

GAO

Report to the Ranking Minority Member,
Subcommittee on Federal Services, Post
Office, and Civil Service, Committee on
Governmental Affairs, U.S. Senate

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FEDERAL WORKFORCE

Federal Employees' Compensation Act Cost Growth and Workplace Safety



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The Honorable Ted Stevens
Ranking Minority Member, Subcommittee on
Federal Services, Post Office, and Civil Service
Committee on Governmental Affairs
United States Senate

Dear Senator Stevens:

This report responds to your request that we examine the reasons for cost growth in the Federal Employees' Compensation Act (FECA) program, describe the cost containment efforts being taken by certain federal agencies, and identify the trend in federal workplace safety.

We will send copies of the report to interested parties and make copies available to others upon request.

Sincerely yours,

 Rosslyn S. Kleeman
Associate Director

Executive Summary

Purpose

The Federal Employees' Compensation Act (FECA), passed in 1916, established a program to compensate federal employees who become injured or disabled on the job. Payments under the program exceeded \$1 billion in the 12-month period ended June 30, 1987.

Senator Ted Stevens, Ranking Minority Member, Subcommittee on Federal Services, Post Office, and Civil Service, Senate Committee on Governmental Affairs, expressed concern about program costs and the number of employee injuries and requested GAO to

- determine the real growth in FECA costs after adjusting for inflation,
- describe the efforts federal agencies are making to control program costs, and
- identify the trend in federal workplace safety as measured by the incidence of work-related injuries and illnesses.

Background

The FECA program compensates employees when they are injured on the job or contract a work-related occupational disease. FECA provides compensation for lost wages; awards for specific injuries; survivor benefits; and reimbursement for medical services, vocational rehabilitation, and other related expenses.

The Department of Labor's Office of Workers' Compensation Programs administers the FECA program and charges the costs of benefit payments back to employing agencies. Benefits for 226,300 employees or their survivors amounting to about \$1.1 billion were charged back to employing agencies for the year ended June 30, 1987. Before FECA payments start, employing agencies are required to continue paying employees their full salaries for up to 45 calendar days after they sustain work-related injuries.

Results in Brief

During the period 1979 to 1987, annual FECA costs increased from about \$603 million to \$1,070 million. In real terms (adjusted for inflation), the costs grew by 13 percent from \$603 million to \$682 million. As Labor reduced case backlogs, large retroactive benefit payments accounted for much of the real cost growth. Lump sum payments could have been a cause for some of the real increase. Year-to-year variations in these payments would affect any analysis of real cost growth, but Labor had no data on the total amount of these payments.

Federal agencies are using a wide range of methods to contain the cost of the FECA program, including rehabilitating and rehiring injured employees and improving workplace safety. The incidence rate of work-related injuries and disabilities in the federal workplace declined about 32 percent from 1979 to 1987.

GAO's Analysis

Reasons for Cost Increases

The cost of the federal workers' compensation program increased 78 percent from 1979 to 1987. However, when stated in constant 1979 dollars, the program costs increased only 13 percent during the 9-year period. The cost increase occurred during the time Labor was reducing a large backlog of cases that had accumulated. Labor officials believe the backlog reduction caused the real increase in program costs. GAO's review was limited to the period from 1979 to 1987 because complete data were unavailable for earlier periods. (See pp. 12 to 13.)

Lump sum FECA payments could distort any analysis of real cost growth. Under provisions of FECA, the government's liability to compensate permanently disabled employees for lost wages can be discharged by lump sum payments equal to the present value of future lifetime benefits. Because there is no requirement to do so, Labor did not track the lump sum payments but acknowledged that they could be as much as \$500,000 for individual beneficiaries. (See pp. 13 to 14.)

Cost Containment Efforts

Labor and the five other federal agencies GAO visited have programs to contain FECA costs. Labor's efforts include rehabilitating injured workers and doing computer matches to identify ineligible FECA beneficiaries. The five other agencies are rehiring injured workers and trying to prevent injuries by using techniques such as evaluating managers on their safety performance and investigating accidents. Two of the agencies also distribute FECA costs back to the lowest management level possible for greater awareness and accountability. Under this program, FECA costs become a part of local managers' budget allocations for carrying out their functions. (See pp. 15 to 20.)

Workplace Safety

According to statistics compiled by Labor's Occupational Safety and Health Administration, the trend in work-related injuries and illnesses in

the federal workplace is downward. From 1979 to 1987, the incidence of work-related injuries and illnesses among each 100 federal employees declined from 7.3 to 5.0, or 32 percent. Incidence rates in local governments and the private sector have also decreased since 1979 but increased in state governments. (See pp. 21 to 22.)

Recommendations

GAO is not making recommendations in this report.

Agency Comments

Department of Labor officials involved with the FECA program reviewed the report and generally agreed with the facts presented.

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Abbreviations

BLS	Bureau of Labor Statistics
COP	continuation of pay
FECA	Federal Employees' Compensation Act
GAO	General Accounting Office
GNP	Gross National Product
OPM	Office of Personnel Management
OSHA	Occupational Safety and Health Administration
OWCP	Office of Workers' Compensation Programs
TVA	Tennessee Valley Authority

Introduction

The Federal Employees' Compensation Act (FECA) was enacted in 1916 to compensate federal civilian employees who suffer traumatic injuries or contract occupational diseases on the job. It provides workers' compensation coverage to about 3.1 million federal workers.¹ FECA provides nontaxable payments as compensation for lost wages, awards for specific injuries, and survivor benefits, as well as reimbursement for medical services, vocational rehabilitation, and other related expenses. The Department of Labor's Office of Workers' Compensation Programs (OWCP) administers the FECA program through its headquarters and 13 district offices.

FECA has been amended several times since it was enacted, primarily to increase benefits to covered employees. The last major change, the Federal Employees' Compensation Act Amendments of 1974 (Public Law 93-416), required federal agencies to provide continuation of pay (COP) at full salary to injured employees for up to 45 calendar days, while OWCP adjudicates any claim for compensation. Other provisions of these amendments (1) permitted partially disabled employees to earn money in conjunction with vocational rehabilitation programs without loss of benefits and (2) allowed injured or disabled federal employees to obtain medical care from private physicians and hospitals of their choice rather than requiring them to use federal medical personnel and facilities where available.

OWCP pays FECA benefits from the Employees' Compensation Fund. The agencies for whom the employees worked when they were injured or disabled reimburse the fund from their appropriated funds or operating revenues. These reimbursements cover payments made to employees and their survivors and for medical services and other expenses resulting from injuries and disabilities that occurred after December 1, 1960.² OWCP bills agencies annually for the amounts they owe the fund. The chargeback billings cover a 12-month expense period from July 1 to June 30 of each year.

For expense period 1987, OWCP charged back about \$1.1 billion to the employing agencies for benefits provided to 226,300 employees or their

¹ FECA coverage is limited to federal employees. All states have workers' compensation statutes that govern the insurance coverage other employers must provide for their employees' work-related injuries and disabilities.

² Public Law 86-767, dated September 13, 1960, required Labor to bill the agencies annually for the total cost of benefits paid to their employees during the preceding year as a result of injuries and disabilities occurring after December 1, 1960. Congress wanted to bring the cost of compensation to the attention of the agency officials.

survivors. About 66,600 employees or their survivors were receiving monthly compensation for lost wages. In addition, OWCP paid about \$60 million during fiscal year 1987 for benefits associated with pre-December 1960 injuries and disabilities. Employing agencies also paid \$58 million in COP to about 72,500 employees during fiscal year 1987. As of June 30, 1987, a backlog of 11,609 unadjudicated cases, which OWCP considers to be a normal working inventory of cases, existed. See appendix I for a description of how employees' claims are adjudicated.

During 1987, 82 percent of the benefits paid to employees injured after 1960 was the result of traumatic injuries and 18 percent was the result of occupational diseases. According to OWCP, traumatic injuries are those caused by an event or series of events occurring within a single day or work shift. OWCP defines occupational diseases as illnesses caused by systemic infections; continued or repeated stress or strain; or exposure to toxins, poisons, or fumes.

To compensate totally disabled employees for lost wages, FECA provides three-fourths of an employee's gross salary if there are one or more dependents, or two-thirds of gross salary if there are no dependents. For partially disabled employees, FECA provides either two-thirds or three-fourths of the difference between their wages before the injury and their after-injury earnings. Partially disabled employees who refuse to seek suitable work or refuse to work after suitable work is offered to them are not entitled to compensation. If the employee's work-related injury or disability results in death and there are no children, the surviving spouse will receive monthly compensation at the rate of 50 percent of the employee's salary. If there are children, the surviving spouse will receive monthly compensation at the rate of 45 percent of the decedent's salary. The spouse will also receive an additional 15 percent for each child up to a total of 75 percent of the salary. If an employee's death is not the result of the work-related injury or disability, the survivors are not entitled to FECA benefits.

FECA compensation payments are nontaxable and are periodically adjusted for cost-of-living increases as reflected by the Consumer Price Index.³ Since the beginning of expense period 1979, 12 cost-of-living

³Beginning in 1981, cost-of-living adjustments were made effective on March 1 of each year to equal the annual percentage change in the price index published for the preceding December over the price index published for December of the prior year. For example, the 4.5 percent adjustment on March 1, 1988, was based on the increase in the price index from December 1986 to December 1987. Before 1981, the adjustments were based on monthly increases in the price index.

adjustments have been granted ranging from 0.7 to 8.7 percent. (See table 1.1.)

Table 1.1: FECA Cost of Living Adjustments

Effective date ^a	Percent
11/1/78	4.9
5/1/79	5.5
10/1/79	5.6
4/1/80	7.2
9/1/80	4.0
3/1/81	3.6
3/1/82	8.7
3/1/83	3.9
3/1/84	3.3
3/1/85	3.5
3/1/87	0.7
3/1/88	4.5

^aA cost-of-living adjustment of 3.6 percent was due on March 1, 1986, but was not given because of the Balanced Budget and Emergency Deficit Control Act of 1985 (the Gramm-Rudman-Hollings legislation).

Objective, Scope, and Methodology

We reviewed the FECA program at the request of Senator Ted Stevens, Ranking Minority Member, Subcommittee on Federal Services, Post Office, and Civil Service, Senate Committee on Governmental Affairs, because of his concerns about the growth in program costs and the number of injured employees. After discussions with the requester, we agreed to report on (1) the real growth in FECA costs after adjusting for inflation, (2) the efforts federal agencies were making to control program costs, and (3) the trend in federal workplace safety as measured by the incidence of work-related injuries and illnesses.

We obtained the FECA chargeback costs for expense periods 1979 through 1987 from OWCP officials. Complete data were not available for periods before 1979. To adjust FECA compensation costs for inflation, we applied the quarterly Gross National Product (GNP) implicit price deflator for federal purchases of nondefense goods and services to the nominal (current dollar¹) compensation chargeback costs for each year. We adjusted the nominal chargeback costs for medical expenses each year using the medical component of the monthly Consumer Price Index. The deflator series covered calendar years while the chargeback data were

¹The Bureau of the Census defines "current dollars" as "the dollar amounts that reflect the value of the dollar at the time of its use."

available for expense periods (July to June). Using the GNP price deflator and Consumer Price Index, we constructed a deflator series for the expense periods and determined the costs for all expense periods in 1979 dollars. We discussed the results of our analysis with OWCP officials, and they agreed with our methodology. We did not assess the reliability or accuracy of the chargeback costs provided by OWCP.

To identify cost containment measures being taken by employing agencies, we judgmentally selected five agencies that employ over 1.2 million workers, or 40 percent of the federal civilian workforce. We selected these agencies because OWCP officials said they were making efforts to contain FECA costs. We interviewed officials about what they do to control FECA costs and gathered supporting documentation at these agencies. We did not verify the savings agency officials attributed to their cost containment efforts. The five agencies were the Postal Service; the Departments of the Air Force, Agriculture, and Commerce; and the Tennessee Valley Authority (TVA). We discussed program cost controls with OWCP officials at the National Office and the district office in Washington, D.C., and with three private rehabilitation counselors under contract with OWCP. We also reviewed applicable OWCP regulations and procedures.

To get data on the safety of the federal workplace, we gathered statistics from the Occupational Safety and Health Administration (OSHA) on the frequency with which federal employees were injured or disabled on the job from 1979 to 1987. We obtained similar statistics on employees of state and local governments and private sector companies from the Bureau of Labor Statistics (BLS). We discussed the information with OSHA and BLS officials, but did not verify the reliability or accuracy of the statistics provided to us or ascertain the reasons for changes in the incidence of work-related injuries and illnesses over time.

We gave the officials from the various agencies we visited an opportunity to review the facts presented in this report and made the minor changes that they suggested. We made our review between April 1987 and April 1988 in accordance with generally accepted government auditing standards.

FECA Costs

FECA chargeback costs increased from about \$603 million in expense period 1979 to \$1,070 million in 1987, an increase of 78 percent. In constant 1979 dollars, costs grew 13 percent over the 9-year period. OWCP officials believe that the real cost growth was attributable to the reduction in the backlog of unadjudicated FECA cases. Part of the cost increase may also have been caused by lump sum FECA payments. Year-to-year variations in lump sum payments would affect any analysis of real cost growth, but OWCP had no data on these payments.

Cost Growth in Constant Dollars

As shown in table 2.1, \$80 million of the \$467 million increase in FECA chargeback costs from 1979 to 1987 was real growth after discounting for inflation. The changes in the total number of FECA beneficiaries and the number of employees receiving compensation for lost wages were relatively small during this period. OWCP provided FECA benefits to 241,600 employees or their survivors in 1979, and 226,300 in 1987, whereas, the number of employees receiving compensation for lost wages increased from 65,500 to 66,600.

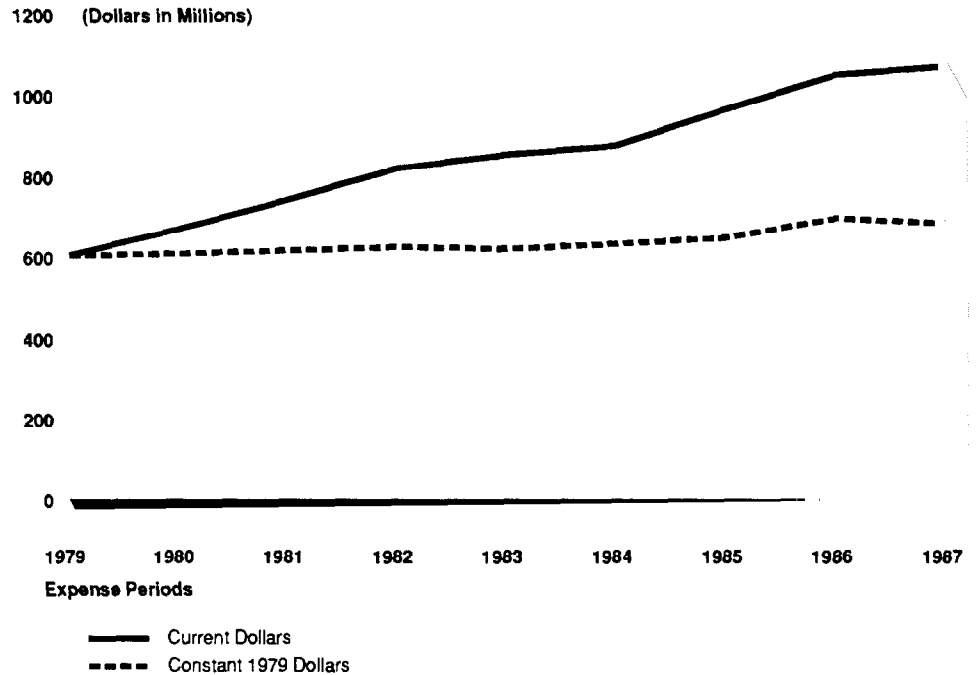
Table 2.1: FECA Cost Growth

Dollars in millions			
Expense period	Cost increase over previous period	Increase due to inflation	Real cost growth
1980	\$65	\$60	\$4 ^a
1981	74	66	8
1982	79	70	9
1983	34	39	-5
1984	22	10	13 ^a
1985	88	74	15 ^a
1986	84	36	48
1987	21	34	-13
Total	\$467	\$388^a	\$80^a

^aBecause of rounding, the rows and columns do not balance.

Total FECA costs in current dollars and constant 1979 dollars are shown in figure 2.1.

Figure 2.1: Total FECA Chargeback Costs (Current and Constant Dollars)



Case Backlog Reductions

OWCP officials believe that the real cost growth was the result of reducing the backlog of unadjudicated FECA cases. At any one time, OWCP has a number of employee benefit claims on hand awaiting adjudication. From 1981 to 1987, the number of cases in backlog status decreased from 39,059 to 11,609. The number of cases in the backlog at the end of expense periods 1979 and 1980 was not available. The director of the FECA program said that some claimants whose claims were approved after being unadjudicated for a number of years, were paid large retroactive payments of \$75,000 to \$80,000 when they were added to the FECA rolls.

Lump Sum Payments

Another reason for the real increase in FECA costs may be the lump sum benefit payments. Under the FECA law, the government's liability for compensation to a beneficiary in the case of death or permanent disability can be discharged by a lump sum payment if

- the monthly payment to the beneficiary is less than \$50,

- the beneficiary is or is about to become a nonresident of the United States, or
- the Secretary of Labor determines that such payment is in the best interest of the beneficiary.

The law provides that the lump sum payment to an employee is to be equal to the present value of lifetime benefits. The lump sum payment to a surviving widow or widower may not exceed 60 months' compensation.

Because there is no requirement, OWCP does not track lump sum payments. Agency officials said they could not readily provide us with data on the total number of lump sum payments annually or the amounts of those payments. They said the payments often were in the \$250,000 to \$500,000 range, but believed they were relatively few in number. They provided documentation on 26 cases where lump sum payments totaling \$5.7 million had been approved in expense periods 1984 through 1987. Included in this total were 17 lump sum payments made at the request of the Department of Transportation, to discharge its liability for compensation claims when it transferred ownership of the Alaska Railway to the state of Alaska. Because of the possibilities of large lump sums being paid out of the fund in any given year, comparisons of year-to-year real cost growth in the FECA program can be distorted.

FECA Cost Containment Efforts

OWCP and the five agencies we visited are making efforts to contain FECA costs. OWCP's efforts to contain FECA costs included revising the regulations to allow for suspending or terminating COP under certain circumstances, rehabilitating FECA beneficiaries so they can return to gainful employment, and making computer matches with retirement system records to identify ineligible FECA beneficiaries. The five employing agencies we visited were involved in containing FECA costs by rehiring employees who are receiving compensation payments, distributing FECA costs back to the lowest management level possible for greater accountability, monitoring COP, and making the workplace safer.

FECA Regulations Revised

OWCP revised the FECA regulations in June 1987 to allow employing agencies to suspend COP if the employee does not provide medical evidence of a disabling traumatic injury within 10 working days of claiming COP. An agency must terminate COP in cases where (1) the employee's period of employment ends, provided the date of the termination was established before the injury occurred or (2) the employee refuses employment in a position that would accommodate the injury and may suspend COP when the employee refuses a medical examination ordered by OWCP.

The June 1987 regulatory revisions attempted to contain FECA costs in four other areas. First, the new regulations allow OWCP to reduce beneficiaries' monthly compensation for lost wages when they refuse to participate in the early stages of vocational rehabilitation, such as interviews, counseling, testing, and work evaluations. Second, the beneficiary must provide information on income, assets, expenses, and any additional information OWCP may require within 30 days of requesting a waiver of an overpayment. Third, OWCP will not reimburse beneficiaries for medical bills received more than 1-year beyond the calendar year in which the expense was incurred. Finally, OWCP will not review its decision to deny or to terminate a FECA benefit unless the claimant's request for reconsideration is made within 1 year of the date of the decision (except for obvious errors).

Rehabilitating FECA Beneficiaries

If beneficiaries are medically stable and able to work at least 4 hours a day, OWCP can direct them to undergo vocational rehabilitation. OWCP can terminate the monthly compensation for lost wages for those beneficiaries who refuse to do so. However, OWCP officials could not readily provide data on how often they had terminated or reduced compensation benefits for this reason.

Vocational rehabilitation consists of job counseling and placement assistance, testing to determine the employee's capability for work, and training to develop new job skills. OWCP screens beneficiaries to determine whether rehabilitation services might help them return to work. If so, OWCP refers them to private rehabilitation counselors or state rehabilitation agencies.

The cost of providing rehabilitation services increased from \$3.9 million in fiscal year 1982 to \$7.6 million in 1987. (See table 3.1.) This cost, which was charged back to the employing agencies, consisted primarily of payments to private rehabilitation counselors. Within OWCP, 24 full-time employees screen and refer FECA beneficiaries for rehabilitation services. OWCP contracted with private counselors to provide vocational rehabilitation services at a cost generally not to exceed \$5,000 over a period of up to 2 years for each participant. State vocational agencies are also used to provide training and counseling and to evaluate FECA beneficiaries. In fiscal year 1987, 842 of 5,760 beneficiaries who received rehabilitation returned to work.

Table 3.1: Vocational Rehabilitation

Fiscal year	Program cost	Beneficiaries	
		Provided rehabilitation services	Returned to work
1982	\$3.9	3,420	825
1983	4.0	3,980	842
1984	4.2	3,383	695
1985	4.7	3,463	647
1986	5.5	3,574	622
1987	7.6	5,760	842

Rehabilitation Pilot Project Underway

In October 1986, OWCP began a vocational rehabilitation pilot project to identify a "model system" that would increase the number of employees receiving vocational rehabilitation services. The main objective was to determine whether realigning responsibilities within OWCP and/or using private rehabilitation counselors to do some duties previously done by OWCP would increase the number of employees returned to work. OWCP believed that realigning responsibilities would result in an increase in the number of cases screened and employees provided rehabilitation services and reduce the amount of time from the injury to the provision of services.

Although OWCP completed the pilot project in October 1987, final conclusions had not been drawn when we completed our field work in April 1988.

Making Computer Matches

Federal employees may be eligible for disability retirement benefits as well as benefits from FECA.¹ However, they are not allowed to receive benefits simultaneously from both programs. They may apply for benefits under both programs, but if their applications are approved, they must select the program in which they wish to participate. Periodically, OWCP makes computer matches with the Office of Personnel Management (OPM), which administers the retirement systems, to identify any FECA beneficiaries who are also inappropriately receiving retirement benefits. In December 1987, we reported that computer matches made in 1983, 1985, and 1986 identified over \$1.1 million in FECA payments to beneficiaries who were also receiving retirement annuities.² Incorrect FECA payments that were identified through the matches were tracked and collected through the FECA debt collection process. OWCP officials told us that they plan to conduct matches annually in the future.

Employing Agencies' FECA Cost Containment Efforts

We visited five employing agencies to review their FECA cost containment efforts. These agencies used various methods to control FECA costs including rehiring FECA beneficiaries, distributing FECA costs to the lowest level of management, monitoring COP, and making the workplace safer. OWCP identified monitoring COP and reemploying beneficiaries as the mechanisms that can most effectively be used to control costs.

Rehiring Injured Employees

All five agencies had reemployment programs that were generally targeted at beneficiaries who had received FECA benefits for 60 days or more. Since September 1978, all of the agencies, except the Air Force, had entered into memorandums of understanding with OWCP to assist them in carrying out their reemployment programs. Agency officials said the memorandums provide guidance to agency and OWCP staff. Although the Air Force officials work with OWCP like the other agencies, they said they did not need a memorandum of understanding.

¹Under the civil service and the new federal employees retirement systems, employees with 5 years or 18 months of service, respectively, are entitled to disability retirement if a disease or injury prevents them from providing useful and efficient service at their current grade in the same agency and commuting area.

²ADP Internal Controls: Actions to Correct Systems Weaknesses for Federal Employees' Compensation, GAO/IMTEC-88-9 (Dec. 22, 1987).

Under the memorandums of understanding, OWCP agreed to (1) determine whether beneficiaries could return to work, (2) refer beneficiaries to rehabilitation counselors, and (3) approve employing agencies' job offers to reemploy beneficiaries. Generally, the employing agencies agreed to assist OWCP in identifying potentially reemployable beneficiaries, make suitable job offers to these individuals, and reemploy them.

Since beginning its reemployment program in 1979, the Postal Service returned nearly 5,000 beneficiaries to either full- or part-time employment resulting in annual savings estimated by Postal Service officials to be about \$63 million. To encourage rehiring, the Postal Service used separate labor distribution codes to account for rehired injured employees so their time was not charged against various measurements of line managers' productivity.

Agriculture officials said they reviewed FECA case files with OWCP to identify beneficiaries who might be reemployable and obtained 500 full-time equivalent positions from the Office of Management and Budget to use for employing FECA beneficiaries during fiscal years 1985 through 1987. Agriculture officials estimated that its reemployment program reduced FECA costs by approximately \$14 million annually.

Under its memorandum of understanding with OWCP, TVA also provided employees with rehabilitation services by its staff counselors. A TVA official said 336 employees had returned to work since the start of its reemployment program in 1984, resulting in an estimated annual savings of \$3.4 million. For expense period 1987, OWCP charged TVA for FECA benefits provided to about 3,700 beneficiaries.

The Department of Commerce, as part of a pilot reemployment project that began in April 1986, reviewed cases to identify beneficiaries who may be reemployable. Since the project began, eight employees were removed from the FECA rolls and six employees were reemployed resulting in a cumulative savings of \$151,206.

Air Force officials said they reviewed cases to identify beneficiaries who may be able to return to work and restructured jobs or retrained the employees in order to return them to work. In addition, the Air Force implemented a program in January 1987 that authorized specific funding and staff years for managers to use in rehiring long-term beneficiaries. As of March 1988, the Air Force had rehired 49 employees as a result of its reemployment program.

Distributing Costs to the Lowest Management Level

To make all levels of agency management more aware of and accountable for the cost of the FECA program, Agriculture and the Postal Service established programs to distribute the cost back to local managers. Under these programs, FECA costs became a part of local managers' total budget allocations for carrying out their functions. Agriculture officials said its program provided local managers an incentive to rehire injured workers. Agriculture officials also said they also held the managers accountable for activities that might cause injuries or disabilities and for initiating and monitoring rehabilitation efforts. Agriculture reported that its program resulted in fewer new cases and in a reduction in the average lost work time per case.

Monitoring Continuation of Pay

Three of the agencies we visited—Commerce, Postal Service, and TVA—monitored COP. Monitoring COP included determining how many days employees spent on COP and its cost, providing light duty assignments consistent with employees' ability to work, maintaining contact with injured workers, and monitoring their medical conditions.

Commerce officials said they contacted employees often during the first 3 to 6 weeks after their injuries and discussed with the employees' physicians the type of work done before their injuries and the modifications needed to return them to work within their current physical limitations. Postal officials said they placed about 25,000 employees in light duty assignments annually. In fiscal year 1987, TVA officials said they returned 274 employees to light duty work during their recoveries.

Reducing and Preventing Injuries

All five agencies had taken steps to reduce or prevent injuries to their employees. A Postal Service official said line managers were evaluated quarterly on their safety performance. The Postal managers also had annual goals to reduce lost workdays caused by injuries by 10 percent and to reduce motor vehicle accidents by 10 percent. The Postal Service reported to Labor that during 1987, it developed or implemented several safety and health training programs to make supervisors aware of their safety responsibilities and provided them with information and techniques on investigating, documenting, and preventing accidents.

An Agriculture official said they test employees who may be exposed to poison ivy and poison oak to determine whether they will have a severe reaction and try to avoid putting these employees in situations where they will be exposed to these plants. They also developed a leg and ankle covering to reduce cuts to employees who use chain saws. High

risk tasks such as roadway construction were contracted out to private industry specialists.

The number of injuries sustained by Commerce employees decreased from 875 in 1986 to 808 in 1987. Commerce officials attributed the reduction, in part, to their safety program under which the work areas were inspected for hazardous conditions and accidents were investigated. Air Force officials said they started identifying the causes and locations of injuries in the summer of 1987. Air Force officials also said that safety enhancement is included as one of the requirements in supervisors' performance standards. The Air Force has also established working groups at the installation level that meet at least quarterly and discuss issues such as injury trends and reemployment efforts. These groups are composed of representatives from personnel, safety, and the medical facilities.

A TVA official said line managers and employees are involved in maintaining the safety of the workplace. Line managers are provided monthly reports on the locations and causes of accidents, incidence rates for recordable injuries and motor vehicle accidents, and lost workdays resulting from injuries. Employees' committees were established to facilitate communication on safety issues between management and employees.

Safety in the Federal Workplace

According to data compiled by OSHA, the federal government's incidence of work-related injuries and illnesses per 100 workers declined about 32 percent from 1979 to 1987. BLS collected similar but not comparable data from state and local governments and the private sector. Incidence rates in local governments and the private sector have gone down since 1979 but increased in state governments.

Injury and Illness Incidence Rates

OSHA uses the total injury and illness case incidence rate¹ to measure federal agencies' performance. The 32-percent reduction represented the change between the total case incidence rate of 7.3 in 1979 and 5.0 in 1987. In addition, OSHA calculated a lost time case incidence rate² for the federal government to determine the frequency of more serious injuries that require an absence from work beyond the day of the injury. The lost time case incidence rate declined from 3.8 in 1979 to 2.4 in 1987, a 37-percent reduction. An explanation of how the rates were calculated is included in appendix II.

BLS calculates total injury and illness case incidence rates for state and local governments in the 23 states that have OSHA approved occupational safety plans and for the private sector by surveying approximately 280,000 businesses in 10 different industries. BLS also calculates lost workday case incidence rates for the state and local governments and the private sector similar to OSHA's lost time case incidence rates for federal agencies, except that BLS includes days of restricted work activities in addition to the days away from work used by OSHA. Therefore, the BLS and OSHA calculations cannot be directly compared.

Because (1) the incidence rates were computed differently (see app. II.); (2) the definitions of lost time and lost workday cases differed; and (3) the occupational groups comprising the various sectors may differ, sector-to-sector comparisons are not meaningful. Comparisons of trends within each sector are meaningful. Of the total injury and illness case incidence rates for the federal, state, and local governments and the private sector from 1979 to 1987, only the federal government rates declined steadily. In contrast, state governments' rates increased. Local governments' incidence rates fluctuated, but the net result was a decrease. The rates for the private sector declined every year except

¹The total case incidence rate is the total number of injuries and disabilities each year per 100 workers.

²The lost time case incidence rate is the number of cases involving days away from work beyond the day of the injury per 100 employees.

1984. Tables 4.1 and 4.2 show that the lost time and lost workday case incidence rates generally followed the same pattern as the total injury and illness case incidence rates.

Table 4.1: Total Injury and Illness Case Incidence Rates Per 100 Workers

Year^a	Federal government	State governments^b	Local governments^b	Private sector
1979	7.3	6.0	9.6	9.5
1980	7.0	6.1	9.5	8.7
1981	6.5	6.4	9.0	8.3
1982	6.1	6.4	9.0	7.7
1983	5.8	6.5	8.6	7.6
1984	5.8	6.6	9.1	8.0
1985	5.7	6.9	9.2	7.9
1986	5.3	6.9	9.2	7.9
1987	5.0	^c	^c	^c

^aAll incidence rates are based on calendar years except the federal workplace rates for 1984 through 1987 which are based on fiscal years.

^bThese rates represent the average of the incidence rates for the state and local governments in 22 states from 1979 to 1983 and 23 states from 1984 to 1986.

^cThese rates had not been determined at the time of our review.

Table 4.2: Lost Time/Lost Workday Case Incidence Rates Per 100 Employees

Year^a	Federal government	State governments^b	Local governments^b	Private sector
1979	3.8	2.9	4.8	4.3
1980	3.2	3.0	4.7	4.0
1981	3.0	3.1	4.3	3.8
1982	3.1	3.0	4.3	3.5
1983	3.0	3.3	4.1	3.4
1984	2.9	3.4	4.4	3.7
1985	2.7	3.5	4.4	3.6
1986	2.6	3.5	4.3	3.6
1987	2.4	^c	^c	^c

^aAll incidence rates are based on calendar years except the federal workplace rates for 1984 through 1987 which are based on fiscal years.

^bThese rates represent the average of the incidence rates for the state and local governments in 22 states from 1979 to 1983 and 23 states from 1984 to 1986.

^cThese rates had not been determined at the time of our review.

How FECA Claims Are Adjudicated

The employee, the physician chosen by the employee, the employing agency, and OWCP play major parts in the adjudication of a FECA claim. For traumatic injuries, the employee reports the injury to the supervisor at the employing agency, and the supervisor immediately authorizes payment for the initial medical care that is obtained by the employee. The employee may choose the physician. The employee then prepares a written report of the injury and elects to use COP or take annual or sick leave. The supervisor completes the report and provides it to OWCP if the employee incurs medical expenses or loses time from work beyond the date of the injury. After reviewing the report, employing agency officials decide whether to question the employee's claim for COP. If the agency questions the claim, it must submit a written report to OWCP for adjudication, but continue the employee's regular pay, except under certain conditions, until the COP claim is adjudicated.

If the claim for COP is not questioned, the employing agency forwards it to OWCP and continues to pay the employee's regular salary for up to 45 calendar days. The treating physician describes the functions of the employee's regular work that must be restricted, and as soon as possible, the agency should return the employee to light duty or to the former or a similar position. If the disability is likely to continue beyond the 45 days of COP, the employee files a claim for continuing compensation with OWCP. This claim includes input from the employing agency including whether the employee was injured in the performance of duty; whether the injury was caused by the employee's willful misconduct, intoxication, or intent to injure self or others; whether injury was caused by a third party, comments on the employee's statement of facts; and whether the employer has reason to question the claim.

OWCP reviews and adjudicates the claim based on whether (1) the 3-year statutory time requirement for notification was met, (2) the employee was a civilian federal employee, (3) the employee sustained an injury, (4) employee was in performance of duty when the injury occurred, and (5) a causal relationship between the injury and the employee's condition was established. While the employing agency has no appeal rights, the employee can appeal an OWCP decision to the Department of Labor's Employees' Compensation Appeals Board. The Board is in the Department of Labor but is separate from OWCP. Decisions of the Board are final, and the employee has no recourse in the federal or state courts.

Appendix I
How FECA Claims Are Adjudicated

With two exceptions, the process differs only slightly for occupational diseases. An employee who contracts an occupational disease is not entitled to either (1) initial medical care approved by the supervisor at the employing agency or (2) COP as in the case of a traumatic injury.

Calculation of Federal Injury/Illness and Lost Time/Lost Workday Incidence Rates

OSHA and BLS use the same definitions of occupational injuries and disabilities for the federal, state, and local governments, and private industry. Before 1984, they also used the same method to calculate annual incidence rates, and all data were furnished by the employers. The method for calculating incidence rates was as follows:

$$\frac{\text{No. of injury/illness cases}}{\text{No. of employee hours worked}} \times 200,000 = \text{total case incidence rate per 100 employees}$$

$$\frac{\text{No. of lost workday cases}}{\text{No. of employee hours worked}} \times 200,000 = \text{lost workday case incidence rate per 100 employees}$$

The 200,000 factor represented the number of hours worked by 100 full-time workers assuming 40 hours each week, 50 weeks a year.

In 1984, OSHA stopped getting data from employing agencies and began obtaining the number of injury and disability cases and lost time cases from OWCP and the average number of full- and part-time workers from OPM. OSHA then calculated the federal government's incidence rates as shown below:

$$\frac{\text{No. of injury/illness cases}}{\text{Average no. of workers}} \times 100 = \text{total case incidence rate per 100 employees}$$

$$\frac{\text{No. of lost time cases}}{\text{Average no. of workers}} \times 100 = \text{lost time case incidence rate per 100 employees}$$

The 100 factor represents 100 workers.

OSHA recomputed the pre-1984 federal incidence rates using the new methodology, and we used these recomputed rates in constructing tables 4.1 and 4.2. On average, the recomputed total injury and illness incidence rates were higher than the original rates by 0.4, or 4 accidents per 1,000 workers. The recomputed lost time case incidence rates were higher on average than the original rates by 0.2 (2 accidents per 1,000 employees) for 1979, 1982, and 1983. OSHA did not recompute the lost time case incidence rates for 1980 and 1981 because the number of lost time cases was not available.

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