requested to enhance CX. In FY 2023, the Department of Labor made a significant investment to boost OWCP CX efforts by engaging the General Services Agency's Technology Transformation Services (GSA-TTS) to research OWCP's existing CX capacities and recommend future CX development. OWCP has done what is possible within existing resources to expand

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its CX efforts and build on GSA-TTS's recommendations. The requested funding would provide for dedicated CX personnel to capitalize on DOL's investment and GSA-TTS's thorough evaluation and recommendations to implement OWCP's much needed customer experience improvements.

Delivering Excellent, Equitable, and Secure Federal Services and Customer Experience

In accordance with Executive Order 13985, Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, OWCP is committed to finding ways to make a thoughtful and intentional focus on equity a routine part of how the agency does business by taking steps to reach out to underserved stakeholder communities. OWCP is taking steps to ensure that equity analyses permeate every aspect of the OWCP business process both internally and in our dealings with stakeholders. Achieving this goal will take time, effort, self-awareness, and persistent attention.

The development of meaningful metrics to measure outreach to underserved populations and of effective programs that protect the rights of all populations requires careful attention to incentive structures, impediments to achieving desired goals, and possible unintended consequences. We have just begun that process. As we drive towards supporting the Department's Agency Priority Goal of advancing racial equity and supporting underserved communities, we initially plan to focus on three core areas: external outreach, program accessibility and inclusion, and equitable administration and operations.

Legislative Proposal

A mandatory legislative proposal is included in the Budget to remove the provision in Section 4016 of the American Rescue Plan which terminates FECA benefits for specific individuals after 2030, allowing eligible claimants and survivors to receive the same benefits as survivors of employees that died of a workplace injury other than COVID-19. The proposal would also allow eligible individuals to change their election of benefits from OPM to FECA to take full advantage of the removal of the 2030 termination provision.

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ORGANIZATION CHART

