

Schedule awards, Part 2



Regional Workers' Compensation Assistant Coby Jones

Last month's column provided basic information regarding schedule awards, with a focus on how to obtain the necessary medical report and how the Office of Workers' Compensation Programs (OWCP) calculates the dollar amount. The regulations regarding schedule awards, however, are complex. In addition, there are many misconceptions about them. This column explains additional details about schedule awards, with the goal of dispelling those misconceptions and providing useful information. It

should be read in conjunction with last month's column.

One of the most common mistaken beliefs about schedule awards is that they constitute final settlements or payouts that end further on-the-job injury benefits. This error probably is due to the fact that some state workers' compensation systems do provide for lump-sum payouts that constitute final settlements, after which no further benefits are payable. Schedule awards paid by OWCP do not constitute a settlement or final payout. They do not in any way end the right to continue receiving other OWCP benefits, such as payment for medical bills, reimbursement of transportation expenses for travel to medical appointments, wage-loss compensation benefits, etc.

Additional common misconceptions concern the relationship between retirement and schedule awards. Some mistakenly believe that retirement is a bar to receiving a schedule award. Retirement, in and of itself, has no effect on an employee's right to a schedule award. And in fact, there is no time limit on requesting a schedule award even after retirement.

Others incorrectly believe that it is a good idea to wait until retirement to pursue a schedule award. Generally, if an injured employee is working, either without restrictions or on limited duty, there is no logical reason to wait until retirement to pursue a schedule award. Instead, unless an employee is drawing wage-loss compensation, it is normally in the employee's interest to pursue a schedule award when maximum medical improvement (aka MMI) is reached.

Schedule awards are paid out in weeks of compensation. The reason they are called schedule awards is that 5 USC 8107, the relevant provision of the Federal Employees' Compensation Act (FECA), is titled "Compensation schedule," and sets out a schedule of body parts with corresponding number of weeks. For instance:

- Arm lost, 312 weeks' compensation
- Leg lost, 288 weeks' compensation
- Hand lost, 244 weeks' compensation¹

¹ The current complete schedule can be found at 20 CFR §10.404.

Schedule awards are paid for a certain number of weeks, calculated by multiplying the percentage of impairment of a body part (determined by the rating physician) times the number of weeks set out in the schedule in the FECA for that body part. Each week of the schedule award is paid at the employee's compensation rate, which is weekly salary times $\frac{2}{3}$ or $\frac{3}{4}$, depending on whether the employee is single with no dependents ($\frac{2}{3}$) or married or otherwise has one or more dependents ($\frac{3}{4}$).

The general rule is that schedule awards may not be received concurrently with wage-loss compensation but may be received concurrently with actual wages or with retirement benefits. There is an exception to the prohibition of simultaneous receipt of wage-loss compensation and a schedule award. If an employee has a job-related injury that causes impairment in one body part (that entitles them to a schedule award) and at the same time has a different job related injury to a different body part that is disabling, both wage-loss compensation for the disability and a schedule award for the impairment may be paid concurrently.

There is also an important, and dangerous, limitation that arises when employees are entitled to Social Security Disability Insurance (SSDI) benefits. Employees covered under the Federal Employees Retirement System (FERS) are required to apply for SSDI in order to obtain FERS disability retirement. And even though the Office of Personnel Management requires the employees to apply for SSDI, more often than not the SSDI is not approved while the FERS disability retirement is approved. This is because Social Security has a much stricter definition of disability.²

Social Security regulations provide for a dollar-for-dollar offset of Social Security disability benefits up to a certain point if an employee receives workers' compensation disability benefits. Social Security considers OWCP schedule awards as disability benefits and will in many cases deduct the full amount from any Social Security disability benefits due. Moreover, Social Security will report the full amount of the deduction to the IRS as taxable income, even though it never was paid to the injured worker.³ Because of this, employees receiving SSDI benefits should not apply for a schedule award until they are no longer on SSDI. It should be noted here that there is no offset between a schedule award and FERS disability retirement.

We will continue this discussion of schedule awards in next month's column.

² For a more detailed discussion of this, see the director of retired members' column in the December 2025 *Postal Record*, page 48.

³ How Social Security calculates the amount of the offset is discussed in more detail in this column in the October 2025 *Postal Record*, page 41.