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Subject: *Federal Employees' Compensation Act: Benefits for Retirement-Age Beneficiaries*

In 2010, the Federal Employees' Compensation Act (FECA)[1] program paid approximately $2.8 billion in total cash and medical benefits to federal employees who sustained injuries or illnesses while performing federal duties; about $1.9 billion of that was for cash benefits.[2] U.S. Postal Service (USPS) has the largest number of FECA beneficiaries. The Department of Labor (Labor), which oversees the program, categorizes FECA beneficiaries into groups based on their ability to work, length of time receiving benefits, and type of injury. There are some beneficiaries who have been receiving benefits for longer than 90 days, and are completely unable to work. We refer to this group as long-term, full-time beneficiaries. Because there are no time or age limits for receiving FECA benefits, long-term, full-time beneficiaries include people at or older than retirement age.

We examined (1) the characteristics and associated compensation costs of long-term, full-time FECA beneficiaries, for USPS and non-USPS employees; (2) how wage compensation benefits for retirement-age, long-term, full-time FECA beneficiaries compare with federal retirees' annuities (not including USPS employees); and (3) the experiences of states that limit state workers' compensation benefits for workers at retirement age. For the first question, we could include USPS employees because Labor provided us with data on FECA beneficiaries for all federal agencies, including USPS. However, we could not include USPS employees in answering the second question. Our analysis required determining the work histories for FECA beneficiaries and retired annuitants, using an Office of Personnel Management (OPM) database to obtain these work histories. USPS employees are not included in the OPM database.[3] We subsequently obtained data from USPS; however, the data were missing a significant amount of information necessary to determine the work histories of USPS

[1]Codified at 5 U.S.C.§ 8101 et seq.

[2]Cash benefits are paid for lost wages, loss of, or loss of use of, a body part or function (schedule awards), and death of an employee as a result of a workplace injury (survivor benefits). Schedule awards and survivor benefits can be in addition to any benefits payable for lost wages. The total for cash benefits includes amounts for long-term, full-time benefits; short-term benefits; part-time benefits; schedule awards; and survivor benefits.

[3]USPS employees are not included in OPM's Central Personnel Data File (CPDF) because USPS does not report personnel data to OPM.

employees for the years covered by our analysis.[4] According to USPS officials, they changed data systems in 1995 and some key data were not available.

To determine characteristics and compensation costs of long-term, full-time FECA beneficiaries, we analyzed data from the Department of Labor's FECA claimant database for chargeback year 2010.[5] (References to FECA data in 2010 from this point forward refer to the chargeback year.) We conducted this analysis for these FECA beneficiaries, using their full retirement age as set forth in the Social Security Act.[6] To compare FECA benefit levels with federal retirees' annuities, we conducted an analysis of retirees who were at least 55 years old and long-term, full-time FECA beneficiaries of the same age who did not work for the USPS who were covered by the Civil Service Retirement System (CSRS) in 2010.[7] We focused on this age group of FECA beneficiaries because the minimum age of retirement eligibility under CSRS is 55 years old and using the lower age increased the number of individuals we could include in our analysis. We compared the FECA benefits to the annuities of federal retirees who were similar in terms of demographics, agencies they worked for, occupations, retirement plans, incomes prior to injury or retirement, and years of federal service at the point of the FECA beneficiaries' date of injury. The analysis did not distinguish between FECA beneficiaries who have no dependents, and received 66-2/3 percent of their preinjury salaries and those beneficiaries with dependents who received 75 percent of their preinjury salaries. Because FECA benefits are not taxed, and in order to make those benefits comparable to annuities that are taxed, our analysis accounted for the effects of federal and state income taxes on retirees' annuities.[8] Our comparison did not include individuals receiving part-time Loss of Wage Earning Capacity (LWEC) benefits. These individuals do not receive full disability benefits from FECA, because it has been determined that they are capable of working part-time or with restrictions.[9] For our review of the state workers' compensation programs, we conducted case studies in four states that limit these benefits by retirement age—Kentucky, Minnesota, Montana, and Tennessee—out of a total of eight states that have age-based workers' compensation limits, as identified by the Workers' Compensation Research Institute. We interviewed workers' compensation board officials and private sector attorneys who specialize in workers' compensation about their experiences in managing these programs, specifically relating to retirement-age limitations.

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[4]For example, we needed a service computation date to determine the length of service for annuitants. However, the service computation data we received from USPS for the period 1988 to 2010 was missing these data for 16 to 90 percent of employees, depending on the year.

[5]FECA benefits are paid out of the Employees' Compensation Fund, and most are charged back to the employees' agency. Labor's chargeback year for FECA agency billing purposes ends June 30.

[6]The age at which an individual can receive full retirement benefits under the Social Security Act (known as the "full retirement age" or the "normal retirement age," or NRA) ranges from 65 to 67, depending on the individual's year of birth. For those born in 1937 and earlier, NRA is 65; for those born in years 1943-1954, the NRA is 66; for those born in 1960 and later, the NRA is 67; for years of birth in between those just cited, the NRA is interpolated by 2 months per year of birth. See http://www.ssa.gov/oact/progdata/nra.html.

[7]We included only FECA recipients who were covered by CSRS because the majority of annuitants currently receiving annuities are covered by CSRS. According to OPM, approximately 81 percent of fiscal year 2010 employee annuitants were CSRS annuitants.

[8]We used the National Bureau of Economic Research's (NBER) TAXSIM to determine federal and state income taxes for annuitants. TAXSIM is NBER's FORTRAN program for calculating liabilities under U.S. federal and state income tax laws from individual data. The TAXSIM Model (http://www.nber.org/taxsim) simulates the U.S. federal and state income tax rules. See Daniel Richard Feenberg and Elizabeth Coutts, "An Introduction to the TAXSIM Model," *Journal of Policy Analysis and Management*, vol. 12, no. 1(winter, 1993), 189-194.

[9]In general, part-time benefits are determined by calculating the difference between the employee's preinjury and postinjury monthly wages.

Enclosures I and II contain a detailed description of our scope and methodology.

We requested comments on a draft of this report from Labor, OPM, and USPS. The agencies' comments are discussed at the end of this report.

We conducted this performance audit from February 2011 through February 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Labor's Division of Federal Employees' Compensation in the Office of Workers' Compensation Programs (OWCP) administers the FECA program. This program provides cash benefits and medical benefits to federal employees who suffer temporary or permanent disabilities resulting from work-related injuries or diseases. FECA cash benefits include payments for wages lost when employees cannot work because of work-related disabilities due to traumatic injuries or occupational diseases; schedule awards for loss of, or loss of use of, a body part or function; death benefits for survivors; and burial allowances. Medical benefits include vocational rehabilitation and medical care for injured workers. FECA cash benefits are not taxed.

OWCP charges agencies for whom injured employees worked for benefits provided. These agencies subsequently reimburse Labor's Employees' Compensation Fund from their next annual appropriation. USPS and the Department of Veterans Affairs have the largest number of FECA beneficiaries, as shown in table 1.[10]

[10]USPS receives no annual appropriations for purposes other than revenue forgone on free and reduced rate mail. USPS generates revenue through the sale of postage and postal-related products and services and borrows money from the U.S. Treasury via the Federal Financing Bank. It has relied increasingly on this debt to fund its operations. According to USPS, it paid $1.3 billion for workers' compensation costs in 2010.

Table 1: Number of FECA Beneficiaries per Agency in 2010

Agency	All FECA beneficiaries	
	Number	Percentage
USPS	130,483	43
Department of Veterans Affairs	26,157	9
Department of Homeland Security	25,408	8
Navy	19,919	6
Army	19,852	6
Air Force	12,728	4
Department of Justice	11,001	4
Department of Agriculture	10,691	3
Department of the Interior	9,205	3
Defense agencies[a]	6,101	2
Other agencies[b]	35,360	12
Total	**306,905**	**100**

Source: GAO analysis of Labor data.

[a]Defense Agencies covered include the Defense Contract Audit Agency, Defense Logistics Agency, and the Defense Contract Management Agency, among others.

[b]The remaining agencies listed each have less than 2 percent of the total number of beneficiaries receiving workers' compensation benefits, and fewer than 5,275 beneficiaries each.

Eligible workers with temporary or permanent total disabilities who have no spouse or dependent generally receive wage-loss compensation equal to 66-2/3 percent of their salary at injury. Those with a spouse or dependent receive 75 percent. OWCP can reduce wage-loss compensation based on employees' wage-earning capacities when Labor determines they are capable of working again. OWCP provides wage-loss compensation until claimants can return to work in either their original positions or other suitable positions that meet medical work restrictions.

Claimants are not allowed to receive FECA benefits at the same time they receive certain other federal disability or retirement benefits.[11] For example, claimants are not allowed to receive both FECA wage-loss-compensation payments and disability payments from the Department of Veterans Affairs for the same injury. Further, claimants cannot receive federal retirement benefits, such as CSRS or Federal Employees' Retirement System (FERS) benefits, paid through OPM concurrently with FECA wage-loss benefits; they must elect to receive one or the other. However, the law authorizing FECA does not require beneficiaries to "retire" at a certain age by, for example, transitioning to a federal pension program like CSRS. They can continue receiving FECA wage-loss compensation payments for as long as they remain unable to work due to a workplace injury.

[11]Employees eligible for FECA benefits could also be eligible for retirement disability benefits from OPM or Social Security Disability Insurance benefits. Depending on which benefits employees are entitled to, employees might have to make an election between them. In many cases in which individuals receive benefits from different programs simultaneously, one benefit would likely be offset against the other to some extent.

Typically, federal workers participate in one of two retirement systems, which are administered by OPM: CSRS or FERS.[12] CSRS covers most civilian federal employees who were hired before 1984. Under CSRS, employees generally do not pay Social Security taxes or earn Social Security benefits. Federal employees first hired in 1984 or later are covered by FERS.[13]

Concerns that beneficiaries remain in the FECA program past traditional retirement age have led to two types of proposals to change the program. As we have discussed in previous work, one type of proposal would convert FECA benefits to regular federal employee retirement benefits at retirement age. A second type of proposal would convert FECA benefits to a retirement-age FECA benefit.[14]

States also administer individual state workers' compensation programs for injured workers, but FECA and the state programs differ in important ways. For example, the FECA program provides coverage for injured workers from one fund, administered by Labor. In contrast, in states, multiple private insurers generally pay most claims, and state programs typically provide coverage for both private and public sector workers. In addition, state compensation awards may often be appealed to state courts. In contrast, FECA is intended to be nonadversarial and remedial in nature.[15]

Summary

In 2010, 31,880—or 10 percent—of all FECA beneficiaries were long-term, full-time beneficiaries and 10,873 of those—or 34 percent—were at full retirement age, as defined under the Social Security Act. Of the $1.9 billion total in cash benefits paid to FECA beneficiaries, over half (58 percent) went to long-term, full-time beneficiaries. Of that half, long-term, full-time beneficiaries at or above full Social Security retirement age received 21 percent. This analysis covered all FECA beneficiaries, including USPS and non-USPS employees.

Compared to their federal CSRS retired counterparts, non-USPS long-term, full-time FECA beneficiaries typically received higher benefits in 2010. The median annual FECA benefit of $35,614 was about 26 percent higher than the median annual annuity received by retirees, which was $28,289, after adjusting for the effects of taxes. The difference between FECA benefits and CSRS annuities is typically larger when the FECA beneficiary was injured after fewer years of service. The differences between annual FECA and CSRS benefits in our comparison are largely explained by the benefit calculation formulas used for each set of benefits. The CSRS formula generally awards a smaller percentage of salary than the FECA formula for most workers, except those with long tenure.

[12]Under both CSRS and FERS, the date of employees' eligibility to retire with an annuity depends on their age and years of service. The amount of the retirement annuity is determined by three factors: the number of years of service, the accrual rate at which benefits are earned for each year of service, and the salary base to which the accrual rate is applied. In both CSRS and FERS, the salary base is the average of the highest 3 consecutive years of basic pay. This is often called "high-3" pay. Under both systems, a worker with at least 30 years of service can retire at the age of 55 (for FERS, this is true if the worker was born before 1948).

[13]All federal employees who are enrolled in FERS pay Social Security taxes and earn Social Security benefits. Federal employees enrolled in either CSRS or FERS also may contribute to the federal 401(k)-like program, the Thrift Savings Plan (TSP); however, only employees enrolled in FERS are eligible for employer matching contributions to the TSP.

[14]GAO, *Federal Workers' Compensation: Questions to Consider in Changing Benefits for Older Beneficiaries*, GAO-11-854T (Washington, D.C.: July 26, 2011); and *Federal Employees' Compensation Act: Issues Associated With Changing Benefits for Older Beneficiaries*, GAO/GGD-96-138BR (Washington, D.C.: Aug. 14, 1996).

[15]A federal employee or surviving dependent is not entitled to sue the United States or recover damages for such injury or death under any other law for a work injury.

It is important to note that our finding regarding the difference in benefits levels does not allow us to conclude whether such a difference exists for USPS employees or for current or future annuitants under FERS, a population that is increasing given that FERS covers federal employees first hired in 1984 or later. USPS employees were not included in this analysis because USPS could not provide sufficient data to reliably determine its employees' work histories for the years covered by our analysis.

We examined the experiences of four states that limit state workers' compensation benefits based on retirement age: Kentucky, Minnesota, Montana, and Tennessee. State officials and attorneys in those states highlighted several aspects of their experiences with these provisions, including cost savings, legal challenges, and financial hardships for some beneficiaries. For example, a workers' compensation board official from Kentucky stated there has been a decrease in workers' compensation costs since the retirement-age limitation went into effect; however, their office could not attribute the savings to this provision because they lack statistical data since private insurance carriers pay the benefits rather than the state.

In 2010, Long-Term, Full-Time FECA Beneficiaries, Many at Retirement Age, Received More Than Half of All FECA Cash Benefits

A sizable portion of FECA beneficiaries who received cash benefits[16] are long-term, full-time beneficiaries.[17] Many of these were at or above full Social Security retirement age. Of the 306,905 individuals who received FECA benefits in 2010, about 79,261 received cash benefits (see fig. 1).[18] Somewhat less than half (31,880) of these recipients were classified as long-term, full-time beneficiaries. Among long-term, full-time beneficiaries, about 34 percent (10,873) were at retirement age and most were injured more than 20 years ago.[19] This analysis covered all FECA beneficiaries, including USPS and non-USPS employees.

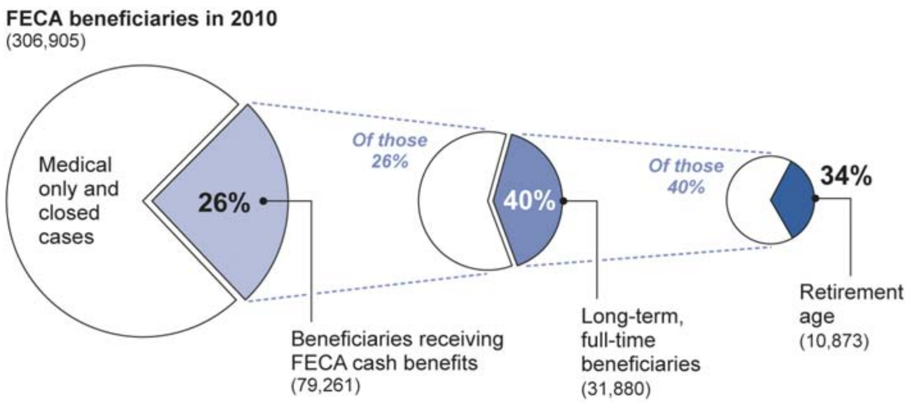
[16] In 2010, of the 79,261 people who received cash benefits, 24,549 received short-term benefits, 10,594 received part-time benefits, 7,596 received schedule awards, and 4,642 received survivor benefits.

[17] This group of long-term, full-time beneficiaries does not include those individuals receiving part-time benefits, schedule awards, and survivor benefits.

[18] Because of the way Labor maintains its data, it is not possible to know whether an individual whose case closed in 2010 did or did not receive cash benefits. Cases may be closed for various reasons, including re-employment or because an individual has recovered from their work-related injury.

[19] Our method of analysis ensured that only those who had reached full Social Security retirement age in 2010 were included in this calculation. About 11 percent (32,563 of 306,905) of all FECA beneficiaries are eligible for full retirement under the Social Security Act.

Figure 1: Number of FECA Beneficiaries Receiving FECA Cash Benefits in 2010

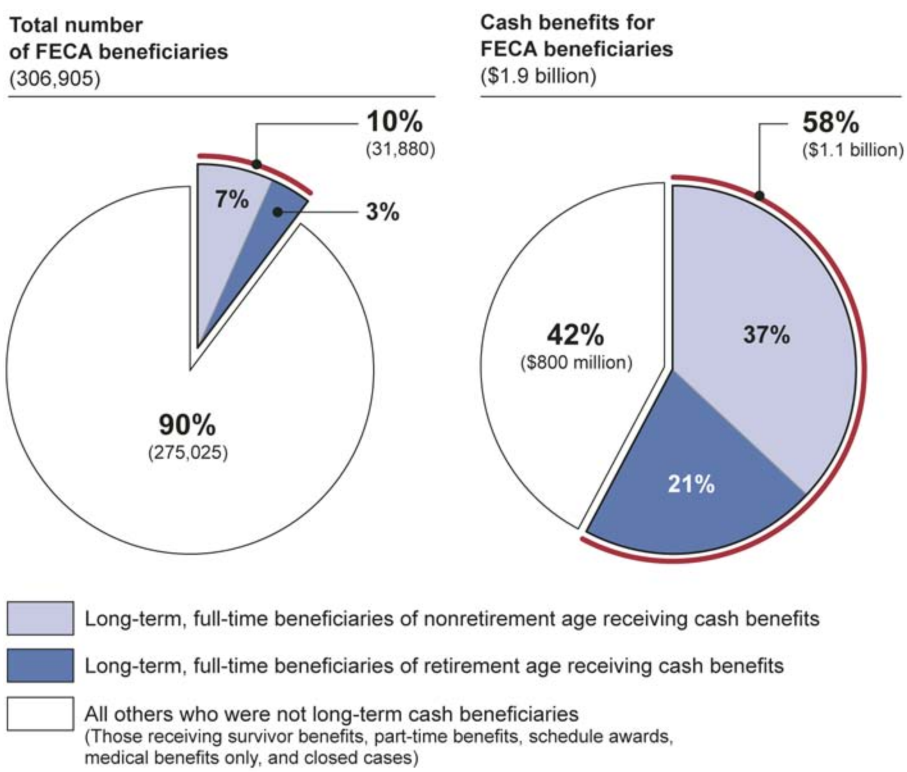


Source: GAO analysis of Labor data.

Note: Because of the way Labor maintains its data, it is not possible to know whether an individual whose case closed in 2010 did or did not receive cash benefits. For additional information on FECA case status and compensation, see enclosure IV.

Long-term, full-time beneficiaries received 58 percent of total cash benefits in 2010. In addition, 21 percent of all cash benefits was paid to long-term, full-time, retirement-age beneficiaries, who were 3 percent of all FECA beneficiaries, as shown in figure 2.

Figure 2: FECA Beneficiaries and Cash Benefits Received in 2010



Source: GAO analysis of Labor data.

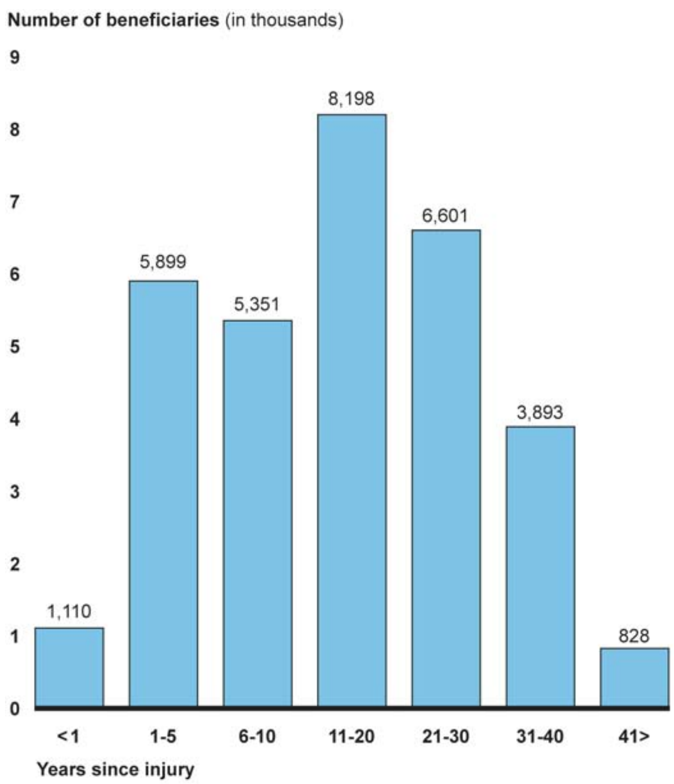
Note: Because of the way Labor maintains its data, it is not possible to know whether a case closed in 2010 did or did not receive cash benefits. For additional information on FECA case status and compensation, see enclosure IV.

Although long-term, full-time beneficiaries received over half of all cash benefits paid in 2010, most of these individuals (89 percent) received less than $50,000 per year in cash benefits (see enc. IV, table 18). The median annual cash benefit was about $34,000 per year. A small number of FECA beneficiaries received more than $100,000 in benefits in 2010. That year, 116 individuals (or less than 1 percent of long-term, full-time beneficiaries) received more than $100,000.[20] USPS employees made up about one-third of these individuals receiving over $100,000. While our analysis shows that about one-third of long-term, full-time beneficiaries were retirement age, a number of beneficiaries were between the ages of 50 and 59 and approaching retirement age (see enc. IV, table 15).

We calculated that one-third of long-term, full-time beneficiaries were injured more than 20 years ago, as shown in figure 3. Labor's data system is not designed in a way that would allow us to determine the cumulative total amount of time a person has been receiving FECA benefits. Given these constraints, we calculated how long long-term, full-time beneficiaries had been receiving benefits from their date of injury. This calculation does not account for any possible breaks in benefits during that time—e.g., if an employee returned to work. As a result, this proxy probably overestimates the time they have been receiving FECA benefits of any kind.

Enclosure IV provides detailed information on the characteristics of three groups: (1) all FECA beneficiaries, (2) long-term, full-time FECA beneficiaries, and (3) long-term, full-time retirement-age FECA beneficiaries.

Figure 3: Years from the Date of Injury for Long-Term, Full-Time Beneficiaries in 2010



Source: GAO analysis of Labor data.

Note: Labor does not maintain this data in a way that would allow us to determine the cumulative total amount of time a FECA beneficiary has received benefits since the date of injury.

[20]Of all FECA beneficiaries, 407 received $100,000 or more in cash benefits in 2010. According to Labor, this can occur if a beneficiary received lump sum schedule award payments, retroactive claims payments, or payments provided for by special legislation.

In 2010, Long-Term, Full-Time, Non-USPS, FECA Beneficiaries Typically Received Cash Benefits That Were Higher Than CSRS Annuities

In this analysis, we compared non-USPS long-term, full-time FECA beneficiaries who were covered by CSRS and at least 55 years old to an equivalent group of actual CSRS recipients of the same age.[21] Enclosure II provides more detailed information on our comparison of the benefits and annuities for the non-USPS FECA beneficiaries and CSRS retirees.

Annual Non-USPS FECA Cash Benefits Were Typically Higher Than Federal CSRS Annuities

In 2010, the FECA benefits of long-term, full-time beneficiaries we analyzed were typically higher than the retirement annuities of CSRS retirees (see table 2).[22] These FECA beneficiaries received a median annual benefit of $35,614, while the comparison group of CSRS retirees received a median annual annuity of $29,196, before adjusting for taxes. The median FECA benefit was $7,325 higher than the median annual annuity received by retirees, which was $28,289, after adjusting for taxes.[23]

The difference between FECA benefits and CSRS annuities is typically larger when the FECA beneficiary was injured after fewer years of service. The median annual FECA benefit for beneficiaries with 10 or fewer years of service when injured was $12,450 more than the median CSRS annuity. In contrast, the median annual FECA benefit for beneficiaries with 30 or more years of service when injured—and thus closer to retirement—was $3,692 more than the median CSRS annuity.[24]

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[21]The available historical data on federal employees limited our analysis to those who (a) were non-USPS, and (b) had electronic records in the OPM current employee database between 1988 and 2010.

[22]This analysis only included cash benefits for long-term, full-time beneficiaries, who are considered unable to work in any capacity, for 2010. This analysis does not include closed cases, claims with medical payments only, FECA beneficiaries who received survivor benefits, or schedule awards. The analysis also does not distinguish between FECA beneficiaries who have no dependents, and received 66-2/3 percent of their preinjury salaries and those beneficiaries with dependents who received 75 percent of their preinjury salaries. Further, this analysis does not include individuals receiving part- time Loss of Wage Earning Capacity (LWEC) benefits. In general, part-time benefits are determined by calculating the difference between the employee's preinjury and postinjury monthly wage. These individuals do not receive full disability benefits from FECA, because it has been determined that they are capable of working part-time or with restrictions.

[23]Unlike FECA benefits, a portion of each CSRS retiree's annuity is taxed. Because OPM uses complex formulas to determine the taxed portion of the annuity, we estimated federal and state income taxes using the National Bureau of Economic Research's (NBER) TAXSIM program. TAXSIM is NBER's program for calculating liabilities under U.S. federal and state income tax laws from individual data. The TAXSIM Model (http://www.nber.org/taxsim) simulates the U.S. federal and state income tax rules. See Daniel Richard Feenberg and Elizabeth Coutts, "An Introduction to the TAXSIM Model," Journal of Policy Analysis and Management, vol. 12, no. 1 (winter, 1993), 189-194. We could not estimate taxes for a number of annuitants; therefore, in our tax analyses, we assumed these annuitants owed zero taxes.

[24]Our analysis showed that 71 percent of FECA beneficiaries had higher benefits than their retiree counterparts before taxes; 77 percent had higher benefits after adjusting for taxes. Given the trend shown here, the remaining 29 percent of FECA beneficiaries (23 percent after taxes) whose benefits were lower than their retiree counterparts' annuities most likely were injured later in their careers and after many years of service.

Table 2: Comparison of Median Non-USPS Annual FECA Cash Benefits and CSRS Annuities

	Median annual FECA benefit	Median annual CSRS annuity before taxes	Median annual CSRS annuity after taxes	Difference between median annual FECA benefit and CSRS annuity after taxes
All long-term, full-time FECA beneficiaries	$35,614[a]	$29,196	$28,289	$7,324
Years of service[b]				
Less than 10	$29,256	$16,806	$16,806[c]	$12,450
10 to 19	$32,911	$23,226	$22,956	$9,956
20 to 29	$38,303	$32,244	$31,007	$7,296
30 or more	$43,932	$43,020	$40,240	$3,692

Source: GAO analysis of Labor and OPM data.

Notes: Statistics on FECA benefits apply to cash benefits received by beneficiaries who were at least 55 years old and covered by CSRS. Statistics on annuities apply to CSRS retirees who were at least 55 years old. Due to the limited historical data available on federal employees, both groups include only employees who had electronic records between 1988 and 2010 and were not USPS employees.

[a]This analysis included only wage-loss replacement payments for long-term, full-time beneficiaries. Schedule awards and survivor benefits are not included.

[b]We matched the FECA beneficiary and the annuitant on equivalent years of service at the point of the FECA beneficiary's date of injury.

[c]At this income level, many of the recipients had no tax liability.

The differences between annual FECA and CSRS benefits in our comparison are largely explained by the benefit calculation formulas used for each set of benefits. The FECA formula awards 66 2/3 percent (for individuals) or 75 percent (for those with dependents) of the salary at time of injury. The benefit also increases over time by the FECA cost of living adjustment (COLA).[25] The CSRS formula generally awards a smaller percentage of salary than the FECA formula for most workers, except those with long tenure. Also, FECA beneficiaries with a dependent have higher benefits, while the provision of a joint and survivor annuity under CSRS generally provides a survivor benefit that lowers the amount received by the beneficiary (thus increasing the differences between FECA benefits and retirement annuities). Other factors may affect such comparisons, as well. By contrast, as seen in table 2, differences due to taxes are relatively small.

See enclosure III for detailed information on the differences in FECA and retirement benefits and annuities for non-USPS long-term, full-time beneficiaries and non-USPS retirees, with respect to differences in each of the following factors: years of service at the time of injury, years since exit from federal service, maximum prior income, and age in 2010.

[25]This is an annual adjustment of FECA benefits based on changes in the Consumer Price Index.

Selected States That Set Age Limits for Workers' Compensation Programs Reported Savings, Legal Challenges, and Financial Hardships for Some Beneficiaries

We examined experiences in four states—Kentucky, Minnesota, Montana, and Tennessee—that limit workers' compensation benefits for wage-loss compensation based on retirement age.[26] These states generally restrict wage-loss benefits for workers who reach retirement age if they have an injury rated as a "permanent total disability"—i.e., a condition that prevents a return to work.[27] Kentucky, Montana, and Tennessee consider workers "retired"[28] when they are eligible for full retirement benefits under the Social Security Act.[29] The remaining state—Minnesota—presumes people are "retired from the labor market" upon reaching 67 years of age. However, that person may present evidence to challenge this presumption, such as proof that they were already working past age 67 when injured, according to a state official. (See table 3.)

Table 3: Retirement-Age Limits of Wage-loss Benefits for Permanent Total Disability in Selected State Workers' Compensation Programs

State	Retirement-age Limitations	Year enacted
Kentucky	Wage-loss benefits end when claimant qualifies for full retirement benefits under the Social Security Act or 2 years after the claimant's last injury, whichever is later.	1996
Minnesota	Wage-loss benefits end when claimant reaches age 67.	1996
Montana	Wage-loss benefits end when claimant receives or is eligible to receive full retirement benefits under the Social Security Act or alternative retirement system.	1981
Tennessee	• Wage-loss benefits end when claimant is, by age, eligible for full retirement benefits under the Social Security Act. • If a person is injured after age 60, wage-loss benefits continue for a maximum of 260 weeks (5 years), with the compensation rate reduced by half of the amount of any Social Security benefits received during the period of the award.[a]	1994

Source: State workers' compensation officials.

[a]A person after age 60 may receive a maximum of 260 weeks for any work injury, whether it is permanent total or permanent partial disability. Since permanent total disability benefits end with full retirement eligibility, many persons older than 60 elect permanent partial disability even if they are unable to return to work with the preinjury employer, according to a state workers' compensation official.

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[26]According to the Workers' Compensation Research Institute (WCRI) review of state workers' compensation laws as of January 2010, eight states limit workers' compensation benefits by age. We initially selected five of those states—Kentucky, Minnesota, Montana, North Dakota, and Tennessee—that limit workers' compensation benefits for workers at retirement age, according to WCRI. We did not receive information from officials in North Dakota on their experiences within time frames that would have allowed us to include them in this report. There are other states that limit workers' compensation benefits based on an age other than retirement age. For example, Florida limits workers' compensation benefits at age 75, according to the WCRI review. See Ramona Tanabe, *Workers' Compensation Laws as of January 2010*, WCRI (Cambridge, MA: October 2010).

[27]Injured workers with a permanent total disability continue to receive medical care benefits after reaching retirement age under the workers' compensation program in all four states, according to workers' compensation officials. Montana defines permanent total disability as a condition that prevents a return to regular employment, which means work on a recurring basis, according to a workers' compensation official.

[28]However, Kentucky allows workers with a permanent total disability to receive wage-loss benefits from the state for up to 2 years after the employees' last injury, so workers in Kentucky may in some instances continue receiving wage-loss benefits after reaching retirement age.

[29]Although most employees are covered by Social Security, federal law generally allows states to enter into voluntary agreements to provide Social Security coverage to certain state and local government employees. In the four states we reviewed, the percentage of state and local government workers covered by Social Security ranged from about 75 percent to 94 percent in 2007, according to prior GAO work. See GAO, *Social Security Administration: Management Oversight Needed to Ensure Accurate Treatment of State and Local Government Employees*, GAO-10-938 (Washington, D.C.: Oct. 4, 2010).

Stakeholders we interviewed from the four states highlighted several aspects of their experiences regarding retirement-age limitations on workers' compensation benefits, including cost savings, legal challenges, and financial challenges for beneficiaries. Stakeholders included state workers' compensation board officials and private attorneys who specialize in workers' compensation cases.

Cost Savings

Workers' compensation board officials from three of the states said that adding the retirement-age limitation lowered costs, but officials from two states could not quantify the savings. For example, a Minnesota workers' compensation official said the state made many other changes simultaneously to its workers' compensation program, such as setting a new type of maximum weekly rate for all wage-loss benefits and a new minimum weekly benefit rate for permanent total disability benefits; consequently, the workers' compensation office was unable to attribute savings to a single provision. A workers' compensation board official from Kentucky stated there has been a decrease in workers' compensation costs since the retirement-age limitation went into effect; however, the official's office could not attribute the savings to this provision because it lacked statistical data since private insurance carriers pay the benefits rather than the state. A workers' compensation official from Montana told us that the official's office did not calculate the cost impact of the retirement-age limitation; however, the official referred us to a 2005 report by the state's audit organization that estimated that repealing the retirement-age limitation would cost the Montana workers' compensation fund $228 million to $302 million for nonsettled permanent total disability claims that arose between 1981 and 2004.[30]

Legal Challenges

Private attorneys from three of the states said that legal challenges to the retirement-age limitation have been raised in their states, but the courts have generally upheld the retirement-age limitation. For example, according to attorneys in Montana, in one case the state's supreme court did not find a rational basis to overturn the retirement-age limitation for workers receiving permanent total disability benefits. In another case, however, the court established that workers receiving permanent partial disability benefits can continue to receive them past retirement age. The state courts in Kentucky and Tennessee have upheld the constitutionality of the retirement-age limitation of workers' compensation benefits, according to private attorneys from those states.

Financial Hardships for Some Beneficiaries

Private attorneys from all four states told us that individuals whose benefits end when they reach retirement age can face financial challenges. For example, attorneys in Kentucky said some people work into their 80s because they need the income and cannot afford to retire. These attorneys said that if such workers suffer a work-related injury at age 67, they potentially lose 15 to 20 years of earnings, even though their wage-loss benefits would cover only 2 years. In addition, the Kentucky attorneys noted that while wage-loss benefits continue for older beneficiaries who are ineligible for full retirement Social Security benefits, wage-loss benefits cease for a claimant who qualifies for even a small amount of Social Security retirement benefits.

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[30]Legislative Audit Division, State of Montana, *Financial Audit for the Fiscal Year Ended June 30, 2005, Montana State Fund* (Helena, MT: October 2005).

Agency Comments

We provided a draft of this report to Labor, OPM, and USPS for review and comment. In its comments (see enclosure V), USPS said that under current statute, FECA provides benefits greater than those provided under the traditional federal retirement systems for injured workers who are retirement age. USPS added that it has become imperative that this matter be addressed through legislative change. Labor provided technical comments, which we incorporated in the report as appropriate. OPM indicated that it did not have any comments.

We are sending copies of this report to the Secretary of Labor, the U.S. Postmaster General, the Director of OPM, interested committees, and others. In addition, the report is available at no charge on the GAO website at http://www.gao.gov.

If you or your staff have questions about this report, please contact Andrew Sherrill at (202) 512-7215 or sherrilla@gao.gov or Phillip Herr at (202) 512-2834 or herrp@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report are listed in enclosure VI.

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Enclosures

List of Congressional Committees

The Honorable Susan M. Collins
Ranking Member
Committee on Homeland Security
and Government Affairs
United States Senate

The Honorable Thomas R. Carper
Chairman
Subcommittee on Federal Financial
Management, Government Information,
Federal Services, and International Security
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Claire McCaskill
Chair
Ad Hoc Subcommittee on Contracting Oversight
Committee on Homeland Security and Government Affairs
United States Senate

The Honorable Tom Coburn
Ranking Member
Permanent Subcommittee on Investigations
Committee on Homeland Security and Government Affairs
United States Senate

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
House of Representatives

Enclosure I: Details on Audit Scope and Methodology

To determine the characteristics and benefits for Federal Employees' Compensation Act (FECA) beneficiaries, we collected data from Department of Labor's (Labor) Integrated Federal Employees' Compensation System (iFECS), FECA's claimant database for chargeback year 2010[31] to calculate the number of beneficiaries by age and length of time receiving benefits from their injury date, including those in the program past Social Security full retirement age. Because Labor's iFECS system does not track the length of time each beneficiary was receiving benefits, we used injury date as a proxy. We also calculated and reported FECA benefits based on various recipient characteristics, such as agency, benefit type, as well as total costs associated with cash benefits for FECA beneficiaries who are past Social Security full retirement age. We assessed the reliability of the data by (1) electronically testing required data elements, (2) reviewing existing information about the data and the system that produced them, and (3) interviewing agency officials knowledgeable about the data. We determined that the data we reviewed were reliable for the purposes of this report.

To determine if FECA beneficiaries' benefits were higher or lower than federal retirees' annuities, we assembled data from Labor's iFECS and the Office of Personnel Management's (OPM) annuitant database and Central Personnel Data File (CPDF), a central personnel database that has reliable longitudinal data starting in fiscal year 1988. Our analysis focused on long-term, full-time FECA beneficiaries who were covered by Civil Service Retirement System (CSRS). We excluded FECA recipients who were part of the FERS retirement system, because there are more CSRS employee annuitants currently receiving annuities. We excluded those FECA beneficiaries and retirees from our analysis who were not working after 1988.

We excluded U.S. Postal Service (USPS) FECA beneficiaries from our analysis because USPS could not provide reliable, comparable data on its employees. For example, we needed a service computation date to determine the length of service for annuitants.[32] However, the service computation data we received from USPS for the period 1988 to 2010 were missing these data for 16 percent to 90 percent of employees, depending on the year. Furthermore, data in 1988 and 1989 were missing a significant amount of information we needed.

Exclusion of USPS employees and our selection criteria left us with approximately 4,000 non-USPS FECA beneficiaries and approximately 301,000 CSRS annuitants. We accounted for federal and state taxes on retirees' annuities using the NBER TAXSIM model, in order to make after-tax comparisons with FECA benefits (which are not taxed). We could not calculate taxes for some annuitants; therefore, we assumed that these annuitants owed zero taxes. Enclosure II describes in more detail how we compared non-USPS FECA benefits to non-USPS retirement annuities.

To determine the experiences in states that limit workers' compensation benefits for workers at retirement age, we conducted case studies in four states that do so—Kentucky, Minnesota, Montana, and Tennessee. To identify the states, we first reviewed reports and interviewed officials from several organizations, including Workers Compensation Research Institute (WCRI); National Academy of Social Insurance; Workers' Injury Law & Advocacy Group; and National Council on Compensation Insurance. We analyzed WCRI's *Workers' Compensation Laws as of January 2010*

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[31]FECA benefits are paid out of the Employees' Compensation Fund, and most are charged back to the employees' agency. Labor's chargeback year for FECA agency billing purposes ends June 30, 2010.

[32]A service computation date is a date that is used to determine benefits and is generally based on how long the person has been in the federal service.

(Cambridge, MA: October 2010) to identify states that limit benefits by retirement age but did not independently verify the information contained in this compilation. Of the eight states that, according to the WCRI review, limit workers' compensation benefits by age, we selected five states that limit workers' compensation benefits for workers at retirement age: Kentucky, Minnesota, Montana, North Dakota and Tennessee. We spoke with stakeholders in all of the states, except for North Dakota. We did not receive information from officials in North Dakota on their experiences within time frames that would have allowed us to include them in this report.

In each of the four states, we interviewed workers' compensation board officials who manage and maintain state-level workers' compensation programs to discuss their experiences in administering workers' compensation benefits, particularly for older workers; and private sector attorneys who specialize in workers' compensation within their states to discuss their experiences handling cases involving older workers. We also reviewed specific elements of state law for the four selected states and, as appropriate, verified our analysis of state laws with cognizant state officials.

Enclosure II: Methodological Details on the Comparison of FECA and CSRS Annuity Benefits

Overview of the Matched Comparison Group Method

Comparing FECA benefits and retirement annuities requires us to estimate something that cannot be observed in the real world: the retirement benefits that FECA beneficiaries would have earned if they were never injured. We can observe either annuity or FECA payments at retirement age, depending on whether employees happened to be injured during their careers. In contrast, we cannot observe the counterfactual payment that the FECA beneficiaries would have received if they had not become sick or injured. The fact that employees become sick or injured prevents us from observing what they would have earned had they not become sick or injured.

How do we estimate the counterfactual annuity incomes of FECA beneficiaries, given that we cannot observe them directly? One simple method would be to calculate the difference between annuity and FECA payments for retirement-age beneficiaries. If a typical beneficiary received more than a typical annuitant, one might conclude that structural features of the FECA program made those benefits more generous.

The problem with the simple comparison is that it reflects characteristics of employees who are injured, in addition to characteristics of the FECA and CSRS annuity programs. An employee's work environment, long-term health, and attitudes toward risk could affect both income and the chance of receiving FECA benefits. FECA beneficiaries and annuitants may vary with respect to these characteristics when we observe them in 2010. For example, employees with physically demanding jobs, such as letter carriers and border patrol agents, may have higher risks of being injured and lower incomes than employees who work in less hazardous conditions and remain healthy enough to retire. FECA benefits might appear less generous, when, in fact, the difference is due to lower prior earnings among employees more prone to workplace injury.

In a matched comparison group analysis, we compare FECA beneficiaries to annuitants who have similar incomes and potential to be injured on the job. By comparing FECA beneficiaries to annuitants with similar demographics, work environments, periods of employment, and incomes prior to injury or retirement, we can better isolate the difference in benefits due to program characteristics alone. If we match the groups on all characteristics that affect both income and the chance of becoming injured, statistical theory ensures that a simple comparison between groups can estimate the counterfactual annuity income that FECA beneficiaries would have earned.

Theory of the Matched Comparison Group Method

For all employees, let D_i equal 1 if the employees become eligible for FECA benefits and 0 otherwise. Let Y_{id} and Y_{ir} equal the employees' potential FECA and retirement annuity benefits that they could have earned if they were injured or worked to retirement, respectively. Because employees in the population of interest either get injured or remain healthy and retire, their observed benefits at retirement age equal

$$Y_i = D_i Y_{id} + (1 - D_i)Y_{ir} .$$

This makes clear that the observed benefits depend on both (1) whether the employees are injured (and the factors that lead to injury) and (2) the program features that determine Y_{id} and Y_{ir}. We need to estimate the expected difference between what FECA beneficiaries earn and what they would have earned in annuity benefits if they had not been injured. This is given by

$$j = E(Y_{id} - Yi_r \mid D_i = 1) = E(Y_{id} \mid D_i = 1) - E(Y_{ir} \mid D_i = 1) .$$

In statistics, this parameter is known as the Average Treatment Effect for the Treated. Here, the treatment effect of interest is the mean difference in retirement-age earnings in the potential states of injury and retirement, among those who were actually receiving FECA benefits in 2010.

The key assumption required to estimate j from the observed earnings and group membership data is that D_i is independent of (Y_{id}, Y_{ir}), conditional on a vector of covariates X_i. In other words, FECA and annuity benefits are unrelated to the propensity to be injured among employees who have similar background characteristics. Using this assumption and the available data, causal inference theory ensures that $j = E(Y_i \mid X_i , D_i = 1) - E(Y_i \mid X_i, D_i = 0)$, which can be estimated from the observed data by replacing the random variables with their sample values and consistent estimators of sample means.

We can estimate j using various methods, including statistical models that specify a functional form for $E(Y_i \mid Xi, D_i)$. In contrast, the matched comparison group method selects a sample of annuitants such that the empirical distributions of the covariates are as similar as possible to the covariate distributions for the FECA beneficiaries. Achieving this covariate balance conditions the comparison of sample means on X_i and estimates j without bias, assuming the treatment is unrelated to the potential outcomes among employees with the same characteristics (or “conditionally ignorable”).[33]

Matching Methods

To construct the matched samples, we used a computer algorithm that selected the single closest annuitant for each FECA beneficiary, measured on the Mahalanobis measure of multivariate distance in X_i, and then returned each annuitant to the pool of potential matches after matching each FECA beneficiary. (This is known as one-to-one Mahalanobis matching with replacement.[34]) With about 75 annuitants available to match for each FECA beneficiary, we were able to combine exact matching and matching in distribution. Because occupation and agency may strongly affect work environment and income, we created one matched sample that was exactly matched on these variables. Exact matching potentially reduces the sample available to match on other variables, so we created a second sample that matched on the proportion of each group that had a “blue collar occupation,” as defined by the Office of Personnel Management (OPM).[35] For all versions of the analysis, we assessed covariate balance using the sample moments and quantiles before and after matching.

Although our data are not a probability sample, we calculated the standard error of the difference in mean benefits to assess the uncertainty of our estimates, using standard formulas for differences in

[33]Matching allows us to control for the propensity to get injured on the job without making assumptions about the functional form of the relationships among Y_i, X_i, and D_i. We use this nonparametric method of adjusting for the covariates, instead of parametric models, because we lack substantial prior knowledge on how federal employees become injured.

[34]We matched directly on X_i, rather than on an estimate of the propensity score, $E(D_i \mid X_i)$. This avoided making potentially inaccurate assumptions about the functional form relating employees’ characteristics to their chance of being injured.

[35]Examples of blue-collar occupations include aircraft electrician, roofer, and forklift operator.

means between independent samples. Our large sample sizes suggested that the estimated variances would have been small, regardless of the particular method used.

Population of Interest and Data Sources

We analyzed two populations of federal employees: those who were long-term, full-time FECA beneficiaries and at least 55 years old on June 30, 2010, and those who were CSRS annuitants on approximately the same date who were in the same age group. These individuals did not include those who received survivor benefits.[36] We assumed that the retirement age began at 55 years and limited our analysis to these subpopulations of both groups. We focused on this age group because 96 percent of annuitants in 2010 were at least 55 years old and because a younger group provides more data for analysis. In addition, 55 is the minimum age of retirement eligibility under CSRS.

The limited availability of historical data on federal employees also determined the population we analyzed. OPM's Central Personnel Data File (CPDF) was the primary source of data available on employment histories. The database contained information measured on the last day of each fiscal year since 1988. This period covered 54 percent of the people receiving long-term, full-time cash benefits in chargeback year 2010 who were at least 55 years old and who did not work for USPS. As a result, we could analyze only this subset of employees who worked after 1988.

The OPM personnel file provided relatively complete data on these employees. Data were available for an average of 63 percent of each employee's career, with 75 percent of employees having data for at least 71 percent of their careers.[37] Data on the analysis variables were missing for only 0.4 to 1.8 percent of employees, depending on the variable. Although the limited scope of the OPM personnel data limits our analysis to employees working since 1988, this subset of people likely resembles current and future federal employees more closely than the employees we could not analyze.

We constructed the final data for analysis using the OPM personnel data, an administrative database on FECA beneficiaries from the Department of Labor (Labor), and an administrative database on annuitants from OPM. First, we selected from the Labor database the subset of FECA beneficiaries who worked for agencies other than USPS, were at least 55 years old in 2010, and received long-term, full-time cash benefits in chargeback year 2010 (14,983 people).[38] We then selected all employees who received annuities and were at least 55 years old in 2010 from the OPM annuitant database (866,391 people). Finally, we matched the FECA beneficiaries and annuitants to their historical personnel data from OPM and kept for analysis only those employees working after 1988 who were covered by the CSRS retirement system.

The final dataset included approximately 301,000 annuitants and 4,000 FECA beneficiaries, depending on the variables required for analysis. These groups are smaller than the populations that Labor and OPM originally provided, due to our screening by age and retirement system and the lack

[36]This analysis does not distinguish between FECA beneficiaries who have no dependents, and received 66-2/3 percent of their preinjury salaries and those beneficiaries with dependents who received 75 percent of their preinjury salaries.

[37]We measured coverage rates using the ratio of the length of time an employee was observed in the CPDF to the time elapsed between the minimum service computation year and the final year of employment observed in the CPDF.

[38]FECA benefits are paid out of the Employees' Compensation Fund and most are charged back to the employees' agency. Labor's chargeback year for FECA agency billing purposes ends June 30, 2010.

of OPM personnel data for employees working prior to 1988. Consequently, our results generalize only to the population of non-USPS, long-term, full-time FECA beneficiaries working after 1988 who were at least 55 years old in 2010.

Measurement of Characteristics for Matching Analysis

In this section, we describe the variables we used to conduct the analysis and our measurement of important concepts. We measured most of the variables prior to the FECA beneficiary's last date of employment.[39] This created a comparison group of annuitants with similar work histories prior to when the matched FECA beneficiary left federal employment.

- Benefits

The benefit for FECA beneficiaries was their annual gross cash payments for chargeback year 2010, and the benefit for annuitants was their annual annuity income in fiscal year 2010. Using the TaxSim program developed by the National Bureau of Economic Research, we estimated the amount of taxes each annuitant might have paid on the gross benefit to create an after-tax measure.[40] Because FECA benefits are not subject to income tax, the adjustment helped ensure that we compared after-tax benefits for both groups. Due to missing and inconsistent data from OPM, we could not estimate taxes for 414 of the approximately 301,000 annuitants in our population of interest. We assumed that these annuitants owed zero taxes, which overestimated after-tax benefits. In addition, we assumed that each annuitant had a spouse older than the age of 65—the scenario for which taxes are lowest—because data on the annuitants' families were not available. These assumptions reduce any differences between after-tax annuities and FECA benefits for other otherwise equivalent employees.

- First year of federal employment

We measured the first year of federal employment for both groups using the earliest service computation date for leave purposes in OPM's personnel data. For employees who started after 1988, the earliest date likely equals their starting date because the personnel data would have covered their first year working and would not have reflected later adjustments due to lapses in service. For employees who started before 1988, the minimum date would equal the starting date for those workers who were employed continuously (at least 75 percent of workers in the OPM personnel data).

- Last year of federal employment

We measured the last year of federal employment for both groups as the latest year in which the OPM personnel data recorded the employee as being on board.

- Length of service

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[39]To do this, we created subsets of the FECA beneficiaries according to their final year of federal employment and then found matched annuitants with similar covariates measured up to this year. We combined the year-specific samples to create an overall matched sample.

[40]Daniel Richard Feenberg and Elizabeth Coutts, "An Introduction to the TAXSIM Model," *Journal of Policy Analysis and Management*, vol. 12, no 1 (winter 1993), 189-194. Accessed via the Internet on Nov. 30, 2011, at http://www.nber.org/~taxsim/taxsim-calc9/index.html.

Our data allowed us to measure the length of service for FECA beneficiaries on (1) the date of injury, (2) the date of last employment, and (3) the date of entering the long-term, full-time benefit rolls. We chose to measure length of service as the time between the last year of employment and the maximum service computation date in OPM's personnel data. The maximum service computation date reflects adjustments for multiple spells of employment. Consequently, the time elapsed between the last year of employment and the service computation date should measure length of service at the time of separation.

We calculated the same measure of length of service for annuitants, even though OPM provided the measure it used for calculating annuity benefits. For most employees, the OPM measure differed from the measure we calculated from OPM's personnel data by no more than 1.4 years, but we used our calculated measure to ensure that we measured length of service the same way for FECA beneficiaries and annuitants.

- Spells of employment

We used OPM's personnel data to calculate the number of spells of employment from 1988 through 2010. Our measure underestimates the number of spells for employees who were working prior to 1988 and had more than one spell of employment. This error is likely to be slight, however, given that at least 75 percent of employees in OPM's personnel data after 1988 worked continuously. We controlled for number of spells to construct comparable work histories and to approximate an employee's risk preferences, assuming that having more spells is correlated with accepting more occupational risk.

- Prior income

We measured income during each employee's career using salary data from OPM's personnel data. We measured the minimum, median, and maximum incomes for the employees' career for the portion of their career prior to the date of disability. (For annuitants, we measured income prior to their matched FECA beneficiaries' last years of employment.)

- Occupation, agency, education, and gender

We used "occupation groups" defined by OPM to measure the type of work each employee performed. These groups included occupations that involved a similar type of work, such as the "engineering and architecture" group that included occupations involving "civil engineering" and "architecture." We used two-digit agency codes to identify the employing agency, such as the Departments of Commerce and Defense. For the FECA beneficiaries, we measured occupation and agency as close to the injury date as possible. For the annuitant group, we measured occupation and agency in the annuitants' last year of employment. Since occupation and agency do not change frequently over time, the exact timing of the measurements should not be consequential.

We used OPM's personnel data file to determine gender and education for both groups of employees on the same dates as the measures of occupation and agency.

Balance of Characteristics before and after Matching

Table 4 and figure 4 describe the characteristics of the FECA beneficiaries and annuitants, prior to matching. As compared to the annuitants, the FECA beneficiaries stopped working at an earlier age, had fewer years of service, had lower prior incomes, were less educated, and were more likely to have an occupation defined by OPM as "blue-collar." This suggests that the injured employees were more likely to have jobs that involved lower-paid physical labor. Despite these differences, the median FECA beneficiary earned 12.2 percent ($3,886) more in gross benefits than the median annuitant prior to matching.

Table 4: Characteristics of FECA Beneficiaries and Annuitants before Matching

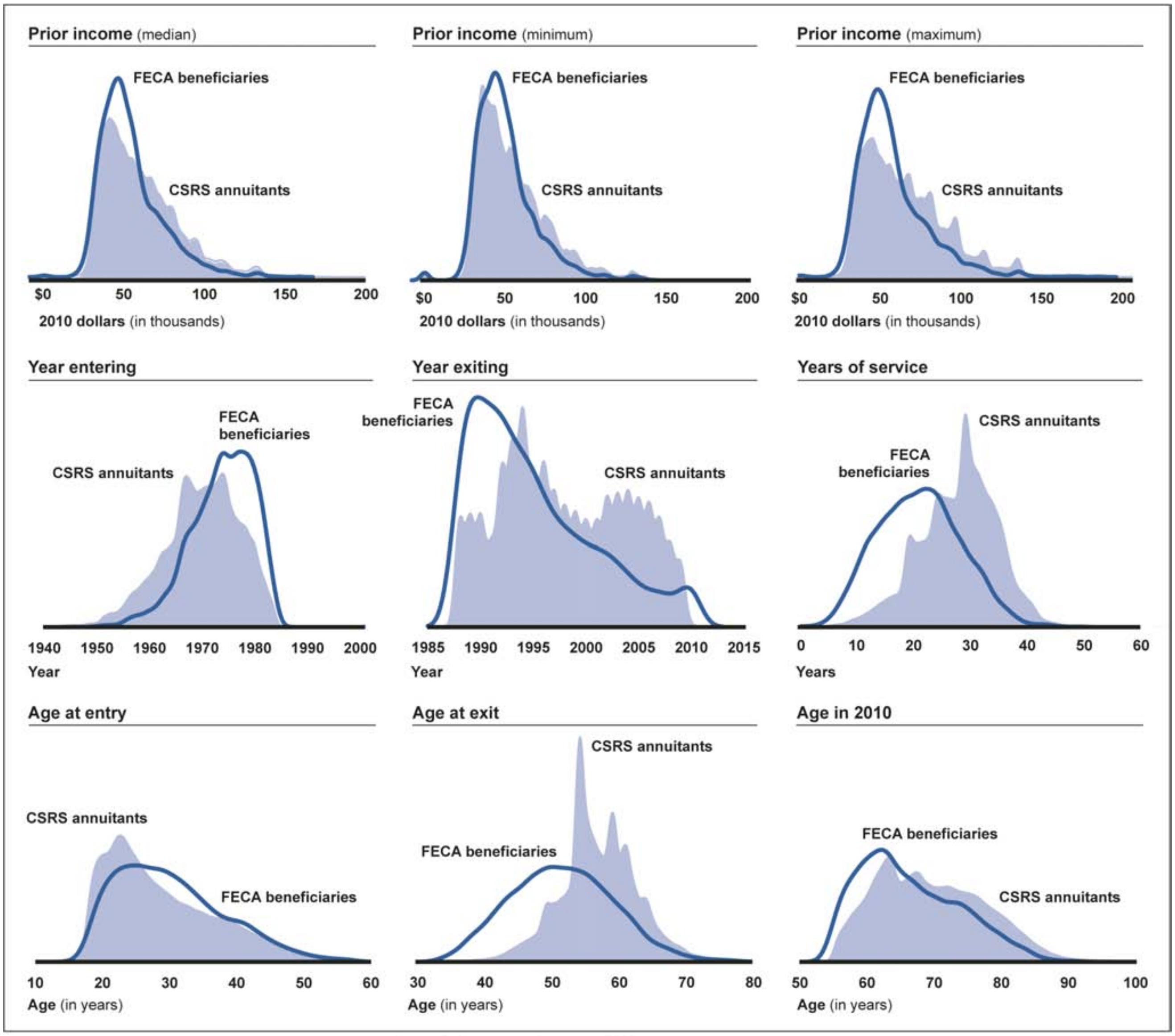
	FECA beneficiaries				Annuitants			
	25th percentile	Median	Mean	75th percentile	25th percentile	Median	Mean	75th percentile
Outcome								
FECA cash benefits or CSRS annuity income in 2010 (nominal dollars)	$28,779	$35,638	$39,922	$46,634	$20,868	$31,752	$36,296	$47,472
FECA cash benefits or estimated after-tax CSRS annuity income in 2010 (nominal dollars)	$28,779	$35,638	$39,922	$46,634	$20,856	$30,570	$33,917	$43,932
Covariates								
First year of employment	1970	1974	1974	1978	1966	1970	1970	1975
Last year of employment	1990	1994	1995	1999	1993	1997	1998	2003
Age in 2010	60	65	66.4	72	63.1	68.7	69.5	75.3
Age in first year of employment	23.8	29	30.2	35.3	22.3	26.8	28.9	34.3
Age in last year of employment	46.1	51.3	51.5	56.8	53.7	56.5	56.9	60.6
Years of service[a]	15.6	21	21.1	26	23.6	28.7	27.9	32.5
Spells of employment	1	1	1	1	1	1	1	1
Minimum prior income (2011 dollars)	$38,409	$47,230	$50,655	$58,107	$39,331	$50,573	$55,398	$66,676
Median prior income (2011 dollars)	$41,248	$49,829	$54,191	$62,734	$42,772	$55,772	$60,617	$73,469
Maximum prior income (2011 dollars)	$43,380	$52,738	$57,217	$66,555	$45,861	$61,047	$66,128	$81,356
No high school degree (percent)			20.6				13.3	
High school degree (percent)			35.4				32	
Some college (percent)			28				28.1	
College degree (percent)			8.9				13.8	
Graduate degree (percent)			6.9				12.8	
OPM blue-collar occupation (percent)			38.4				14.3	
Occupation group	Various				Various			
Agency	Various				Various			

Source: GAO analysis of Labor and OPM data.

Note: Populations include 4,006 FECA beneficiaries and 301,433 retired workers who were at least 55 years old in 2010, working after 1988, and covered by the CSRS retirement system. Some percentages do not total 100 percent, due to rounding.

[a] Length of service is the time between the last year of employment and the maximum service computation date in OPM's personnel data.

Figure 4: Covariate Density Estimates for FECA Beneficiaries and Annuitants before Matching



Source: GAO analysis of Labor and OPM data.

Our matching algorithm effectively corrected for these imbalances, as shown in table 5 and figure 5. The balance measures reflect the results of our analysis that used exact matching on occupation and agency. All covariates are well-balanced in both the means and various quantiles. Other measures of the sample distribution of the covariates, such as the ratio of variances and mean differences between all empirical quantiles, showed similarly strong balance. We achieved similar balance when we substituted an indicator for blue-collar occupation instead of exactly matching on occupation and agency.

Table 5: Characteristics of FECA Beneficiaries and Annuitants after Matching

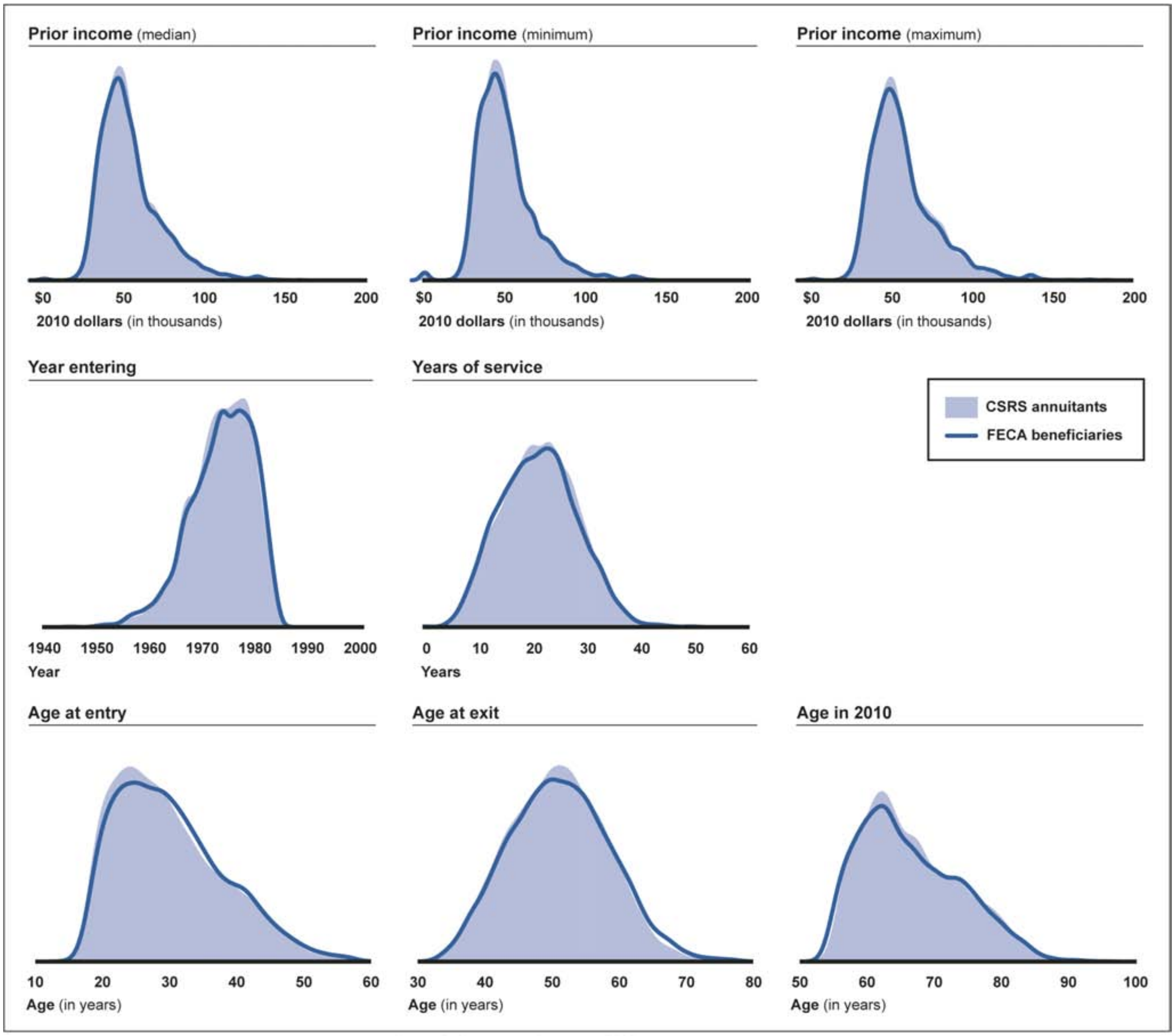
	FECA beneficiaries				Retired			
	25th percentile	Median	Mean	75th percentile	25th percentile	Median	Mean	75th percentile
Outcome								
Before tax annuity or FECA cash benefits in 2010 (nominal dollars)	$28,853	$35,614	$39,946	$46,504	$20,409	$29,196	$33,813	$41,967
After-tax annuity or FECA cash benefits in 2010 (nominal dollars)	$28,853	$35,614	$39,946	$46,504	$20,400	$28,289	$31,775	$39,335
Covariates								
First year of employment	1970	1974	1974	1978	1970	1974	1973	1978
Age in 2010	61	65	66.5	72	61.1	65.3	66.6	71.7
Age in first year of employment	23.8	29	30.3	35.4	23.3	28.2	29.6	34.6
Age in last year of employment	45.9	51	51.2	56.3	45.6	50.8	50.8	55.8
Years of service[a]	15.6	20.8	20.9	25.6	16.3	21.2	21.2	26.1
Spells of employment	1	1	1	1	1	1	1	1
Minimum prior income (2011 dollars)	$38,466	$47,342	$50,784	$58,174	$39,235	$47,682	$50,924	$58,073
Median prior income (2011 dollars)	$41,211	$49,803	$54,178	$62,710	$41,798	$50,026	$54,113	$62,319
Maximum prior income (2011 dollars)	$43,277	$52,511	$57,016	$66,384	$43,873	$52,513	$57,275	$66,944
No high school degree (percent)			20.7				20.2	
High school degree (percent)			35.5				36.5	
Some college (percent)			27.9				27.9	
College degree (percent)			9				8.6	
Graduate degree (percent)			6.9				6.9	
Occupation group			Same				Same	
Agency			Same				Same	

Source: GAO analysis of Labor and OPM data.

Note: Populations include 3,864 disabled and 3,864 matched retired workers who were at least 55 years old in 2010, working after 1988, and covered by the CSRS retirement system. The number of disabled workers excludes 142 who could not be matched. After-tax estimates assume that taxpayers had a spouse older than 65. Some percentages do not total 100 percent, due to rounding.

[a]Years of service were based on the amount of time between the employees' earliest date of service and the FECA beneficiaries' date of injury.

Figure 5: Covariate Density Estimates for FECA Beneficiaries and Annuitants after Matching



Source: GAO analysis of Labor and OPM data.

We found results similar to those in table 6 of enclosure III using samples matched on the proportion of each group having a blue-collar occupation instead of exactly matched on occupation and agency. Using this alternative matched sample, the median before-tax estimates of the difference in benefits for all FECA beneficiaries varied by no more than 1 percent from the estimates we produced using the matched sample described above.

Enclosure III: Difference in Benefits between non-USPS FECA Beneficiaries and Matched Retired Employees

Entries are the difference in FECA beneficiaries versus matched annuitant benefits, using the retirement comparison and exact matching on occupation and agency. After-tax estimates assume that the taxpayer had a spouse of the same age.

For additional technical information on methodology in comparing FECA benefits to retirement annuities, refer to enclosure II.

Table 6: Differences in Benefits between Non-USPS FECA Beneficiaries and Matched Retired Employees

	Dollars (2010)				Proportional difference between FECA benefit and annuity (percent)			
	Before taxes		After taxes		Before taxes		After taxes	
Group	Median	Mean	Median	Mean	Median	Mean	Median	Mean
Overall	6,418	6,133	7,324	8,172	22	18.1	25.9	25.7
Years of service[a]								
Less than 10	12,450	9,352	12,450	10,071	74.1	44.6	74.1	49.8
10 to 19	9,685	8,219	9,956	9,494	41.7	29.9	43.4	36.2
20 to 29	6,059	5,603	7,296	8,013	18.8	15	23.5	22.9
30 or more	912	740	3,692	4,619	2.1	1.6	9.2	10.6
Years since exit[b]								
Less than 4	5,675	7,297	7,781	10,525	14.8	17	21.5	26.5
4 to 7	6,237	5,705	7,941	8,351	18.1	14.6	24.3	22.9
8 to 11	12,280	11,003	13,010	12,971	44.8	32.7	48.7	40.9
12 or more	13,030	12,652	13,145	13,702	60.9	49.5	61.8	55.9
Maximum prior income								
1st quartile	6,295	6,006	6,325	6,358	33.6	30.4	33.9	32.8
2nd quartile	7,315	7,060	7,772	7,841	29.5	27.4	31.9	31.3
3rd quartile	5,990	6,195	7,412	7,930	18	18.3	23.3	24.6
4th quartile	4,031	6,157	8,686	11,377	7.6	11.1	17.9	22.7
Age in 2010								
55 to 59	2,015	1,823	3,632	4,702	5.8	4.7	11	13
60 to 64	4,409	4,211	5,781	6,623	13.6	11.5	18.7	19.3
65 to 69	6,693	6,286	7,682	8,238	22.7	18.3	27	25.4
70 and older	11,159	10,834	11,337	12,041	49.2	39.8	50.4	46.2

Source: GAO analysis of Labor and OPM data.

[a]Years of service were based on the amount of time between the employees' earliest date of service and the FECA beneficiaries' date of injury.

[b]Years since exit measures the time elapsed between the employees' last year of federal employment and 2010.

Enclosure IV: Characteristics of (1) All FECA Beneficiaries, (2) Long-Term, Full-Time FECA Beneficiaries, and (3) Long-Term, Full-Time Retirement-Age FECA Beneficiaries for 2010[41]

All FECA Beneficiaries

Table 7: Distribution of Benefit Type for All FECA Beneficiaries (2010)

	All		USPS		Non-USPS	
	Number of FECA beneficiaries	Percent	Number of FECA beneficiaries	Percent	Number of FECA beneficiaries	Percent
Medical benefits only	109,913	35.8%	52,891	40.5%	57,022	32.3%
Long-term, full-time	31,880	10.4%	12,349	9.5%	19,531	11.1%
Part-time	10,594	3.5%	2,501	1.9%	8,093	4.6%
Short-term	24,549	8.0%	15,567	11.9%	8,982	5.1%
Schedule award	7,596	2.5%	3,816	2.9%	3,780	2.1%
Survivor benefits	4,642	1.5%	625	0.5%	4,017	2.3%
Closed case	108,495	35.4%	39,398	30.2%	69,097	39.2%
Other	9,236	3.0%	3,336	2.6%	5,900	3.3%
Total	**306,905**	**100.0%**	**130,483**	**100.0%**	**176,422**	**100.0%**

Source: GAO analysis of Labor data.

Note: Other includes administrative reviewed, reopened, case retired or awaiting retirement, claim under development, claim unreviewed, claim destroyed, and claims with overpayments.

Table 8: Distribution of Age for All FECA Beneficiaries (2010)

	All		USPS		Non-USPS	
	Number of FECA beneficiaries	Percent	Number of FECA beneficiaries	Percent	Number of FECA beneficiaries	Percent
Less than 20	1,404	0.5%	29	0.0%	1,375	0.8%
20-29	20,548	6.7%	3,273	2.5%	17,275	9.8%
30-39	39,194	12.8%	13,933	10.7%	25,261	14.3%
40-49	70,829	23.1%	35,883	27.5%	34,946	19.8%
50-59	102,336	33.3%	53,143	40.7%	49,193	27.9%
60-64	36,076	11.8%	15,556	11.9%	20,520	11.6%
65 and older	36,333	11.8%	8,655	6.6%	27,678	15.7%
Missing, not applicable	185	0.1%	11	0.0%	174	0.1%
Total	**306,905**	**100.0%**	**130,483**	**100.0%**	**176,422**	**100.0%**
Median Age	52 years		52 years		52 years	

Source: GAO analysis of Labor data.

[41]All data presented in this enclosure are from chargeback year 2010. See enclosure I for more information on the source of the data.

Table 9: Distribution of Gender for All FECA Beneficiaries (2010)

	All		USPS		Non-USPS	
	Number of FECA beneficiaries	Percent	Number of FECA beneficiaries	Percent	Number of FECA beneficiaries	Percent
Male	171,927	56.1%	62,745	48.1%	109,182	62.1%
Female	134,311	43.9%	67,696	51.9%	66,615	37.9%
Total	**306,238**	**100.0%**	**130,441**	**100.0%**	**175,797**	**100.0%**

Source: GAO analysis of Labor data.

Note: Total excludes 667 cases where gender was missing.

Table 10: Years from Date of Injury to 2010 for All FECA Beneficiaries

	All		USPS		Non-USPS	
	Number of FECA beneficiaries	Percent	Number of FECA beneficiaries	Percent	Number of FECA beneficiaries	Percent
Less than 1 year ago	114,321	37.2%	42,880	32.9%	71,441	40.5%
1 to 5 years ago	104,829	34.2%	51,174	39.2%	53,655	30.4%
6 to 10 years ago	30,779	10.0%	17,985	13.8%	12,794	7.3%
11 to 20 years ago	29,182	9.5%	12,599	9.7%	16,583	9.4%
21 to 30 years ago	16,012	5.2%	3,514	2.7%	12,498	7.1%
31 to 40 years ago	9,244	3.0%	1,910	1.5%	7,334	4.2%
41 or more years ago	2,538	0.8%	421	0.3%	2,117	1.2%
Total	**306,905**	**100.0%**	**130,483**	**100.0%**	**176,422**	**100.0%**

Source: GAO analysis of Labor data.

Table 11: Distribution of Annual Cash Benefits for All FECA Beneficiaries (2010)

	All		USPS		Non-USPS	
	Number of FECA beneficiaries	Percent	Number of FECA beneficiaries	Percent	Number of FECA beneficiaries	Percent
$0	221,522	73.4%	93,555	73.4%	127,967	73.4%
$1 - $9,999	23,368	7.7%	12,268	9.6%	11,100	6.4%
$10,000 - $19,999	14,519	4.8%	6,206	4.9%	8,313	4.8%
$20,000 - $29,999	15,394	5.1%	4,741	3.7%	10,653	6.1%
$30,000 - $39,999	16,160	5.4%	8,386	6.6%	7,774	4.5%
$40,000 - $49,999	5,558	1.8%	1,654	1.3%	3,904	2.2%
$50,000 - $59,999	2,172	0.7%	265	0.2%	1,907	1.1%
$60,000 - $69,999	1,252	0.4%	138	0.1%	1,114	0.6%
$70,000 - $79,999	681	0.2%	62	0.0%	619	0.4%
$80,000 - $89,999	386	0.1%	35	0.0%	351	0.2%
$90,000 - $99,999	407	0.1%	25	0.0%	382	0.2%
$100,000 or more	407	0.1%	88	0.1%	319	0.2%
Total	**301,826**	**100.0%**	**127,423**	**100.0%**	**174,403**	**100.0%**
Median benefit (excluding $0)	$21,504		$17,371		$23,574	

Source: GAO analysis of Labor data.

Note: Table excludes cases where benefits were less than zero. Amounts less than zero are due to accounting for, for example, chargebacks to the claim for overpayments.

Table 12: Distribution of Annual Medical Benefits for All FECA Beneficiaries (2010)

	All		USPS		Non-USPS	
	Number of FECA beneficiaries	Percent	Number of FECA beneficiaries	Percent	Number of FECA beneficiaries	Percent
$0	79,305	26.0%	23,071	17.8%	56,234	32.1%
$1 - $9,999	203,493	66.7%	95,254	73.4%	108,239	61.7%
$10,000 - $19,999	13,715	4.5%	6,998	5.4%	6,717	3.8%
$20,000 - $29,999	4,228	1.4%	2,136	1.6%	2,092	1.2%
$30,000 - $39,999	1,793	0.6%	929	0.7%	864	0.5%
$40,000 - $49,999	907	0.3%	457	0.4%	450	0.3%
$50,000 - $59,999	532	0.2%	273	0.2%	259	0.1%
$60,000 - $69,999	349	0.1%	175	0.1%	174	0.1%
$70,000 - $79,999	189	0.1%	90	0.1%	99	0.1%
$80,000 - $89,999	158	0.1%	79	0.1%	79	0.0%
$90,000 - $99,999	99	0.0%	53	0.0%	46	0.0%
$100,000 or more	386	0.1%	185	0.1%	201	0.1%
Total	**305,154**	**100.0%**	**129,700**	**100.0%**	**175,454**	**100.0%**
Median benefit (excluding $0)	$888		$975		$823	

Source: GAO analysis of Labor data.

Note: Table excludes cases where benefits were less than zero. Amounts less than zero are due to accounting for, for example, chargebacks to the claim for overpayments.

Table 13: Distribution of Total Annual Benefits (Cash and Medical Benefits Combined) for All FECA Beneficiaries (2010)

	All		USPS		Non-USPS	
	Number of FECA beneficiaries	Percent	Number of FECA beneficiaries	Percent	Number of FECA beneficiaries	Percent
$0	56,688	18.8%	17,064	13.4%	39,624	22.8%
$1 - $9,999	173,538	57.6%	81,301	63.8%	92,237	53.1%
$10,000 - $19,999	19,117	6.3%	8,547	6.7%	10,570	6.1%
$20,000 - $29,999	16,079	5.3%	5,685	4.5%	10,394	6.0%
$30,000 - $39,999	14,921	5.0%	6,661	5.2%	8,260	4.8%
$40,000 - $49,999	9,044	3.0%	4,098	3.2%	4,946	2.8%
$50,000 - $59,999	4,615	1.5%	1,766	1.4%	2,849	1.6%
$60,000 - $69,999	2,637	0.9%	854	0.7%	1,783	1.0%
$70,000 - $79,999	1,511	0.5%	437	0.3%	1,074	0.6%
$80,000 - $89,999	926	0.3%	290	0.2%	636	0.4%
$90,000 - $99,999	691	0.2%	182	0.1%	509	0.3%
$100,000 or more	1,411	0.5%	475	0.4%	936	0.5%
Total	**301,178**	**100.0%**	**127,360**	**100.0%**	**173,818**	**100.0%**
Median benefit (excluding $0)	$1,563		$1,463		$1,707	

Source: GAO analysis of Labor data.

Note: Table excludes cases where benefits were less than zero. Amounts less than zero are due to accounting for, for example, chargebacks to the claim for overpayments.

Long-Term, Full-Time FECA Beneficiaries[42]

Table 14: Distribution of Long-Term, Full-Time Beneficiaries (2010)

	All		USPS		Non-USPS	
	Number of long-term, full-time beneficiaries	Percent	Number of long-term, full-time beneficiaries	Percent	Number of long-term, full-time beneficiaries	Percent
Long term, full-time	31,880	100.0%	12,349	38.7%	19,531	61.3%

Source: GAO analysis of Labor data.

Table 15: Distribution of Age of Long-Term, Full-Time Beneficiaries (2010)

	All		USPS		Non-USPS	
	Number of long-term, full-time beneficiaries	Percent	Number of long-term, full-time beneficiaries	Percent	Number of long-term, full-time beneficiaries	Percent
Less than 20	7	0.0%	0	0.0%	7	0.0%
20-29	187	0.6%	64	0.5%	123	0.6%
30-39	1,090	3.4%	591	4.8%	499	2.6%
40-49	4,299	13.5%	2,474	20.0%	1,825	9.3%
50-59	9,544	29.9%	4,871	39.4%	4,673	23.9%
60-64	5,147	16.1%	1,876	15.2%	3,271	16.7%
65 and older	11,606	36.4%	2,473	20.0%	9,133	46.8%
Total	**31,880**	**100.0%**	**12,349**	**100.0%**	**19,531**	**100.0%**
Median age	60 years		56 years		63 years	

Source: GAO analysis of Labor data.

Table 16: Distribution of Gender of Long-Term, Full-Time Beneficiaries (2010)

	All		USPS		Non-USPS	
	Number of long-term, full-time beneficiaries	Percent	Number of long-term, full-time beneficiaries	Percent	Number of long-term, full-time beneficiaries	Percent
Male	17,705	55.5%	5,554	45.0%	12,151	62.2%
Female	14,174	44.5%	6,795	55.0%	7,379	37.8%
Total	**31,879**	**100.0%**	**12,349**	**100.0%**	**19,530**	**100.0%**

Source: GAO analysis of Labor data.

Note: Table excludes cases where gender was missing.

[42]This group of long-term, full-time beneficiaries does not include those individuals receiving part-time benefits, schedule awards, and survivor benefits.

Table 17: Years from Date of Injury to 2010 for Long-Term, Full-Time Beneficiaries

	All		USPS		Non-USPS	
	Number of long-term, full-time beneficiaries	Percent	Number of long-term, full-time beneficiaries	Percent	Number of long-term, full-time beneficiaries	Percent
Less than 1 year ago	1,110	3.48%	674	5.46%	436	2.23%
1 year ago	1,437	4.51%	923	7.47%	514	2.63%
2 years ago	1,171	3.67%	711	5.76%	460	2.36%
3 years ago	1,131	3.55%	613	4.96%	518	2.65%
4 years ago	1,053	3.30%	605	4.90%	448	2.29%
5 years ago	1,107	3.47%	575	4.66%	532	2.72%
6 years ago	1,106	3.47%	580	4.70%	526	2.69%
7 years ago	1,144	3.59%	585	4.74%	559	2.86%
8 years ago	1,019	3.20%	564	4.57%	455	2.33%
9 years ago	1,040	3.26%	569	4.61%	471	2.41%
10 years ago	1,042	3.27%	540	4.37%	502	2.57%
11-15 years ago	4,072	12.77%	1,716	13.90%	2,536	12.06%
16-20 years ago	4,126	12.94%	1,212	9.81%	2,914	14.92%
21-25 years ago	3,870	12.14%	867	7.02%	3,003	15.38%
26-30 years ago	2,731	8.57%	486	3.94%	2,245	11.49%
31-35 years ago	2,497	7.83%	571	4.62%	1,926	9.86%
36-40 years ago	1,396	4.38%	351	2.84%	1,045	5.35%
41 or more years ago	828	2.60%	207	1.68%	621	3.18%
Total	**31,880**		**12,349**		**19,531**	

Source: GAO analysis of Labor data.

Note: Some percentages do not total 100 percent, due to rounding.

Table 18: Distribution of Annual Cash Benefits for Long-Term, Full-Time Beneficiaries (2010)

	All		USPS		Non-USPS	
	Number of long-term, full-time beneficiaries	Percent	Number of long-term, full-time beneficiaries	Percent	Number of long-term, full-time beneficiaries	Percent
$0	163	0.5%	70	0.6%	93	0.5%
$1 - $9,999	1,096	3.4%	691	5.6%	405	2.1%
$10,000 - $19,999	3,161	9.9%	1,170	9.5%	1,991	10.2%
$20,000 - $29,999	7,558	23.7%	1,812	14.7%	5,746	29.5%
$30,000 - $39,999	12,391	38.9%	6,899	56.0%	5,492	28.2%
$40,000 - $49,999	4,029	12.7%	1,339	10.9%	2,690	13.8%
$50,000 - $59,999	1,411	4.4%	159	1.3%	1,252	6.4%
$60,000 - $69,999	848	2.7%	83	0.7%	765	3.9%
$70,000 - $79,999	501	1.6%	36	0.3%	465	2.4%
$80,000 - $89,999	261	0.8%	16	0.1%	245	1.3%
$90,000 - $99,999	298	0.9%	10	0.1%	288	1.5%
$100,000 or more	116	0.4%	39	0.3%	77	0.4%
Total	**31,833**	**100.0%**	**12,324**	**100.0%**	**19,509**	**100.0%**
Median benefit (excluding $0)	$33,554		$34,459		$32,492	

Source: GAO analysis of Labor data.

Note: Table excludes cases where benefits were less than zero. Amounts less than zero are due to accounting for, for example, chargebacks to the claim for overpayments.

Table 19: Distribution of Annual Medical Benefits for Long-Term, Full-Time Beneficiaries (2010)

	All		USPS		Non-USPS	
	Number of long-term, full-time beneficiaries	Percent	Number of long-term, full-time beneficiaries	Percent	Number of long-term, full-time beneficiaries	Percent
$0	6,946	21.8%	1,555	12.6%	5,391	27.6%
$1 - $9,999	17,026	53.5%	6,931	56.2%	10,095	51.8%
$10,000 - $19,999	4,177	13.1%	2,053	16.6%	2,124	10.9%
$20,000 - $29,999	1,551	4.9%	747	6.1%	804	4.1%
$30,000 - $39,999	754	2.4%	377	3.1%	377	1.9%
$40,000 - $49,999	452	1.4%	225	1.8%	227	1.2%
$50,000 - $59,999	272	0.9%	133	1.1%	139	0.7%
$60,000 - $69,999	188	0.6%	95	0.8%	93	0.5%
$70,000 - $79,999	105	0.3%	49	0.4%	56	0.3%
$80,000 - $89,999	83	0.3%	37	0.3%	46	0.2%
$90,000 - $99,999	57	0.2%	29	0.2%	28	0.1%
$100,000 or more	228	0.7%	105	0.9%	123	0.6%
Total	31,839	100.0%	12,336	100.0%	19,503	100.0%
Median benefit (excluding $0)	$4,931		$6,056		$4,016	

Source: GAO analysis of Labor data.

Note: Table excludes cases where benefits were less than zero. Amounts less than zero are due to accounting for, for example, chargebacks to the claim for overpayments.

Table 20: Distribution of Total Annual Benefits (Cash and Medical Benefits Combined) for Long-Term, Full-Time Beneficiaries (2010)

	All		USPS		Non-USPS	
	Number of long-term, full-time beneficiaries	Percent	Number of long-term, full-time beneficiaries	Percent	Number of long-term, full-time beneficiaries	Percent
$0	11	0.0%	2	0.0%	9	0.0%
$1 - $9,999	639	2.0%	352	2.9%	287	1.5%
$10,000 - $19,999	2,067	6.5%	749	6.1%	1,318	6.8%
$20,000 - $29,999	5,507	17.3%	1,237	10.0%	4,270	21.9%
$30,000 - $39,999	9,366	29.4%	4,241	34.4%	5,125	26.3%
$40,000 - $49,999	6,207	19.5%	2,993	24.3%	3,214	16.5%
$50,000 - $59,999	3,124	9.8%	1,248	10.1%	1,876	9.6%
$60,000 - $69,999	1,794	5.6%	582	4.7%	1,212	6.2%
$70,000 - $79,999	1,136	3.6%	323	2.6%	813	4.2%
$80,000 - $89,999	647	2.0%	189	1.5%	458	2.3%
$90,000 - $99,999	475	1.5%	116	0.9%	359	1.8%
$100,000 or more	870	2.7%	300	2.4%	570	2.9%
Total	**31,843**	**100.0%**	**12,332**	**100.0%**	**19,511**	**100.0%**
Median benefit (excluding $0)	$38,282		$39,177		$37,289	

Source: GAO analysis of Labor data.

Note: Table excludes cases where benefits were less than zero. Amounts less than zero are due to accounting for, for example, chargebacks to the claim for overpayments.

Retirement-Age Beneficiaries on Long-Term, Full-Time Rolls[43]

Table 21: Distribution of Retirement-Age Beneficiaries on Long-Term, Full-Time Rolls (2010)

	All		USPS		Non-USPS	
	Number of retirement-age beneficiaries	Percent	Number of retirement-age beneficiaries	Percent	Number of retirement-age beneficiaries	Percent
Long term, full-time	10,873	100.0%	2,286	21.0%	8,587	79.0%

Source: GAO analysis of Labor data.

[43]Includes only those FECA beneficiaries on the long-term, full-time rolls who were of full retirement age as set forth in the Social Security Act.

Table 22: Distribution of Gender of Retirement-Age Beneficiaries on Long-Term, Full-Time Rolls (2010)

	All		USPS		Non-USPS	
	Number of retirement-age beneficiaries	Percent	Number of retirement-age beneficiaries	Percent	Number of retirement-age beneficiaries	Percent
Male	7,200	66.2%	1,472	64.4%	5,728	66.7%
Female	3,673	33.8%	814	35.6%	2,859	33.3%
Total	**10,873**	**100.0%**	**2,286**	**100.0%**	**8,587**	**100.0%**

Source: GAO analysis of Labor data.

Note: Table excludes case where gender was missing.

Table 23: Years from Date of Injury to 2010 for Retirement-age Beneficiaries on Long-Term, Full-Time Rolls (2010)

	All		USPS		Non-USPS	
	Number of retirement-age beneficiaries	Percent	Number of retirement-age beneficiaries	Percent	Number of retirement-age beneficiaries	Percent
Less than 1 year ago	28	0.26%	11	0.48%	17	0.20%
1 year ago	30	0.28%	13	0.57%	17	0.20%
2 years ago	37	0.34%	16	0.70%	21	0.24%
3 years ago	39	0.36%	19	0.83%	20	0.23%
4 years ago	44	0.40%	13	0.57%	31	0.36%
5 years ago	64	0.59%	20	0.87%	44	0.51%
6 years ago	72	0.66%	32	1.40%	40	0.47%
7 years ago	88	0.81%	27	1.18%	61	0.71%
8 years ago	82	0.75%	20	0.87%	62	0.72%
9 years ago	109	1.00%	43	1.88%	66	0.77%
10 years ago	118	1.09%	36	1.57%	82	0.95%
11-15 years ago	703	6.47%	193	8.44%	510	5.94%
16-20 years ago	1,424	13.10%	240	10.50%	1,184	13.79%
21-25 years ago	1,973	18.15%	306	13.39%	1,667	19.41%
26-30 years ago	1,843	16.95%	298	13.04%	1,545	17.99%
31-35 years ago	2,126	19.55%	475	20.78%	1,651	19.23%
36-40 years ago	1,289	11.86%	320	14.00%	969	11.28%
41 or more years ago	804	7.39%	204	8.92%	600	6.99%
Total	**10,873**		**2,286**		**8,587**	

Source: GAO analysis of Labor data.

Note: Some percentages do not total 100 percent, due to rounding.

Table 24: Distribution of Annual Cash Benefits for Retirement-Age Beneficiaries on Long-Term, Full-Time Rolls (2010)

	All		USPS		Non-USPS	
	Number of retirement-age beneficiaries	Percent	Number of retirement-age beneficiaries	Percent	Number of retirement-age beneficiaries	Percent
$0	12	0.1%	0	0.0%	12	0.1%
$1 - $9,999	84	0.8%	20	0.9%	64	0.7%
$10,000 - $19,999	900	8.3%	97	4.2%	803	9.4%
$20,000 - $29,999	2,889	26.6%	340	14.9%	2,549	29.7%
$30,000 - $39,999	4,119	37.9%	1,551	67.8%	2,568	29.9%
$40,000 - $49,999	1,382	12.7%	213	9.3%	1,169	13.6%
$50,000 - $59,999	597	5.5%	29	1.3%	568	6.6%
$60,000 - $69,999	399	3.7%	19	0.8%	380	4.4%
$70,000 - $79,999	259	2.4%	8	0.3%	251	2.9%
$80,000 - $89,999	120	1.1%	1	0.0%	119	1.4%
$90,000 - $99,999	88	0.8%	3	0.1%	85	1.0%
$100,000 or more	20	0.2%	5	0.2%	15	0.2%
Total	**10,869**	**100.0%**	**2,286**	**100.0%**	**8,583**	**100.0%**
Median benefit (excluding $0)	$33,620		$34,459		$33,019	

Source: GAO analysis of Labor data.

Note: Table excludes cases where benefits were less than zero. Amounts less than zero are due to accounting for, for example, chargebacks to the claim for overpayments.

Table 25: Distribution of Annual Medical Benefits for Retirement-Age Beneficiaries on Long-Term, Full-Time Rolls (2010)

	All		USPS		Non-USPS	
	Number of retirement-age beneficiaries	Percent	Number of retirement-age beneficiaries	Percent	Number of retirement-age beneficiaries	Percent
$0	4,492	41.4%	829	36.3%	3,663	42.7%
$1 - $9,999	5,506	50.7%	1,252	54.8%	4,254	49.6%
$10,000 - $19,999	540	5.0%	124	5.4%	416	4.9%
$20,000 - $29,999	134	1.2%	30	1.3%	104	1.2%
$30,000 - $39,999	63	0.6%	16	0.7%	47	0.5%
$40,000 - $49,999	32	0.3%	11	0.5%	21	0.2%
$50,000 - $59,999	17	0.2%	2	0.1%	15	0.2%
$60,000 - $69,999	23	0.2%	9	0.4%	14	0.2%
$70,000 - $79,999	16	0.1%	3	0.1%	13	0.2%
$80,000 - $89,999	11	0.1%	0	0.0%	11	0.1%
$90,000 - $99,999	8	0.1%	3	0.1%	5	0.1%
$100,000 or more	19	0.2%	6	0.3%	13	0.2%
Total	**10,861**	**100.0%**	**2,285**	**100.0%**	**8,576**	**100.0%**
Median benefit (excluding $0)	$1,620		$1,937		$1,500	

Source: GAO analysis of Labor data.

Note: Table excludes cases where benefits were less than zero. Amounts less than zero are due to accounting for, for example, chargebacks to the claim for overpayments.

Table 26: Distribution of Total Annual Benefits (Cash and Medical Benefits Combined) for Retirement-Age Beneficiaries on Long-Term, Full-Time Rolls (2010)

	All		USPS		Non-USPS	
	Number of retirement-age beneficiaries	Percent	Number of retirement-age beneficiaries	Percent	Number of retirement-age beneficiaries	Percent
$0	0	0.0%	0	0.0%	0	0.0%
$1 - $9,999	74	0.7%	11	0.5%	63	0.7%
$10,000 - $19,999	711	6.5%	78	3.4%	633	7.4%
$20,000 - $29,999	2,510	23.1%	260	11.4%	2,250	26.2%
$30,000 - $39,999	3,848	35.4%	1,330	58.2%	2,518	29.3%
$40,000 - $49,999	1,731	15.9%	414	18.1%	1,317	15.3%
$50,000 - $59,999	789	7.3%	89	3.9%	700	8.2%
$60,000 - $69,999	457	4.2%	39	1.7%	418	4.9%
$70,000 - $79,999	358	3.3%	24	1.0%	334	3.9%
$80,000 - $89,999	164	1.5%	12	0.5%	152	1.8%
$90,000 - $99,999	115	1.1%	5	0.2%	110	1.3%
$100,000 or more	112	1.0%	24	1.0%	88	1.0%
Total	**10,869**	**100.0%**	**2,286**	**100.0%**	**8,583**	**100.0%**
Median benefit (excluding $0)	$35,457		$36,019		$35,142	

Source: GAO analysis of Labor data.

Note: Table excludes cases where benefits were less than zero. Amounts less than zero are due to accounting for, for example, chargebacks to the claim for overpayments.

Enclosure V: Comments from the U.S. Postal Service

DEBORAH GIANNONI-JACKSON
VICE PRESIDENT
EMPLOYEE RESOURCE MANAGEMENT

UNITED STATES
POSTAL SERVICE

January 26, 2012

Mr. Andrew Sherrill
Director, Education, Workforce and Income Security Issues
United States Government Accountability Office
Washington, DC 20548-0001

Dear Mr. Sherrill:

This letter is in response to the draft report titled Federal Employees' Compensation Act: Benefits for Retirement-Age Beneficiaries (GAO-12-309R) cosigned by Mr. Phillip Herr.

As indicated in your draft report, the United States Postal Service agrees that under the current statute, the Federal Employees' Compensation Act provides benefits greater than those provided under the traditional federal retirement systems for injured workers who are retirement age. As the federal workforce ages, it has become imperative that this matter be addressed through legislative change.

If I can be of any further assistance, or provide you with any further information, please do not hesitate to contact me at 202-268-3783.

Sincerely,

Deborah Giannoni-Jackson

475 L'ENFANT PLAZA SW, ROOM 9840
WASHINGTON, DC 20260-4200
FAX: 202-268-3803
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Enclosure VI: GAO Contacts and Staff Acknowledgments

GAO Contacts

Andrew Sherrill at (202) 512-7215 or sherrilla@gao.gov, and Phillip Herr at (202) 512-2834 or herrp@gao.gov

Staff Acknowledgments

In addition to the contacts named above, key contributors to this report were Patrick Dibattista, H. Brandon Haller, James Bennett, Michelle Bracy, Tonnye Conner-White, Melinda Cordero, Carla Craddock, Robert Heilman, Gene Kuehneman, Christopher Morehouse, James Rebbe, Jeff Tessin, Walter Vance, Kathleen van Gelder, and James Whitcomb.

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