

EMPLOYMENT STANDARDS ADMINISTRATION

SPECIAL BENEFITS

SPECIAL BENEFITS

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APPROPRIATION LANGUAGE

(Including Transfer of Funds)

For the payment of compensation, benefits, and expenses (except administrative expenses) accruing during the current or any prior fiscal year authorized by 5 U.S.C. 81; continuation of benefits as provided for under the heading "Civilian War Benefits" in the Federal Security Agency Appropriation Act, 1947; the Employees' Compensation Commission Appropriation Act, 1944; sections 4(c) and 5(f) of the War Claims Act of 1948; and 50 percent of the additional compensation and benefits required by section 10(h) of the Longshore and Harbor Workers' Compensation Act, [\$163,000,000] \$187,000,000, together with such amounts as may be necessary to be charged to the subsequent year appropriation for the payment of compensation and other benefits for any period subsequent to August 15 of the current year: *Provided*, That amounts appropriated may be used under 5 U.S.C. 8104, by the Secretary of Labor to reimburse an employer, who is not the employer at the time of injury, for portions of the salary of a reemployed, disabled beneficiary: *Provided further*, That balances of reimbursements unobligated on September 30, [2008]2009, shall remain available until expended for the payment of compensation, benefits, and expenses: *Provided further*, That in addition there shall be transferred to this appropriation from the Postal Service and from any other corporation or instrumentality required under 5 U.S.C. 8147(c) to pay an amount for its fair share of the cost of administration, such sums as the Secretary determines to be the cost of administration for employees of such fair share entities through September 30, [2009]2010: *Provided further*, That of those funds transferred to this account from the fair share entities to pay the cost of administration of the Federal Employees' Compensation Act [\$52,720,000]\$58,120,000 shall be made available to the Secretary as follows:

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(1) For enhancement and maintenance of automated data processing systems and telecommunications systems, [~~\$15,068,000~~]*\$19,968,000*;

(2) For automated workload processing operations, including document imaging, centralized mail intake, and medical bill processing, [~~\$23,273,000~~]*\$23,323,000*;

(3) For periodic roll management and medical review, [~~\$14,379,000~~]*\$14,829,000*;
and

(4) The remaining funds shall be paid into the Treasury as miscellaneous receipts:

Provided further, That the Secretary may require that any person filing a notice of injury or a claim for benefits under 5 U.S.C. 81, or the Longshore and Harbor Workers' Compensation Act, provide as part of such notice and claim, such identifying information (including Social Security account number) as such regulations may prescribe. (*Department of Labor Appropriations Act, 2009.*)

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Explanation of Language Changes

Not Applicable

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ANALYSIS OF APPROPRIATION LANGUAGE

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

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

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

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

" . . . *Provided further*, That balances of reimbursements unobligated on September 30, 2009, shall remain available until expended for the payment of compensation, benefits, and expenses . . . ”

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

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

" . . . Provided further, That in addition there shall be transferred to this appropriation from the Postal Service and from any other corporation or instrumentality required under section 5 U.S.C. 8147(c) to pay an amount for its fair share of the cost of administration, such sums as the Secretary determines to be the cost of administration for employees of such fair share entities through September 30, 2010: . . ."

This language provides that those funds paid by the Postal Service, the Tennessee Valley Authority, and other entities required to pay their "fair share" of the costs of administering the claims by their employees under the Federal Employees' Compensation Act, shall be paid into the Special Benefits Account of the Employees' Compensation Fund.

" . . . Provided further, That of those funds transferred to this account from the fair share entities to pay the cost of administration of the Federal Employees' Compensation Act, \$58,120,000 shall be made available to the Secretary as follows: (1) for enhancement and maintenance of automated data processing systems and telecommunications systems, \$19,968,000; (2) for automated workload processing, operations, including document imaging, centralized mail intake, and medical bill processing, \$23,323,000; (3) for periodic roll management and medical review, \$14,829,000; and (4) the remaining funds shall be paid into the Treasury as miscellaneous receipts: . . ."

It further provides that \$58,120,000 of those funds shall be made available to the Secretary of Labor for certain administrative expenditures, including the operation and enhancement of the (Federal Employees' Compensation) computer system, program staff training on the document imaging system, and Federal FTE and other resources for periodic roll management and financial management activities intended to support FECA program and its ability to oversee and control outlays from the Compensation Fund. The balance of the "fair share" funds shall revert to Treasury.

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

This language provides authority to require disclosure of Social Security account numbers (SSNs) by individuals filing claims under the Federal Employees' Compensation Act (FECA) or the Longshore and Harbor Workers' Compensation Act (LHWCA) and its extensions. Their use will help prevent duplicate claims being filed by the same claimant in different district offices and make it easier to match data from different benefit programs to detect errors (including fraud), consistent with Congressional mandates to do

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so. A legislative change is needed because the Privacy Act prevents agencies from requiring disclosure of SSNs unless disclosure is required by Federal statute. (See Privacy Act, Dec. 31, 1974, P.L. 93-579, section 7, Stat. 909.)

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AMOUNTS AVAILABLE FOR OBLIGATION								
(Dollars in Thousands)								
	FY 2008 Enacted		FY 2009 Enacted		Recovery Act		FY 2010 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
A. Appropriation (Amount shown in Appropriation Language)	127	203,000	127	163,000	0	0	127	187,000
Other Supplementals and Rescissions	0	0	0	0	0	0	0	0
Appropriation, Revised	0	0	0	0	0	0	0	0
Offsetting Collections From:	0	0	0	0	0	0	0	0
Reimbursements (includes Fair Share funding)	0	2,645,901	0	2,568,000	0	0	0	2,695,200
Trust Funds	0	0	0	0	0	0	0	0
Fees	0	0	0	0	0	0	0	0
A.2) Subtotal	0	2,645,901	0	2,568,000	0	0	0	2,695,200
B. Gross Budget Authority	127	2,848,901	127	2,731,000	0	0	127	2,882,200
Offsetting Collections	0	0	0	0	0	0	0	0
Deduction: (all entries are negative)	0	0	0	0	0	0	0	0
Reimbursements	0	0	0	0	0	0	0	0
Fees	0	0	0	0	0	0	0	0
Unobligated Balance	0	1,487,399	0	1,623,180	0	0	0	1,620,280
B.1) Subtotal	127	1,487,399	127	1,623,180	0	0	127	1,620,280
C. Budget Authority	127	4,336,300	127	4,354,180	0	0	127	4,502,480
Before Committee	0	0	0	0	0	0	0	0
Offsetting Collections From:	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0

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Reimbursements								
Fees	0	0	0	0	0	0	0	0
IT Crosscut	0	0	0	0	0	0	0	0
C.1) Subtotal	0	0	0	0	0	0	0	0
D. Total Budgetary Resources	127	4,336,300	127	4,354,180	0	0	127	4,502,480
Other Unobligated Balances	0	(1,623,180)	0	(1,620,280)	0	0	0	(1,684,000)
Unobligated Balance Expiring	0	0	0	0	0	0	0	0
E. Total, Estimated Obligations	127	2,713,120	127	2,733,900	0	0	127	2,818,480

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SUMMARY OF CHANGES Special Benefits

(Dollars in thousands)

	FY 2009 Enacted	FY 2010 Request		Net Change
Budget Authority				
General Funds	\$163,000	\$ 187,000		\$24,000
Offsetting Collections (including Fair Share)	\$2,568,000	\$ 2,695,200		\$127,200
Fair Share Administrative Expense (non-add)	(\$52,720)	(\$58,120)		(\$5,400)
Carryover from previous year	\$1,623,180	\$1,620,280		\$-2,900
Total - <i>includes rescissions & transfers</i>	\$4,354,180	\$4,502,480		\$148,300
 Full Time Equivalent				
General Funds	127	127	+/-	0
Trust Funds			+/-	0
Total	127	127	+/-	0

Explanation of Change	FY 2009 Base		FY 2010 Change General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount
Increases:						
A. Built-Ins:						
To Provide For:						
Costs of pay adjustments	127	10,590	0	212	127	212
Personnel benefits	0	2,238	0	44	0	44
Employee health benefits	0	492	0	10	0	10
Travel	0	57	0	0	0	0
GSA Space Rental	0	2,345	0	12	0	12
Communications, utilities & miscellaneous charges	0	180	0	0	0	0
Other services	0	15,147	0	74	0	74
Working Capital Fund	0	1,085	0	65	0	65
Purchase of goods and services from other Government accounts	0	12	0	0	0	0
Operation and maintenance of equipment	0	20,095	0	3,430	0	3,430
Supplies and materials	0	40	0	0	0	0
Equipment	0	439	0	1,553	0	1,553
Built Ins Subtotal	127	52,720	0	5,400	127	5,400

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Explanation of Change	FY 2010 Change					
	FY 2009 Base		General Funds		Total	
	FTE	Amount	FTE	Amount	FTE	Amount
B. Programs:						
Change in Offsetting Collections	0	2,568,000	0	127,200	0	127,200
Change in Carryover from FY 2009	0	1,623,180	0	-2,900	0	-2,900
C. Financing:						
Total Increase	127	4,191,180	0	124,300	0	124,300
Decreases:						
A. Built-Ins:						
To Provide For:						
One day less of Pay	0	0	0	0	0	0
Built Ins Subtotal	0	0	0	0	0	0
B. Programs:						
Budget Authority	0	163,000	0	24,000	0	24,000
C. Financing:						
Total Decrease	0	0	0	0	0	0
Total Change	127	4,354,180	0	148,300	0	148,300

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SUMMARY BUDGET AUTHORITY and FTE by ACTIVITY (Dollars in Thousands)						
Amount	FY 2008 Enacted		FY 2009 Enacted		FY 2010 Request	
	FTE	Amount	FTE	Amount	FTE	Amount
Total Obligational Authority	127	\$4,336,300	127	\$4,354,180	127	\$4,502,480
Federal Employees' Compensation Act Benefits		\$4,081,020		\$4,138,460		\$4,257,360
Federal Employees' Compensation Act Appropriation		\$200,000		\$160,000		\$184,000
FECA Fair Share	127	\$52,280	127	\$52,720	127	\$58,120
Longshore and Harbor Workers' Compensation Benefits	0	\$3,000	0	\$3,000		\$3,000

NOTE: FY 2008 reflects actual FTE.

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SUMMARY OF PERFORMANCE

Performance Goal 4B: Federal Employees' Compensation Program

Reduce the consequences of work-related injuries

	FY 2005		FY 2006		FY 2007		FY 2008		FY 2009	FY 2010
	Goal Achieved		Goal Substantially Achieved		Goal Substantially Achieved		Goal Achieved			
Performance Indicator	Target	Result	Target	Result	Target	Result	Target	Result	Target	Target
Lost production days per 100 employees for all other government agencies	61	56.1	60	52.2	49	46.3	48.5	41.3	42	41.5
Lost production days per 100 employees for United States Postal Services	148	134.4	146	142.5	129.8	135.2	142	133.6	139	137
Periodic Roll Management savings	\$17 million	\$23.2 million	\$13 million	\$16.1 million	\$8 million	\$17.1 million	\$14 million	\$16.9 million	\$15 million	\$15 million
Change in average FECA medical treatment costs	8.8%	2.8%	8.7%	6.3%	8.3%	8.1%	7.6%	3.2%	Remain below Milliman USA Health Cost Index	
Communications Goals	3 of 5	3 of 5	4 of 5	4 of 5	5 of 6	4 of 6	5 of 6	5 of 6	5 of 6	4 of 6
<ul style="list-style-type: none"> • Increase customer use of electronic services 	\$2,580,000	\$477,7031	\$2,838,000	\$4,092,597	--	--	--	--	--	--
<ul style="list-style-type: none"> • Increase access to the Claimant Query System in largest non-Postal agencies 	--	--	Baseline	634564	20%	-1%	40% cum.	85% cum.	60% cum.	80% cum.
<ul style="list-style-type: none"> • Increase proportion of claims filed electronically 	--	--	Baseline	34.6%	36.6%	35.3%	38.6%	36.9%	40.6%	42.6%
<ul style="list-style-type: none"> • Reduce/maintain average caller hold times 	3.1 minutes	2.1 minutes	3.0 minutes	2.3 minutes	≤3 minutes	1.3 minutes	≤3 minutes	1.8 minutes	≤3 minutes	≤3 minutes
<ul style="list-style-type: none"> • Reduce/maintain average response times 	2.7 days	2.6 days	2.5 days	2.7 days	≤1.25 days	.82 days	≤1 days	.82 days	≤1 days	≤1 days
<ul style="list-style-type: none"> • Increase same-day responses 	64%	86%	67%	75%	70%	77%	73%	80%	73%	73%
<ul style="list-style-type: none"> • Increase call handling quality 	92%	92%	95%	96%	95%	97%	95%	98%	95%	95%

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AUTHORIZING STATUTES

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

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APPROPRIATION HISTORY					
(Dollars in Thousands)					
	Budget Estimates to Congress	House Allowance	Senate Allowance	Appropriations	FTE
2000	79,000	79,000	79,000	79,000	121
2001	56,000	56,000	56,000	56,000	125
2002	121,000	121,000	121,000	121,000	124
2003	163,000	163,000	163,000	163,000	133
2004	163,000	163,000	163,000	163,000	133
2005	233,000	233,000	233,000	233,000	128
2006	237,000	237,000	237,000	237,000	127
2007	227,000	227,000	227,000	227,000	127
2008	203,000	203,000	203,000	203,000	127
2009	163,000	0	163,000	163,000	127
2010	187,000	0	0	0	127

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Overview

The Special Benefits fund, administered by the Employment Standards Administration, is comprised of two accounts representing obligations for benefits under the Federal Employees' Compensation Act (FECA), as amended, with extensions, and the Longshore and Harbor Workers' Compensation Act, as amended, with extensions. The requested funding provides resources necessary to meet required payments for compensation, medical costs, vocational rehabilitation, and other benefits made to eligible claimants or their survivors as mandated by each of the Acts.

Under extensions of FECA, benefits are also paid to certain groups such as War Hazards, non-Federal law enforcement officers, Job Corps enrollees, and certain Federally-supported volunteers. The fund also provides resources for FECA program administration from collections made pursuant to an annual "fair share" assessment of certain non-appropriated agencies under Section 8147(c) of the FECA. Fair Share funding is used for FECA program capital investments and other projects that provide control and oversight of the FECA Compensation Fund.

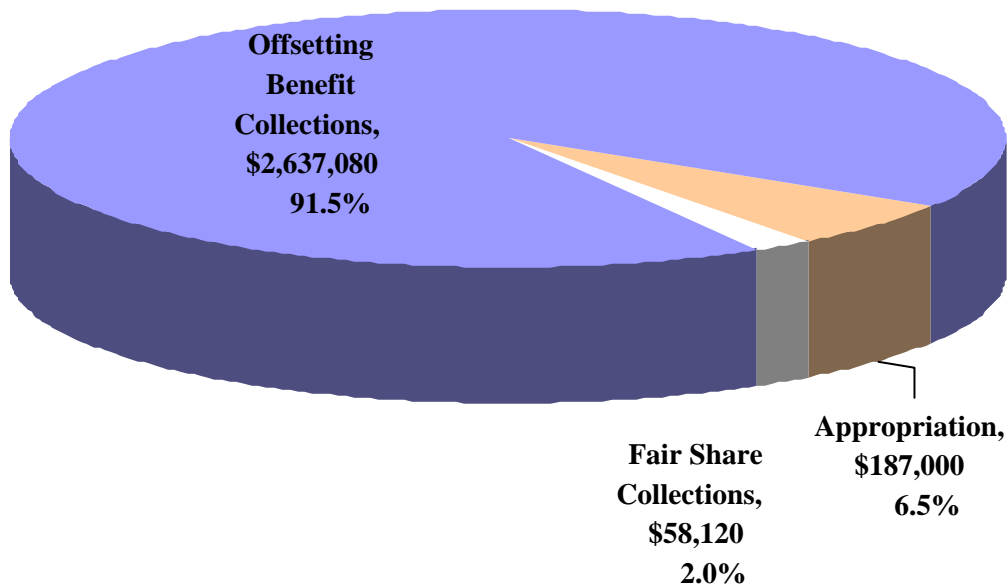
Section 10(h) of the amended Longshore and Harbor Workers' Compensation Act (Longshore) authorized annual adjustments in compensation to beneficiaries in cases of permanent total disability or death occurring on or prior to October 27, 1972, with the Federal Government paying half the costs of the annual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

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Cost Model

Total new budget authority requested for Special Benefits in FY 2010 is \$2,882,200,000, consisting of direct appropriations of \$184,000,000 for FECA and \$3,000,000 for Longshore and Harbor Workers' benefits and offsetting collections for FECA benefits and Fair Share administration from Federal agencies of \$2,637,080,000, and \$58,120,000 for Fair Share administration.

FY 2010 Budget Request
Special Benefits Budget Request \$2,882,200
(Dollars in Thousands)



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BUDGET AUTHORITY BEFORE THE COMMITTEE						
(Dollars in Thousands)						
	FY 2008 Enacted	FY 2009 Enacted	Diff. FY08 Enacted / FY09 Enacted	Recovery Act	FY 2010 Current Law	Diff. FY09 Enacted / FY10 Req
Activity Appropriation	52,280	52,720	440	0	58,120	5,400
FTE	127	127	0	0	127	0

Introduction

The Federal Employees' Compensation Act (FECA) provides for payment of benefits to Federal civilian employees of the United States who are disabled as a result of injury or illness sustained in the performance of duty, and to the dependents of disabled employees in case of death resulting from such injury or illness. Under extensions of FECA, benefits are also paid to certain groups such as War Hazards, non-Federal law enforcement officers, Job Corps enrollees, and certain Federally-supported volunteers.

The principal costs of the program are compensation benefits for disability and death, and medical expenses. Factors influencing the cost of compensation benefits and medical expenses include the number of covered employees; the wage levels on which compensation is based; the severity and frequency of injuries; the average length of disability; the cost of medical care; cost-of-living changes based on changes in the Consumer Price Index (CPI); and the number of employees choosing this compensation instead of using sick or annual leave. Most beneficiaries receive payments on a four-week cycle based on a program year beginning July 1st, so there are thirteen payments made during a fiscal year under normal circumstances.

Resources needed to meet required payments of benefits from the Special Benefits fund are composed of direct appropriations and reimbursements from other Federal and non-Federal agencies for the cost of compensation and medical care incurred by the Department of Labor (DOL) on behalf of these employees.

Fair Share financing provides for operations and maintenance of the Integrated Federal Employees' Compensation System (iFECS); support for the document imaging system; operation of centralized mail intake and centralized bill processing; maintenance of DFEC's telecommunications system; and Periodic Roll Management (PRM) and Medical Bill Review (MBR). These investments are aimed at improving services and better managing the expenditure of compensation funds.

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Five-Year Budget Activity History

Fiscal Year	Appropriation	Fair Share Funding	FTE
2005	230,000	39,668	128
2006	234,000	53,695	127
2007	224,000	51,034	127
2008	200,000	52,280	127
2009	160,000	52,720	127

FY 2010

Total new budget authority requested for Special Benefits is \$2,882,200,000 including a direct appropriation of \$187,000,000, of which \$3,000,000 is for Longshore and Harbor Workers' Compensation. Fair Share funding for DFEC administration is \$58,120,000, and funding for FECA benefits is \$2,637,080,000.

Fair Share funding includes \$4,950,000 in increases for systems operations improvements to reduce operational costs and increase productivity. These include technical upgrades and centralization of the Interactive Voice Response system to improve access for customers and more efficient call handling; development of a Web-based portal to expand automation of receipt of claims for earlier notification of injuries and create central database of new claims information; and consolidation to increase the efficiency of case creation operations.

FECA program activities supported by Fair Share resources will include:

- Periodic Roll Management and Medical Bill Review
- Centralized medical bill processing and medical services authorization;
- Centralized mail intake;
- Continued improvement of basic business processes through improved automation, taking advantage of the capabilities of DFEC's Integrated Federal Employees' Compensation System (iFECS); these efforts include process improvements to the Continuation of Pay (COP) Telephonic Nurse program and improved coordination of the nurse case management and vocational rehabilitation activities.

FY 2009

Total new budget authority for Special Benefits in FY 2009 is \$2,731,800,000 including a direct appropriation of \$163,000,000, of which \$3,000,000 is for Longshore and Harbor Workers' Compensation. Fair Share funding for DFEC administration is \$52,720,000, and \$2,516,080,000 is for benefits.

FECA program activities and strategies in FY 2009 that are supported by Fair Share resources will include:

- PRM case review;
- Implementation of new approaches to revitalize the continuation of pay (COP) Telephonic Nurse program and expand services to Federal agencies to improve disability

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management outcomes and increase return to work;

- Continuation of DFEC's lead role for the Safety, Health and Return to Employment (SHARE) Government-wide initiative to reduce lost production days and increase the average timeliness of Notice of Injury submissions;
- Continued containment of medical costs through centralized medical bill processing, fee schedule adjustments, and monitoring of claims;
- Continued improvement of basic business processes, including full leveraging of modernized automated processing through the Integrated Federal Employees' Compensation System (iFECS); centralized medical services authorization and medical bill processing; expansion of Electronic Data Interchange (EDI); and increasing use of electronic information services.

FY 2008

In FY 2008, the FECA program paid over \$2.7 billion in benefits for work-related injuries or illnesses to 253,669 workers and survivors. Fair Share spending for FECA program administration was \$53,234,476 in FY 2008, and provided funding for several activities to support program operations, improve services and better manage the Compensation Fund expenditures. These activities included: operations and maintenance of the Integrated Federal Employees' Compensation System (iFECS); support for the document imaging system; operation of centralized mail intake and centralized bill processing; maintenance of DFEC's telecommunications system; and Periodic Roll Management (PRM) and Medical Bill Review (MBR).

WORKLOAD SUMMARY			
Special Benefits			
	2008 Actual	FY 2009 Target	FY 2010 Target
Incoming Workload			
Cases Created	134,013	132,000	132,000
Wage-Loss Claims Received	19,187	19,000	19,000
Compensation payments and Medical bills processed 1/	6,042,000	5,800,000	5,800,000
Periodic Payment Cases 2/	50,263	50,000	49,000
Output and Performance Measures			
PERIODIC ROLL MANAGEMENT			
PRM Universe Cases 3/	36,000	35,000	35,000
PRM Final Resolutions 4/	3,109	2,600	2,600
Savings due to adjustments and terminations (000)	\$16,900	\$15,000	\$15,000

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- 1/ Medical bills include both those approved and denied for payment.
- 2/ Includes all long-term disability and fatal cases.
- 3/ Includes only long-term disability cases assigned to PRM review units.
- 4/ Does not include case review resolutions due to death of beneficiary.

Workload Summary

DFEC will continue its PRM strategy to service cases with longer-term or permanent disabilities in an effort to assess continued eligibility for benefits. Long-term case management outcomes are expressed in DFEC's performance goal to reduce compensation benefit costs through its PRM reviews. In FY 2008, directed PRM reviews produced \$16,900,000 in new savings.

OWCP's success in medical cost control results from several administrative steps taken in recent years (centralized bill processing, strengthened review of treatment authorization requests, fee schedules; and stronger automated edits and other controls) – initiatives made possible through Fair Share funding. In FY 2008, the rate of increase in average FECA medical benefit payments rose by 3.2% -- below the national average of 7.6% as reported by the Milliman USA Health Cost Index. The rate of growth in average FECA medical case costs has consistently remained below the growth rate in nationwide costs. FECA's lower growth rate, compared to Milliman, is equivalent to nearly \$30,000,000 annually in lower medical treatment costs since FY 2001.

FY 2005 through 2008 was a period of consolidation of many data processing and work processes in the DFEC program. These include IT system modernization, centralization of mail intake and document imaging, and centralization of medical bill processing. DFEC will need to continue to pursue technology and other solutions to improve efficiency and effectiveness, and meet the DOL strategic goals. Challenges remain in DFEC to expand the capabilities of the new iFECS to improve customer service delivery by further automating or consolidating workload processes and providing claimants and Federal agencies better and fuller access to case and cost information; to improve fiscal integrity by ensuring improved accuracy and timeliness; and developing capabilities, such as data warehousing, with which to effectively integrate budget and performance management. By providing better access to data, both employing agencies and OWCP will be better able to manage workers' compensation costs.

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CHANGES IN FY 2010

(Dollars in Thousands)

Activity Changes

Built-In

To Provide For:

Costs of pay adjustments	212
Personnel benefits	54
GSA Space Rental	12
Other services	74
Working Capital Fund	65
Operation and maintenance of equipment	30
Equipment	3
Built-Ins Subtotal	450

Net Program **5,400**

	Estimate	FTE
Base	52,720	127
Program Increase	5,400	0

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BUDGET AUTHORITY BEFORE THE COMMITTEE							
(Dollars in Thousands)							
	FY 2008 Enacted	FY 2009 Enacted	Diff. FY08 Enacted / FY09 Enacted	Recovery Act	FY 2010		Diff. FY09 Enacted / FY10 Req
					Current Law	Legislative Proposal	
Activity Appropriation	3,000	3,000	0	0	0	3,000	0
FTE	0	0	0	0	0	0	0

Introduction

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

Five-Year Budget Activity History

Fiscal Year	Appropriation	FTE
2005	3,000	0
2006	3,000	0
2007	3,000	0
2008	3,000	0
2009	3,000	0

FY 2010

Priority for this activity will be to continue providing prompt and accurate payment of compensation and related benefits to claimants, pursuant to Section 10(h)(2) of the amended Act. In FY 2010, the Federal share of required payments will be \$3,000,000 which will include the increase necessary for the annual October weekly wage adjustment.

FY 2009

In FY 2009, the Federal share of required payments will be \$3,000,000 which will include the increase necessary for the annual October weekly wage adjustment.

FY 2008

The Longshore program continued to provide prompt and accurate payment of compensation and related benefits to claimants, pursuant to Section 10(h)(2) of the amended Act. In FY 2008, the Federal share of required payments was \$2,303,000.