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APPROVED
SEP 7 - 1974

ACTION

Last Day: September 7

THE WHITE HOUSE
WASHINGTON
September 4, 1974

Statement issued 9/8/74

To Executives 9/9/74

MEMORANDUM FOR THE PRESIDENT
FROM: KEN COLE
SUBJECT: ENROLLED BILL H.R. 13871

Attached for your consideration is House Bill, H.R. 13871 amending the Federal Employees Compensation Act (FECA) which provides workers' benefits for job-related injury or death of Federal employees. The bill includes many desirable technical and clarifying changes in the FECA law, including several designed to streamline administrative procedures and speed payments to injured employees. Its major emphasis, however, is on benefit liberalization and extension.

The Department of Labor estimates that the additional outlays required by the bill would be \$4.5 million for fiscal year 1975 and \$8.4 million for fiscal year 1976 for benefits, and \$500,000 in administrative costs in fiscal year 1975 only. No provision was made in the budget for these costs. However, since the increased benefit costs will be borne by all participants and agencies it may be possible to absorb them within regular appropriations.

The Counsel's office, Bill Timmons, the Secretary of Labor and OMB recommend approval.

RECOMMENDATION

That you sign the attached bill at Tab A.



APPROVED
SEP 7 - 1974

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 28 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 13871 - Federal Employees
Compensation Act amendments
Sponsor - Rep. Daniels (D) New Jersey and 22 others

Last Day for Action

September 7, 1974 - Saturday

Purpose

Liberalizes and improves administration of the workers' compensation program for Federal employees injured or killed in line of duty. (The bill's outlay impact is described in a paragraph near the end of this memorandum and is not large.)

Agency Recommendations

Office of Management and Budget	Approval
Department of Labor	Approval
Civil Service Commission	Approval
ACTION	Approval
District of Columbia Government	Approval

Discussion

H.R. 13871 would amend the Federal Employees Compensation Act (FECA) which provides workers' compensation benefits for job-related injury or death of Federal employees. The last major revision of the FECA law was in 1966. Since that time, there has been a growing interest in the field of workers' compensation nationally, including a study of the State systems by the National Commission on State Workmen's Compensation Laws. In addition, employees, Members of Congress, and the GAO have noted the long delays in claims adjudication and payment by the Labor Department, which administers the FECA program.



H.R. 13871 was initiated in the House Committee on Education and Labor, in response to employee organization pressures for improved administration and higher benefits. The existing FECA program is already one of the most comprehensive and generous workers' compensation systems in the country. While the Administration favored many of the administrative improvements proposed in the enrolled bill, it opposed several of the benefit liberalizations. The bill ultimately enacted was the product of negotiations between the Labor Department and the congressional committees. The Department had only modest success in eliminating or paring down the benefit increases originally proposed.

The enrolled bill includes many desirable technical and clarifying changes in the FECA law, including several designed to streamline administrative procedures and speed payments to injured employees. Its major emphasis, however, is on benefit liberalization and extension.

Benefit liberalization and extension

The enrolled bill provides numerous increases in existing benefits, as well as several new benefits. It would:

(1) increase death benefits for survivors in a range of 11 to 14 percent, while retaining the present ceiling of 75 percent of an employee's salary as the maximum a widow or widower with surviving children may receive. The increases would apply only to death benefits for widow, widower or child, and not to other survivors (parents, brothers, sisters, etc.) recognized in the FECA law. The Administration originally opposed the increases in death benefits as excessive, and instead, urged deferral pending a reexamination of the basis for determining survivor benefits.

(2) increase the maximum monthly allowance for necessary attendants for disabled employees from \$300 to \$500 and the monthly maintenance allowance for employees undergoing vocational rehabilitation from \$100 to \$200.

(3) authorize compensation benefits for up to 312 weeks for permanent loss, or loss of use, of an important internal or external body organ not now specified in law (excluding brain, heart and back, pending further study on those by the Department of Labor).

(4) expand the definitions in the Act to authorize reimbursement for the services of podiatrists, optometrists, chiropractors, clinical psychologists, and dentists.

(5) permit a partially disabled employee to participate in vocational rehabilitation without the reduction in his benefits now required.

(6) eliminate the existing bar to dual receipt by an employee of FECA and VA benefits, or FECA and military retired pay, provided both benefits are not for the same injury.

(7) permit payment for work-related damage to, or destruction of, medical braces, artificial limbs and other prosthetic devices, including compensation for wage loss while waiting repair or replacement.

(8) continue compensation payments after age 70, without regard to overall income need and continue survivor benefits if widower or widow remarries after age 60 (similar to provisions in Civil Service retirement law).

(9) increase funeral benefits by \$200, to \$1,000.

(10) extend FECA protection to Federal employees on Federal jury duty and provide larger FECA benefits to head-of-household volunteers in the Peace Corps.

(11) eliminate the two-month waiting period for automatic cost-of-living adjustments in compensation benefits.

(12) extend the cost-of-living adjustment feature to several small non-Federal groups now covered under the FECA program by special law.

(13) grant an injured employee (a) mandatory reemployment and retention rights to his former or an equivalent position if he recovers within one year and (b) priority in rehiring if disability extends beyond one year.

Administrative and technical improvements

The enrolled bill would make a number of changes designed to codify present practice and to improve and simplify administrative procedures. H.R. 13871 would:

(1) permit an injured employee to remain in active pay status for up to 45 days while his claim is being processed and adjudicated, to ensure continuation of income and speed employing agency action in certifying and submitting the claim to Labor.

(2) allow the employee free choice of approved physicians and medical facilities, rather than mandating use of Federal Government facilities and personnel, thus codifying Labor Department's present practice.

(3) eliminate the dependency requirement now imposed in order for the husband or widower of a female employee to qualify for survivor benefits, again codifying the Department's administrative practice.

(4) extend the statute of limitations on filing claims from one to three years and the time for giving notice of injury from 48 hours to 30 days.

(5) reduce from 21 to 14 days the waiting period beyond which a disability must persist in order to provide "first day" coverage.

(6) authorize the Labor Department to discharge compensation liability by a lump-sum payment if the monthly amount is less than \$50, in lieu of the present \$5 figure.

(7) provide for use of improved actuarial tables and for direct purchase by agencies of claims forms from the Government Printing Office.

(8) require the Postal Service to pay its share of administrative costs, reflecting the intent of the Postal Reorganization Act.

(9) grant the Government a statutory lien on amounts recovered by an injured employee in a suit against a third party.

Another provision of the bill would require an extensive study by the Labor Department of the FECA program, together with a report and recommendations to Congress within 12 months of enactment. The Senate Committee report recommends that the study review such issues as

-- level and distribution of survivors' benefits in order to determine the most equitable method of providing compensation to the family of a deceased employee, including consideration of an approach based on a "spendable earnings" concept

-- the adequacy of payments for specific disabilities

-- the feasibility of including disabilities involving the heart, brain and back in a system of scheduled compensation, recognizing the difficulty of proving that injuries to these organs are job-related

-- whether the Secretary of Labor should have discretionary authority to increase maximum monthly attendant and maintenance allowances.

Cost

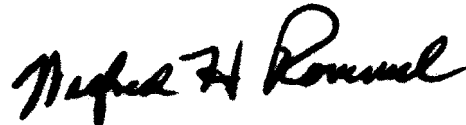
The Labor Department estimates that the additional outlays required by the bill would be \$4.5 million for fiscal year 1975 and \$8.4 million for fiscal year 1976 for benefits, and \$500,000 in administrative costs in fiscal year 1975 only. No provision was made in the budget for these costs. However, since the increased benefit costs will be borne by all participants and agencies it may be possible to absorb them within regular appropriations.

Recommendation

In its views letter on the enrolled bill, the Labor Department strongly recommends approval, stating:

"This Department has worked closely with both congressional committees involved in formulating these amendments to the FECA...We believe that H.R. 13871 makes important and needed improvements in the benefits provided for Federal workers who are injured in the performance of their duties."

We note that the comprehensive study of the FECA program which the bill requires Labor to make, including "recommendations regarding survivor benefits," will permit a reexamination of the benefit structure with an opportunity to propose desirable changes. Accordingly, while the Administration did not support many of the benefit increases we do not believe these liberalizations are sufficiently serious to warrant your disapproval of the bill.

A handwritten signature in black ink, appearing to read "Richard H. Russell". The signature is written in a cursive, slightly slanted style.

Assistant Director for
Legislative Reference

Enclosures



OFFICE OF
THE DIRECTOR

ACTION

WASHINGTON, D.C. 20525

August 23, 1974

Mr. W. H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Rommel:

This will acknowledge receipt of your request for our views and recommendations on enrolled bill H.R. 13871.

Section 23(b) of the bill amends Section 8142(c)(2) of Title 5 of the United States Code, dealing with the eligibility of Peace Corps Volunteers for benefits under the Federal Employees Compensation Act. The purpose of the amendment is to extend FECA coverage, at the GS-11 level, to Volunteers who have one or more minor children at the time they enter Peace Corps training, and have been designated a head of household for the purposes of the Peace Corps readjustment allowance. This change in the Federal Employees Compensation Act was recommended by ACTION, with the approval of the Office of Management and Budget, to provide adequate FECA coverage to this special category of Volunteers, which was authorized by 1970 amendments to the Peace Corps Act.

While the language of the enrolled bill is different from that proposed by this agency and approved by the Office of Management and Budget, the substantive effect of the amendment is unchanged, and is consistent with our recommendation.

The other sections of the enrolled bill do not specifically affect this agency.



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OFFICE OF
MANAGEMENT & BUDGET

Mr. W. H. Rommel
August 23, 1974
Page Two

We recommend that the President approve the bill.

Sincerely yours,

Marjorie Lynch

Marjorie Lynch
Associate Director for Domestic
and Anti-Poverty Operations





UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

CHAIRMAN

August 23, 1974

Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D.C. 20503

Attention: Assistant Director for
Legislative Reference

Dear Mr. Ash:

This is in response to your request for the Commission's views on enrolled H.R. 13871, an act "to amend chapter 81 of subpart G of title 5, United States Code, relating to compensation for work injuries, and for other purposes."

Section 22 is the only section of H.R. 13871 directly affecting the Commission's programs. We are, therefore, confining our comments to that section.

Section 22 would add a new section (8151) to title 5, United States Code, to provide certain "civil service retention rights" for injured or disabled employees. This proposed new section is designed to protect the rights and benefits of such employees who resume employment with the Federal Government, and to provide injured or disabled employees with a measure of job protection.

The Commission previously reported on section 22 of H.R. 13871 and had no objection to its enactment. We did make a few observations and suggestions, however, which have been adopted and are reflected in the act or in the Committee report on the bill. We note, particularly, that the Committee report makes it clear that the Commission is authorized to promulgate regulations covering the rights of employees whose injuries or disabilities are partially overcome, as well as those who have fully overcome their disabilities.



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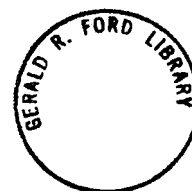
The Commission has no objection to the provisions of section 22 of enrolled H.R. 13871 and recommends that the President sign the bill.

By direction of the Commission:

Sincerely yours,

Robert Hampton

Chairman





THE DISTRICT OF COLUMBIA

WASHINGTON, D.C. 20004

WALTER E. WASHINGTON
Mayor-Commissioner

August 26, 1974

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D.C. 20503

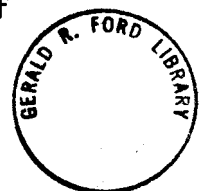
Dear Mr. Rommel:

This is in reference to a facsimile of an enrolled enactment of Congress entitled:

H.R. 13871 - To amend chapter 81 of subpart G of title 5, United States Code, relating to compensation for work injuries, and for other purposes.

The enrolled bill liberalizes in several important respects provisions of title 5, United States Code, relating to disability compensation and other benefits afforded government employees who sustain injuries while in the performance of their duties. Its coverage, within the municipal structure of the District of Columbia, would be coextensive with present law, and would include all employees of the District Government and independent District agencies except those who are under the coverage of the Policemen and Firemen's Retirement and Disability Act of 1957.

In a report to the Office of Management and Budget dated September 11, 1973 on H.R. 9118, a related bill, the District Government commented favorably with respect to the improvements in existing law made by the bill. However, we expressed general concern with several of the proposed amendments which would have had substantial financial impact on the District's budget. We note that most of



OFFICE OF
MANAGEMENT & BUDGET

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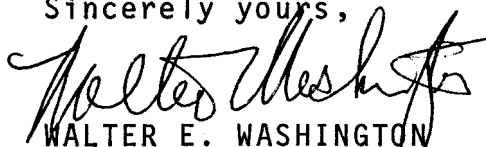
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these provisions have been eliminated or favorably modified in H.R. 13871.

The District Government supports the major changes in the rights and benefits made available to injured government employees by the enrolled bill and specifically those provisions which extend the statute of limitations for filing claims for disability compensation from one to three years; grant employees who recover from disabling injuries within one year a guaranteed right to return to their former or an equivalent position; and authorize continuation of an employee's pay, in cases where the claim for compensation is made on the basis of a traumatic injury and under regulations to be promulgated by the Secretary of Labor, for a period not to exceed 45 days.

The increased and additional benefits in disability compensation made by H.R. 13871 will result in increased costs to the District Government, the extent of which cannot be estimated at this time without actuarial experience. The District Government recommends the approval of H.R. 13871.

Sincerely yours,


WALTER E. WASHINGTON
Mayor-Commissioner



U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

AUG 27 1974

Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D.C. 20503


Dear Mr. Ash:

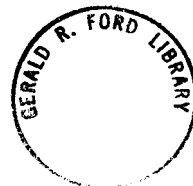
This is in response to your request for our views on the enrolled enactment of H.R. 13871, which contains a number of amendments to the Federal Employees' Compensation Act.

This Department has worked closely with both congressional committees involved in formulating these amendments to the FECA. On August 1, 1974, we reported our approval of the House-passed version of this legislation to the Senate Labor and Public Welfare Committee, recommending the addition of a technical amendment. The Senate version, which was accepted by the House, included our suggested amendment. The Senate also made four substantive changes in the legislation: (1) it extended the definition of physicians and authorized services to include dentists, clinical psychologists, optometrists and chiropractors subject to certain limitations; (2) it equalized benefits for certain Peace Corps volunteers; (3) coverage was expanded to include Federal employees serving as Federal jurors; and (4) damage to prosthetic devices was also covered. We have no objection to these provisions.

We believe that H.R. 13871 makes important and needed improvements in the benefits provided for Federal workers who are injured in the performance of their duties. We therefore strongly recommend that the President sign this bill.

Sincerely,


Secretary of Labor



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 549

Date: August 29, 1974

Time: 10:00 a. m.

FOR ACTION: James Cavanaugh
Andre Buckles
Phil Buchen
Bill Timmons

cc (for information): Warren K. Hendriks
Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, September 4, 1974 Time: 2:00 p. m.

SUBJECT: Enrolled Bill H.R. 13871 - Federal Employees
Compensation Act amendments

ACTION REQUESTED:

___ For Necessary Action

XX For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

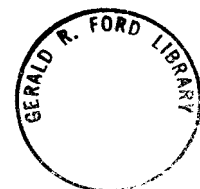
___ For Your Comments

___ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

8/31
Approved
[Signature]



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 549

Date: August 29, 1974

Time: 10:00 a. m.

FOR ACTION: James Cavanaugh
Andre Buckles
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Bill Timmons

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ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

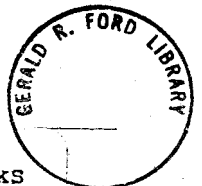
Please return to Kathy Tindle - West Wing

*Recommend Secretary's report
8/31*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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Warren K. Hendriks
For the President



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 549

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FOR ACTION: James Cavanaugh
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✓ Phil Buchen
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Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, September 4, 1974 Time: 2:00 p. m.

SUBJECT: Enrolled Bill H. R. 13871 - Federal Employees
Compensation Act amendments

ACTION REQUESTED:

- | | |
|---|--|
| <input type="checkbox"/> For Necessary Action | <input checked="" type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

*No objection
D.C.*

Please return to Kathy Tindle - West Wing



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If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

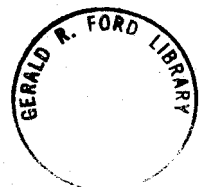
THE WHITE HOUSE
WASHINGTON

September 3, 1974

MEMORANDUM FOR: MR. WARREN HENDRIKS
FROM: WILLIAM E. TIMMONS *WET*
SUBJECT: Action Memorandum - Log No. 549
Enrolled Bill H. R. 13871 - Federal Employees
Compensation Act amendments

The Office of Legislative Affairs concurs in the attached proposal and has no additional recommendations.

Attachment



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 549

Date: August 29, 1974

Time: 10:00 a.m.

FOR ACTION: James Cavanaugh
Andre Buckles
Phil Buchen
✓ Bill Timmons

cc (for information): Warren K. Hendriks
Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, September 4, 1974 Time: 2:00 p.m.

SUBJECT: Enrolled Bill H. R. 13871 - Federal Employees
Compensation Act amendments

ACTION REQUESTED:

___ For Necessary Action

XX For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

___ For Your Comments

___ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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Warren K. Hendriks
For the President



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STATEMENT BY THE PRESIDENT

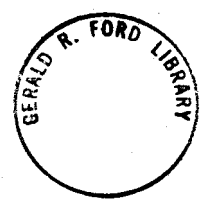
~~PROPOSED STATEMENT~~ by President Ford Upon Signing H. R. 13871,
~~1974 Amendments to the Federal Employees' Compensation Act~~

~~Last evening~~ On Saturday

I have this date signed into law H. R. 13871 -- the 1974 Amendments to the Federal Employees' Compensation Act. This Act provides workers' compensation benefits for Federal employees injured or killed in the performance of duty. Since the law was last amended over eight years ago, a number of social and economic developments have made it necessary to update and revise the requirements regarding compensation benefits for injured Federal workers. I feel this new legislation meets those changing conditions.

This bill will provide for improved protection against rising costs for Federal employees' and survivors who receive benefits. It also guarantees re-employment rights at the same or an equivalent position upon recovery within certain time limitations. Finally, the bill increases compensation benefits for survivors.

Therefore, I am pleased to sign this bill, which will assure quality protection for a very deserving group of workers' -- the Nations' Federal employees.



Sgd 9/2/74

THE WHITE HOUSE

WASHINGTON

ACTION

September 6, 1974

MEMORANDUM FOR:

THE PRESIDENT

FROM:

KEN COLE

SUBJECT:

Signing Statement - HR 13871

Attached for your consideration is a signing statement to be attached to H.R. 13871 which you signed this week amending the Federal Employees Compensation Act (FECA).

In view of your deferral of the Federal Employees pay raises, we recommend that a signing statement on this piece of legislation which benefits Federal Employees be issued.

The Counsel's Office, Bill Timmons, Paul Theis, and OMB recommend approval.

RECOMMENDATION:

That you approve the signing statement at Tab A.



Approve

_____ Disapprove

Attachment



PROPOSED STATEMENT by President Ford Upon Signing H. R. 13871,
1974 Amendments to the Federal Employees' Compensation Act

I have this date signed into law H. R. 13871 -- the 1974 Amendments to the Federal Employees' Compensation Act. This Act provides workers' compensation benefits for Federal employees injured or killed in the performance of duty. Since the law was last amended over eight years ago, a number of social and economic developments have made it necessary to update and revise the requirements regarding compensation benefits for injured Federal workers. I feel this new legislation meets those changing conditions.

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Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

On Saturday I signed into law H.R. 13871 -- the Amendments to the Federal Employees' Compensation Act. This Act provides workers' compensation benefits for Federal employees injured or killed in the performance of duty. Since the law was last amended over eight years ago, a number of social and economic developments have made it necessary to update and revise the requirements regarding compensation benefits for injured Federal workers. I feel this new legislation meets those changing conditions.

This bill will provide for improved protection against rising costs for Federal employees' and survivors who receive benefits. It also guarantees re-employment rights at the same or an equivalent position upon recovery within certain time limitations. Finally, the bill increases compensation benefits for survivors.

Therefore, I am pleased to sign this bill, which will assure ~~quality~~ protection for a very deserving group of workers' -- the Nations' Federal employees.

#

