

**FY 2015**

**CONGRESSIONAL BUDGET JUSTIFICATION**

**PENSION BENEFIT GUARANTY CORPORATION**



# PENSION BENEFIT GUARANTY CORPORATION

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# PENSION BENEFIT GUARANTY CORPORATION

## PENSION BENEFIT GUARANTY CORPORATION FUND

The Pension Benefit Guaranty Corporation ("Corporation") is authorized to make such expenditures, including financial assistance authorized by subtitle E of title IV of the Employee Retirement Income Security Act of 1974, within limits of funds and borrowing authority available to the Corporation, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations, as provided by 31 U.S.C. 9104, as may be necessary in carrying out the program, including associated administrative expenses, through September 30, [2014] 2015, for the Corporation: *Provided*, That none of the funds available to the Corporation for fiscal year [2014] 2015 shall be available for obligations for administrative expenses in excess of [\$505,441,000] \$415,394,000: *Provided further*, That to the extent that the number of new plan participants in plans terminated by the Corporation exceeds 100,000 in fiscal year [2014] 2015, an amount not to exceed an additional \$9,200,000 shall be available through September 30, [2015] 2016, for obligation for administrative expenses for every 20,000 additional terminated participants: [*Provided further*, That an additional \$50,000 shall be made available through September 30, 2015, for obligation for investment management fees for every \$25,000,000 in assets received by the Corporation as a result of new plan terminations or asset growth, after approval by the Office of Management and Budget and notification of the Committees on Appropriations of the House of Representatives and the Senate:] *Provided further*, That obligations in excess of the amounts provided in this paragraph may be incurred for unforeseen and extraordinary pretermination expenses or extraordinary multiemployer program related expenses after approval by the Office of Management and Budget and notification of the Committees on Appropriations of the House of Representatives and the Senate. (*Department of Labor Appropriations Act, 2014.*)

# PENSION BENEFIT GUARANTY CORPORATION

## APPROPRIATIONS LANGUAGE CHANGE

### Delete:

**[Provided further, That an additional \$50,000 shall be made available through September 30, 2015, for obligation for investment management fees for every \$25,000,000 in assets received by the Corporation as a result of new plan terminations or asset growth, after approval by the Office of Management and Budget and notification of the Committees on Appropriations of the House of Representatives and the Senate:]**

### Explanation:

PBGC contracts with professional financial services corporations to manage Trust fund assets in accordance with an investment strategy approved by PBGC's Board of Directors. Investment management fees are determined by the amount of assets under management. They are a direct, expense required to maintain the Trust Fund which proportionately reimburses the revolving fund for the single-employer benefit payments.

The Budget proposes to treat investment management fees as program expenses, and removes them from the limitation on administrative expenses. Similar to benefit payments, fees would be apportioned by the Office of Management and Budget (OMB) during the annual budget execution process. Investment fees and practices will continue to be subject to oversight by the PBGC Board, the Inspector General, and GAO.

## PENSION BENEFIT GUARANTY CORPORATION

<b>AMOUNTS AVAILABLE FOR OBLIGATION</b>						
(Dollars in Thousands)						
	FY 2013 Post Sequestration		FY 2014 Post Sequestration Revised		FY 2015 Request	
	FTE <sup>2</sup>	Amount	FTE	Amount	FTE	Amount
<b>A. Appropriation</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
Administrative Activities						
Pension Insurance Operations	207	\$74,078	203	\$76,100	209	\$79,526
Pension Plan Termination	338	\$236,959	335	\$266,070	340	\$179,230
Operational Support	396	\$159,869	418	\$154,464	428	\$156,638
Total Administrative Activities	941	\$470,906	956	\$496,634	977	\$415,394
Program Activities						
Investment Management Fees Program	0	\$0	0	\$0	0	\$96,384
Single-Employer Program Benefit Payments	0	\$5,800,000	0	\$5,827,000	0	\$6,618,000
Multiemployer Program Financial Assistance	0	\$118,000	0	\$112,000	0	\$122,000
Total Program Activities	0	\$5,918,000	0	\$5,939,000	0	\$6,836,384
Total Program and Administrative Activities	941	\$6,388,906	956	\$6,435,634	977	\$7,251,778
Offsetting Collections From:						
Interest on Federal Securities	0	\$734,000	0	\$620,000	0	\$633,000
Premium Receipts	0	\$2,191,000	0	\$1,986,000	0	\$2,757,000
Benefit Payment Reimbursements	0	\$2,853,000	0	\$3,233,000	0	\$3,995,000
Investment Management Fees Program	0	\$0	0	\$0	0	\$96,384
Trust Fund for Administrative Expenses **1	0	\$463,000	0	\$471,000	0	\$388,000
<i>Subtotal, Offsetting Collections From</i>	<i>0</i>	<i>\$6,241,000</i>	<i>0</i>	<i>\$6,310,000</i>	<i>0</i>	<i>\$7,869,384</i>
<b>B. Gross Budget Authority</b>	<b>941</b>	<b>\$12,629,906</b>	<b>956</b>	<b>\$12,745,634</b>	<b>977</b>	<b>\$15,121,162</b>
Offsetting Collections To:						
Interest on Federal Securities	0	-\$734,000	0	-\$620,000	0	-\$633,000
Premium Receipts	0	-\$2,191,000	0	-\$1,986,000	0	-\$2,757,000
Benefits Payment Reimbursements	0	-\$2,853,000	0	-\$3,233,000	0	-\$3,995,000
Investment Management Fees Program	0	\$0	0	\$0	0	-\$96,384
Administrative Expenses	0	-\$463,000	0	-\$471,000	0	-\$388,000
<i>Subtotal, Offsetting Collections To</i>	<i>0</i>	<i>-\$6,241,000</i>	<i>0</i>	<i>-\$6,310,000</i>	<i>0</i>	<i>-\$7,869,384</i>
<b>C. Obligating Authority Before Committee</b>	<b>941</b>	<b>\$470,906</b>	<b>956</b>	<b>\$496,634</b>	<b>977</b>	<b>\$415,394</b>
<b>D. Total Budgetary Resource</b>	<b>941</b>	<b>\$6,388,906</b>	<b>956</b>	<b>\$6,435,634</b>	<b>977</b>	<b>\$7,251,778</b>

## PENSION BENEFIT GUARANTY CORPORATION

Unobligated Balance Expiring	0	\$0	0	\$0	0	\$0
<b>E. Total, Estimated Obligations</b>	<b>941</b>	<b>\$6,388,906</b>	<b>956</b>	<b>\$6,435,634</b>	<b>977</b>	<b>\$7,251,778</b>

<sup>1</sup> During FY 2010, the assets of the multiemployer trust funds were depleted. Thus, the single-employer trust funds are the only remaining source of trust fund reimbursements to the revolving funds to cover administrative expenses. The single-employer and multiemployer insurance programs are, by law, operated and financed separately. The assets from one program cannot be used to support the other. As a result of the depletion of the multiemployer trust funds, approximately 95% of PBGC's total administrative expenses including the Investment Management Fees Program are reimbursed. This result also reflects the impact of revisions to PBGC's administrative expenses allocation methodology adopted in FY 2010. The portion that is not reimbursed represents an outlay in the Federal Budget.

<sup>2</sup> FY 2013 reflects actual FTE.

# PENSION BENEFIT GUARANTY CORPORATION

## SUMMARY OF CHANGES

(Dollars in Thousands)

	FY 2014 Post Sequestration Revised	FY 2015 Request	Net Change
<b>Obligational Authority</b>			
Program Activities	\$5,939,000	\$6,836,384	+\$897,384
Administrative Activities	\$496,634	\$415,394	-\$81,240
<b>Total</b>	<b>\$6,435,634</b>	<b>\$7,251,778</b>	<b>+\$816,144</b>
<b>Full Time Equivalents</b>			
Program Activities	0	0	0
Administrative Activities	956	977	21
<b>Total</b>	<b>956</b>	<b>977</b>	<b>21</b>

### FY 2015 Change

Explanation of Change	FY 2014 Post Sequestration Revised		Administrative Activities		Program Activities		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Increases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
Costs of pay adjustments	956	\$113,215	0	\$817	0	\$0	0	\$817
Personnel benefits	0	\$30,608	0	\$302	0	\$0	0	\$302
Benefits for former personnel	0	\$0	0	\$0	0	\$0	0	\$0
Travel and transportation of persons	0	\$1,859	0	\$0	0	\$0	0	\$0
Transportation of things	0	\$1	0	\$0	0	\$0	0	\$0
Rental payments to GSA	0	\$0	0	\$0	0	\$0	0	\$0
Rental payments to others	0	\$28,637	0	\$352	0	\$0	0	\$352
Communications, utilities, and miscellaneous charges	0	\$5,859	0	\$0	0	\$0	0	\$0
Printing and reproduction	0	\$286	0	\$0	0	\$0	0	\$0
Advisory and assistance services	0	\$95,476	0	\$0	0	\$0	0	\$0
Other services from non-Federal sources	0	\$207,397	0	\$0	0	\$0	0	\$0
Working Capital Fund	0	\$0	0	\$0	0	\$0	0	\$0
Other goods and services from Federal sources	0	\$4,100	0	\$0	0	\$0	0	\$0
Research & Development Contracts	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of facilities	0	\$0	0	\$0	0	\$0	0	\$0
Operation and maintenance of equipment	0	\$0	0	\$0	0	\$0	0	\$0
Supplies and materials	0	\$2,818	0	\$0	0	\$0	0	\$0
Equipment	0	\$6,378	0	\$0	0	\$0	0	\$0
Grants, subsidies, and contributions	0	\$0	0	\$0	0	\$0	0	\$0

# PENSION BENEFIT GUARANTY CORPORATION

FY 2015 Change

Explanation of Change	FY 2014 Post Sequestration Revised		Administrative Activities		Program Activities		Total	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
	Insurance claims and indemnities	0	\$5,827,000	0	\$0	0	\$0	0
Investment and Loans	0	\$112,000	0	\$0	0	\$0	0	\$0
<b>Built-Ins Subtotal</b>	<b>956</b>	<b>+\$6,435,634</b>	<b>0</b>	<b>+\$1,471</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>+\$1,471</b>
<b>B. Programs:</b>								
Benefit Payments	0	\$5,827,000	0	\$0	0	\$791,000	0	\$791,000
Reclassifying IMF as programmatic expense	0	\$0	0	\$0	0	\$88,984	0	\$88,984
Financial Assistance	0	\$112,000	0	\$0	0	\$10,000	0	\$10,000
Restoration of 2014 sequestration reduction	0	\$0	62	\$8,807	0	\$0	62	\$8,807
Fund Investment Management Fees	0	\$0	0	\$0	0	\$7,400	0	\$7,400
PIMS Modernization	0	\$1,569	0	\$3,273	0	\$0	0	\$3,273
<b>Programs Subtotal</b>			<b>62</b>	<b>+\$12,080</b>	<b>0</b>	<b>+\$897,384</b>	<b>62</b>	<b>+\$909,464</b>
<b>Total Increase</b>	<b>956</b>	<b>+\$6,435,634</b>	<b>62</b>	<b>+\$13,551</b>	<b>0</b>	<b>+\$897,384</b>	<b>62</b>	<b>+\$910,935</b>
<b>Decreases:</b>								
<b>A. Built-Ins:</b>								
To Provide For:								
<b>Built-Ins Subtotal</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>	<b>0</b>	<b>\$0</b>
<b>B. Programs:</b>								
Reclassifying IMF as programmatic expense	0	\$88,984	0	-\$88,984	0	\$0	0	-\$88,984
Reduction in FTE	0	\$0	-41	-\$5,807	0	\$0	-41	-\$5,807
<b>Programs Subtotal</b>			<b>-41</b>	<b>-\$94,791</b>	<b>0</b>	<b>\$0</b>	<b>-41</b>	<b>-\$94,791</b>
<b>Total Decrease</b>	<b>0</b>	<b>\$0</b>	<b>-41</b>	<b>-\$94,791</b>	<b>0</b>	<b>\$0</b>	<b>-41</b>	<b>-\$94,791</b>
<b>Total Change</b>	<b>956</b>	<b>+\$6,435,634</b>	<b>21</b>	<b>-\$81,240</b>	<b>0</b>	<b>+\$897,384</b>	<b>21</b>	<b>+\$816,144</b>

## PENSION BENEFIT GUARANTY CORPORATION

### SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY

(Dollars in Thousands)

	FY 2013 Post Sequestration		FY 2014 Post Sequestration Revised		FY 2015 Request		Diff. FY15 Request / FY14 Post Sequestration Revised	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Pension Insurance</b>	<b>207</b>	<b>74,078</b>	<b>203</b>	<b>76,100</b>	<b>209</b>	<b>79,526</b>	<b>6</b>	<b>3,426</b>
Administrative	207	74,078	203	76,100	209	79,526	6	3,426
<b>Pension Plan Termination and Benefits Administration</b>	<b>338</b>	<b>236,959</b>	<b>335</b>	<b>266,070</b>	<b>340</b>	<b>179,230</b>	<b>5</b>	<b>-86,840</b>
Administrative	338	236,959	335	266,070	340	179,230	5	-86,840
<b>Operational Support</b>	<b>396</b>	<b>159,869</b>	<b>418</b>	<b>154,464</b>	<b>428</b>	<b>156,638</b>	<b>10</b>	<b>2,174</b>
Administrative	396	159,869	418	154,464	428	156,638	10	2,174
<b>Office of Inspector General - Non-Add</b>	<b>23</b>	<b>5,965</b>	<b>27</b>	<b>6,127</b>	<b>27</b>	<b>6,157</b>	<b>0</b>	<b>30</b>
Administrative	23	5,965	27	6,127	27	6,157	0	30
<b>Investment Management Fees Program</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>96,384</b>	<b>0</b>	<b>96,384</b>
Program	0	0	0	0	0	96,384	0	96,384
<b>Single Employer Program Benefit Payments</b>	<b>0</b>	<b>5,800,000</b>	<b>0</b>	<b>5,827,000</b>	<b>0</b>	<b>6,618,000</b>	<b>0</b>	<b>791,000</b>
Program	0	5,800,000	0	5,827,000	0	6,618,000	0	791,000
<b>Multi-Employer Program Financial Assistance</b>	<b>0</b>	<b>118,000</b>	<b>0</b>	<b>112,000</b>	<b>0</b>	<b>122,000</b>	<b>0</b>	<b>10,000</b>
Program	0	118,000	0	112,000	0	122,000	0	10,000

## PENSION BENEFIT GUARANTY CORPORATION

### SUMMARY BUDGET AUTHORITY AND FTE BY ACTIVITY

(Dollars in Thousands)

	FY 2013 Post Sequestration		FY 2014 Post Sequestration Revised		FY 2015 Request		Diff. FY15 Request / FY14 Post Sequestration Revised	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
<b>Total</b>	<b>941</b>	<b>6,388,906</b>	<b>956</b>	<b>6,435,634</b>	<b>977</b>	<b>7,251,778</b>	<b>21</b>	<b>816,144</b>
<b>Program</b>	<b>0</b>	<b>5,918,000</b>	<b>0</b>	<b>5,939,000</b>	<b>0</b>	<b>6,836,384</b>	<b>0</b>	<b>897,384</b>
<b>Administrative</b>	<b>941</b>	<b>470,906</b>	<b>956</b>	<b>496,634</b>	<b>977</b>	<b>415,394</b>	<b>21</b>	<b>-81,240</b>

NOTE: FY 2013 reflects actual FTE.

## PENSION BENEFIT GUARANTY CORPORATION

<b>BUDGET AUTHORITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2013 Post Sequestration</b>	<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>	<b>Diff. FY15 Request / FY14 Post Sequestration Revised</b>
	Full-Time Equivalent				
	Full-time Permanent	987	926	947	21
	Other	30	30	30	0
	<b>Total</b>	<b>1,017</b>	<b>956</b>	<b>977</b>	<b>21</b>
	Average ES Salary	\$166,158	\$167,820	\$168,659	\$839
	Average GM/GS Grade	12	12	12	0
	Average GM/GS Salary	\$95,397	\$96,351	\$96,833	\$482
	Average Salary of Ungraded Positions	0	0	0	0
11.1	Full-time permanent	109,488	107,646	110,774	3,128
11.3	Other than full-time permanent	1,564	1,564	1,564	0
11.5	Other personnel compensation	4,002	4,005	4,005	0
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>115,054</b>	<b>113,215</b>	<b>116,343</b>	<b>3,128</b>
12.1	Civilian personnel benefits	31,898	30,608	31,599	991
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	1,842	1,859	1,859	0
22.0	Transportation of things	1	1	1	0
23.0	Rent, Communications, and Utilities	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	28,572	28,637	28,989	352
23.3	Communications, utilities, and miscellaneous charges	5,747	5,859	5,859	0
24.0	Printing and reproduction	353	286	286	0
25.1	Advisory and assistance services	86,255	95,476	96,384	908
25.2	Other services from non-Federal sources	189,246	207,397	217,559	10,162
25.3	Other goods and services from Federal sources 1/	1,493	4,100	4,100	0
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	0	0	0	0
26.0	Supplies and materials	2,827	2,818	2,818	0
31.0	Equipment	7,618	6,378	5,981	-397
33.0	Investments and Loans	118,000	112,000	122,000	10,000
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	5,800,000	5,827,000	6,618,000	791,000
	<b>Total</b>	<b>6,388,906</b>	<b>6,435,634</b>	<b>7,251,778</b>	<b>816,144</b>
	1/Other goods and services from Federal sources				
	Services by Other Government Departments	1,493	4,100	4,100	0

# PENSION BENEFIT GUARANTY CORPORATION

## SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEES' REPORTS

### **Senate Report 113-71 Page 28:**

*“The Committee is very concerned by the lack of progress in selecting a participant and plan sponsor advocate, a position required by Public Law 112-141, which was signed by President Obama on July 6, 2012. Among other things, the advocate is expected to act as a liaison between PBGC and participants in terminated pension plans, ensure that participants receive everything they are entitled to under law, and provide plan sponsors with assistance in resolving disputes with PBGC. The Committee expects the PBGC Board to move expeditiously in selecting a candidate for this position, which should occur as soon as possible but no later than 90 days after enactment of this act. The Committee also believes that the advocate must be a full-time position reporting directly to the PBGC Board given the significant duties required.”*

### **Response:**

At the September 25, 2013 Board meeting, the PBGC Board selected a full-time Participant and Plan Sponsor Advocate who began in December 2013.

# PENSION BENEFIT GUARANTY CORPORATION

## AUTHORIZING STATUTES

<b>Public Law / Act</b>	<b>Legislation</b>	<b>Statute No. / US Code</b>	<b>Volume No.</b>	<b>Page No.</b>	<b>Expiration Date</b>
P.L. 93-406	Title IV of the Employee Retirement Income Security Act of 1974 (ERISA) (1976)	29 U.S.C.	1301, et seq.		Not Applicable
P.L. 96-364	Multiemployer Pension Plan Amendments Act of 1980 (September 26, 1980)	94 Stat.	1208		Not Applicable
P.L. 99-272	Single Employer Pension Plan Amendments Act of 1986 (SEPPA) (April 7, 1986)	100 Stat.	82		Not Applicable
P.L. 100-203	Pension Protection Act (PPA) (December 22, 1987)	101 Stat.	1330		Not Applicable
P.L. 103-465	Retirement Protection Act (December 24, 1994)	108 Stat.	4890		Not Applicable
P.L. 109-280	Pension Protection Act of 2006 (August 17, 2006)	120 Stat.	780		Not Applicable
P.L. 109-171	Deficit Reduction Act (DRA) of 2005 (February 8, 2006)	120 Stat.	182		Not Applicable
P.L. 95-452	Inspector General Act (October 12, 1978)	5 U.S.C.	1101		Not Applicable
P.L. 100-504	Inspector General Act Amendments of 1988 (October 18, 1988)	102 Stat.	2515		Not Applicable
P.L. 110-409	Inspector General Reform Act (October 14, 2008)	122 Stat.	4302		Not Applicable
P.L. 112-141	Moving Ahead for Progress in the 21st Century Act. (July 6, 2012)	29 U.S.C.	1304 1308		Not Applicable
P.L. 113-67	Bipartisan Budget Act (December 26, 2013)	127 Stat.	1165		Not Applicable

## PENSION BENEFIT GUARANTY CORPORATION

<b>APPROPRIATION HISTORY</b>					
(Dollars in Thousands)					
	<b>Budget Estimates to Congress</b>	<b>House Allowance</b>	<b>Senate Allowance</b>	<b>Appropriations</b>	<b>FTE</b>
2005					
Base Appropriation...1/	\$266,330	\$266,330	\$266,330	\$350,556	851
2006					
Base Appropriation...2/	\$296,978	\$296,978	\$296,978	\$385,647	870
2007					
Base Appropriation...3/	\$397,645	\$397,645	\$397,645	\$405,391	870
2008					
Base Appropriation	\$411,151	\$411,151	\$411,151	\$411,151	870
2009					
Base Appropriation...4/	\$444,722	\$444,722	\$444,722	\$444,722	928
2010					
Base Appropriation	\$464,067	\$464,067	\$464,067	\$464,067	941
2011					
Base Appropriation...5/	\$466,301	\$0	\$0	\$464,067	941
2012					
Base Appropriation...6/	\$476,901	\$476,901	\$476,901	\$476,901	956
2013					
Post Sequestration...7/	\$479,013	\$0	\$0	\$470,906	941
2014 Post Sequestration Revised					
Base Appropriation...8/	\$505,441	\$0	\$0	\$496,634	956
2015					
Base Appropriation	\$415,394	\$0	\$0	\$0	977

1/ FY 2005 reflects reapportionments for a total of \$84,226,000 due to unexpected increased workload.

2/ FY 2006 reflects reapportionments for a total of \$88,669,000 due to unexpected increased workload.

3/ FY 2007 reflects reapportionments for a total of \$7,745,000 due to unexpected increased workload.

4/ FY 2009 was only reported out of Subcommittee and was not passed by the Full House.

5/ FY 2011 funding at the FY 2010 level was approved in Department of Defense and Full-Year Continuing Appropriations Act.

6/ FY 2012 reflects actual FTE.

7/ FY 2013 appropriation reflects a full year CR with temporary sequestration reduction and actual FTE.

8/ FY 2014 appropriation reflects a temporary sequestration reduction.

# PENSION BENEFIT GUARANTY CORPORATION

## Overview

The Pension Benefit Guaranty Corporation (PBGC) is a federal corporation established under the Employee Retirement Income Security Act of 1974, as amended. It guarantees payment of basic pension benefits earned by more than 42,000,000 American workers and retirees participating in more than 24,400 private sector defined benefit pension plans. The Corporation receives no funds from general tax revenues. Operations are financed by insurance premiums paid by companies that sponsor defined benefit pension plans, investment income, and assets from terminated plans.

The Corporation is administered by a presidentially appointed, Senate-confirmed Director who, subject to the policies established by the Board of Directors, is responsible for the agency's management, personnel, organization, budget and investments. PBGC's Board of Directors consists of the Secretaries of Labor (Chair), Commerce, and the Treasury.

### **PBGC Effectively Protected Retirement Security in FY 2013 and FY 2014**

*Plan Preservation Efforts:* PBGC tries, first, to preserve plans and keep pension promises in the hands of the employers who make them. When companies undertake major transactions that might threaten their ability to pay pensions, PBGC negotiates protections for their pension plans. Last year PBGC negotiated with dozens of companies, both in bankruptcy and otherwise, to preserve their plans. Similarly, when major layoffs or plant closures threaten a plan's viability, PBGC steps in to negotiate protection for the plan. In 2013 PBGC:

- Helped to protect 161,000 people by encouraging companies to keep their plans when they emerged from bankruptcy
- Negotiated \$15,000,000 in financial assurance to protect 5,000 people in plans at risk from corporate transactions
- Negotiated \$145,000,000 in financial assurance to protect 9,000 people whose companies downsized
- Continued to help protect 130,000 people in American Airlines' plans, as well as tens of thousands more in other plans in ongoing bankruptcies
- Published a new proposal to exempt financially sound companies and small plans with fewer than 100 people — 90 percent of businesses — from unnecessary reporting requirements
- Worked with media, Congressional staff, retiree groups, unions, and pension advocacy groups to help thousands to understand the lifetime consequences of accepting one-time cash payments instead of their pensions
- Hired the full-time Participant and Plan Sponsor Advocate, a new position mandated by MAP-21

*Stepping in to Insure Pensions When Plans Fail:* When plans do fail, PBGC steps in to ensure that a portion of benefits continue to be paid. Over the years, PBGC has become responsible for almost 1,500,000 people in 4,600 failed plans. In 2013 PBGC:

## **PENSION BENEFIT GUARANTY CORPORATION**

- Paid \$5,500,000,000 to nearly 900,000 retirees in more than 4,600 failed plans (an additional 620,000 workers will receive timely and accurate benefits when they retire)
- Assumed responsibility for 57,000 more people in 111 newly failed single-employer plans
- Started paying benefits to the 14,000 retirees in those plans, on time and without missing a single payment

### **FY 2015 Budget Demonstrates Ongoing Executive Level Commitment to Cost Control, Monitoring and Resource Reallocation**

PBGC's administrative expenditures were subject to mandatory sequestration in 2013 and 2014. These reductions to PBGC's budget authority has required PBGC leadership to restrict spending on lower priority activities and reallocate funds internally as much as possible to achieve organizational objectives. More recently, PBGC began integrating long range workload surge projections into the FY 2015 budget formulation process. In response to these reductions, PBGC's goal has been to:

- First, allocate resources effectively based on our best projections of workload demands to meet our mission objectives; and
- Second, reallocate resources as necessary during the year of execution to efficiently respond to changing conditions. These efforts have been focused on the strategic review and reorganization of procedures, processes, operation and structure of the Benefits Administration and Payment Department (BAPD), as well as development of a multiemployer version of our Pension Insurance Modeling System (PIMS). These efforts are analyzing credit, investment, and actuarial risks to the pension insurance programs to build and improve risk models to quantify and measure the impact of these risks to the insurance programs including financial assistance, if necessary.

Beginning with the FY 2013 budget execution, PBGC requested realignments of personnel and associated budgets to respond to directives contained in MAP-21 and support the BAPD strategic review. PBGC also scrubbed the Corporation's budget to identify other funds which could be used more effectively.

PBGC operated under a continuing resolution at the FY 2013 level for the first part of FY 2014. Although Congress enacted a limitation on PBGC's Administrative expenditures of \$505,441,000 for FY 2014, this amount was subject to sequestration applied to mandatory accounts and therefore reduced our operating budget to \$496,634,000. In PBGC's case, sequestration is a temporary reduction to be applied only if required in the year of budget execution. Consequently, the FY 2015 budget includes an increase of \$8,807,000 to reflect the temporary nature of the FY 2014 sequestration cuts as an anomaly which should not be included as a permanent reduction to PBGC's baseline in subsequent years. In FY 2014, PBGC applied the sequestration reductions in the operational support activity and then reduced full-time equivalents across the corporation in order to reduce the impact of the sequestration.

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## **Insurance Premium Reform is needed to Strengthen the Pension Benefit Guaranty Corporation's Ability to Protect Worker Pensions**

The PBGC acts as a backstop to insure pension payments for workers whose companies have failed. PBGC's single employer program covers plans that are normally sponsored by an individual company; the multiemployer program covers plans set up by collectively bargained agreements involving more than one unrelated employer. Both programs are underfunded, and combined liabilities exceeded assets by about \$36,000,000,000 at the end of FY 2013.

The Congress has raised premiums twice since 2012, but rates remain much lower than what a private sector financial institution would charge for insuring the same risk. Although PBGC will be able to pay benefits for years to come, it is still projected to be unable to meet its long-term obligations under current law. Any further premium increases need to be carefully crafted to avoid worsening PBGC's financial condition and harming workers' retirement security by driving healthy plans, that pose little risk of presenting a claim to PBGC, out of the system.

To address these concerns, the Budget proposes to give the PBGC Board the authority to adjust premiums in both the single-employer and multiemployer programs and directs PBGC to take into account the risks that different sponsors pose. In the multiemployer program, these premium increases are crucial to improving solvency but will not by themselves be sufficient to address the complex challenges facing these plans. The Administration looks forward to working with Congress to develop a more comprehensive solution. This proposal is estimated to save \$20,000,000,000 over the next decade.

### **Budget activities:**

PBGC's Budget Activity structure for FY 2015 reflects a change to recognize and apportion Investment Management Fees as a program rather than an administrative expense.

### ***Program***

***Investment management fees.*** PBGC contracts with professional financial services corporations to manage Trust fund assets in accordance with an investment strategy approved by PBGC's Board of Directors. Investment management fees are determined by the amount of assets under management. The request also excludes investment management fees from the annual limitation on administrative expenses, in recognition that investment management fees are determined by the amount of assets under management and are a direct, programmatic expense required to maintain the Trust Fund which supports single-employer benefit payments. Most investment organizations show these costs directly against their investment assets and not as an administrative expense. Additionally this request recognizes the difficulty of budgeting for such a volatile expense. Investment management fees are linked to the value of assets under management. Market fluctuations and the unknown amount of investment assets that PBGC will receive through the termination and trusteeship of pension plans have always made it difficult to predict the value of PBGC's total assets under management – and therefore, its management fees – more than a year in advance. As the value of PBGC's investment assets grow (from \$54 billion in 2009 to a projected \$83 billion in 2014 ), small swings in asset returns can mean large,

## PENSION BENEFIT GUARANTY CORPORATION

unbudgeted increases in fees that cannot be easily absorbed in PBGC's base budget. The current situation, in which investment management fees compete with other, more predictable budget line items, creates unnecessary administrative hardships and trade-offs that crowd out other important investments. Based on this new categorization and the inability to project an appropriate administrative limitation for these fees, the request proposes to remove them from the limitation and instead make them subject to review via the apportionment process, which allows for the consideration of up-to-date information about the value of assets under management. Investment fees and practices will continue to be subject to oversight by the PBGC Board, the Inspector General, and GAO. Information on PBGC's investment manager fees will continue to be published in its Annual Report and reported quarterly to the Board. The quarterly fee report lists both PBGC investment management fees and benchmark comparisons to demonstrate PBGC is ensuring investment management fees remain at the lowest levels necessary to responsibly manage the Trust Fund.

***Single-employer benefit payments.*** The single-employer program protects about 32,000,000 workers and retirees in about 23,000 pension plans. Under this program, a company may voluntarily seek to terminate its plan, or PBGC may seek termination. The PBGC must seek termination when a plan cannot pay current benefits. A plan that cannot pay all benefits may be ended by a "distress" termination, but only if the employer meets tests proving severe financial distress, such as proving that continuing the plan would force the company to go out of business. If a terminated plan cannot pay at least the PBGC-guaranteed level of benefits, PBGC uses its funds to ensure that guaranteed benefits are paid. A sponsor may terminate a plan in a "standard" termination only if plan assets are sufficient to pay all benefits. In a standard termination, the sponsor closes out the plan by purchasing annuities from an insurance company or by paying benefits in a lump sum. After a standard termination, the PBGC guarantee ends.

***Multiemployer financial assistance.*** The multiemployer insurance program protects about 10,000,000 workers and retirees in about 1,400 pension plans. Multiemployer pension plans are maintained under collectively bargained agreements involving unrelated employers, generally of the same industry. If a PBGC-insured multiemployer plan is unable to pay guaranteed benefits when due, the PBGC will provide the plan with financial assistance to continue paying guaranteed benefits.

### ***Administrative***

***Pension insurance.*** This part of the administrative budget includes premium collections, purchase of U.S. Treasury securities using premium receipts, pre-trusteeship work, efforts to preserve pension plans, recovery of assets from former plan sponsors, and pension insurance program protection activities.

***Pension plan termination.*** This part of the administrative budget includes all activities related to trusteeship; plan asset management excluding investment management fees, trust accounting; as well as benefit payments and administration services.

***Operational support.*** This part of the administrative budget includes administrative and legal support, information technology infrastructure, and other shared program support for both

## **PENSION BENEFIT GUARANTY CORPORATION**

PBGC's insurance and plan termination activities. The operational support activity includes the operations of the Inspector General and funding to support the required functions and efforts of the office, including training and participation in Council of the Inspector Generals on Integrity and Efficiency (CIGIE) activities.

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TABLE 1: SUMMARY OF PBGC MEASURES AND ACTIVITIES

	Target	2013	2012
<b>Preserve Plan and Protect Pensioners<sup>1</sup></b>			
People Protected in Plans Emerging from Bankruptcy <sup>2</sup>		<b>161,000</b>	33,000
Standard Termination Audits: Additional Payments		<b>\$3.7 M to 1,539 people</b>	\$3 M to 454 people
<b>Pay Timely and Accurate Benefits</b>			
People Receiving Benefits - Single Employer		<b>851,000</b>	836,000
People to Receive Benefits in Future - Single Employer		<b>596,000</b>	593,000
People Receiving Benefits – Multiemployer		<b>50,000</b>	51,000
People to Receive Benefits in Future – Multiemployer		<b>21,000</b>	21,000
New Retiree On-time Payments	100%	<b>100%</b>	100%
Estimated Benefits within 10-percent of Final Calculation	95%	<b>96%</b>	95%
Average Time to Provide Benefit Determinations (years)	3.0	<b>4.0</b>	3.5
Improper Payment Rates within OMB Threshold <sup>3</sup>	<2.5%	<b>Yes</b>	Yes
Applications Processed in 45 days	87%	<b>88%</b>	90%
<b>Maintain High Standards of Stewardship and Accountability</b>			
Retiree Satisfaction – ACSI <sup>4</sup>	85	<b>90</b>	89
Caller Satisfaction – ACSI	81	<b>87</b>	87
Premium Filer Satisfaction – ACSI	72	<b>74</b>	76
Overall Customer Satisfaction – ACSI <sup>5</sup>	72	<b>71</b>	72
Contract Awards Fully Competed		<b>86%</b>	89%
Financial Surplus (Deficit) - Single Employer		<b>(\$27.4 B)</b>	(\$29.1 B)
Financial Surplus (Deficit) - Multiemployer		<b>(\$8.3 B)</b>	(\$5.2 B)
“Clean” (Unqualified) Audit	Yes	<b>Yes</b>	Yes

<sup>1</sup>New performance measures added

<sup>2</sup> 2012 and 2013 do not include 130,000 people we helped protect in American Airlines and tens of thousands more in other plans in ongoing bankruptcies

<sup>3</sup> OMB’s threshold for improper payment reporting is 2.5% of total payments and more than \$10,000,000, or an amount more than \$100,000,000

<sup>4</sup> The American Customer Satisfaction Index (ACSI) uses a 0-100 scale; 80 or above is considered excellent

<sup>5</sup> Measures customer satisfaction with information and services provided by the agency

# PENSION BENEFIT GUARANTY CORPORATION

## Cost Model

The FY 2015 administrative operating budget of \$415,393,914 and 977 FTE is comprised of three activities:

- Pension Insurance (\$79,526,000) includes such functions as the collection and investment of premiums; monitoring, negotiating and litigating protections for participants in endangered plans; prosecuting claims recoveries in terminated plans; and assisting plan practitioners in their dealings with the Corporation
- Pension Plan Termination and Benefits Administration (\$179,230,180) includes the work necessary to fulfill PBGC's responsibilities toward the participants in trustee plans, including determining and paying the benefits and providing related services
- Operational Support (\$156,637,734) includes the vast range of activities necessary to keep the Corporation working, including facilities, information technology, and other administrative services such as accounting, procurement, budget, legal services, internal controls, communications, strategic planning and human resources management

*PBGC's Agency Request assumes:*

## Increases

- An increase of \$1,471,000 to reflect inflation adjustments for mandatory costs such as rent and personnel compensation
- An increase of \$8,807,000 and 62 FTEs from the FY 2014 post sequestration level to reflect the restoration of the temporary FY 2014 sequestration cuts.
- An increase of \$3,273,000 to reflect costs associated with modernizing PBGC's Pension Data Center to ensure quality of actuarial evaluations of PBGC's future expected operations and financial status, increase clarity, and enhance policies and procedures as recommended by PBGC's OIG and required by Congress in Moving Ahead for Progress in the 21st Century (MAP-21) legislation

## Reductions

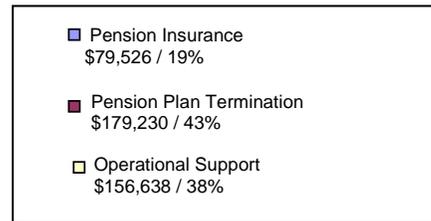
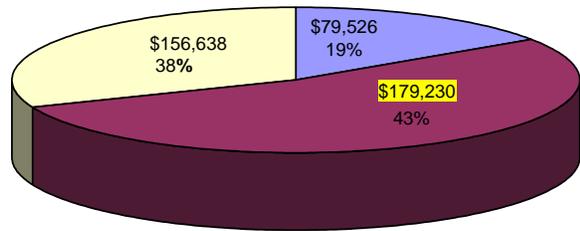
- A reduction of (\$5,807,000) and 41 FTE to reflect a permanent reduction in staffing to more accurately reflect PBGC's historical FTE usage

## Realignment

- A realignment of \$88,984,000 to reflect a change to recognize and apportion Investment Management Fees as a program rather than an administrative expense

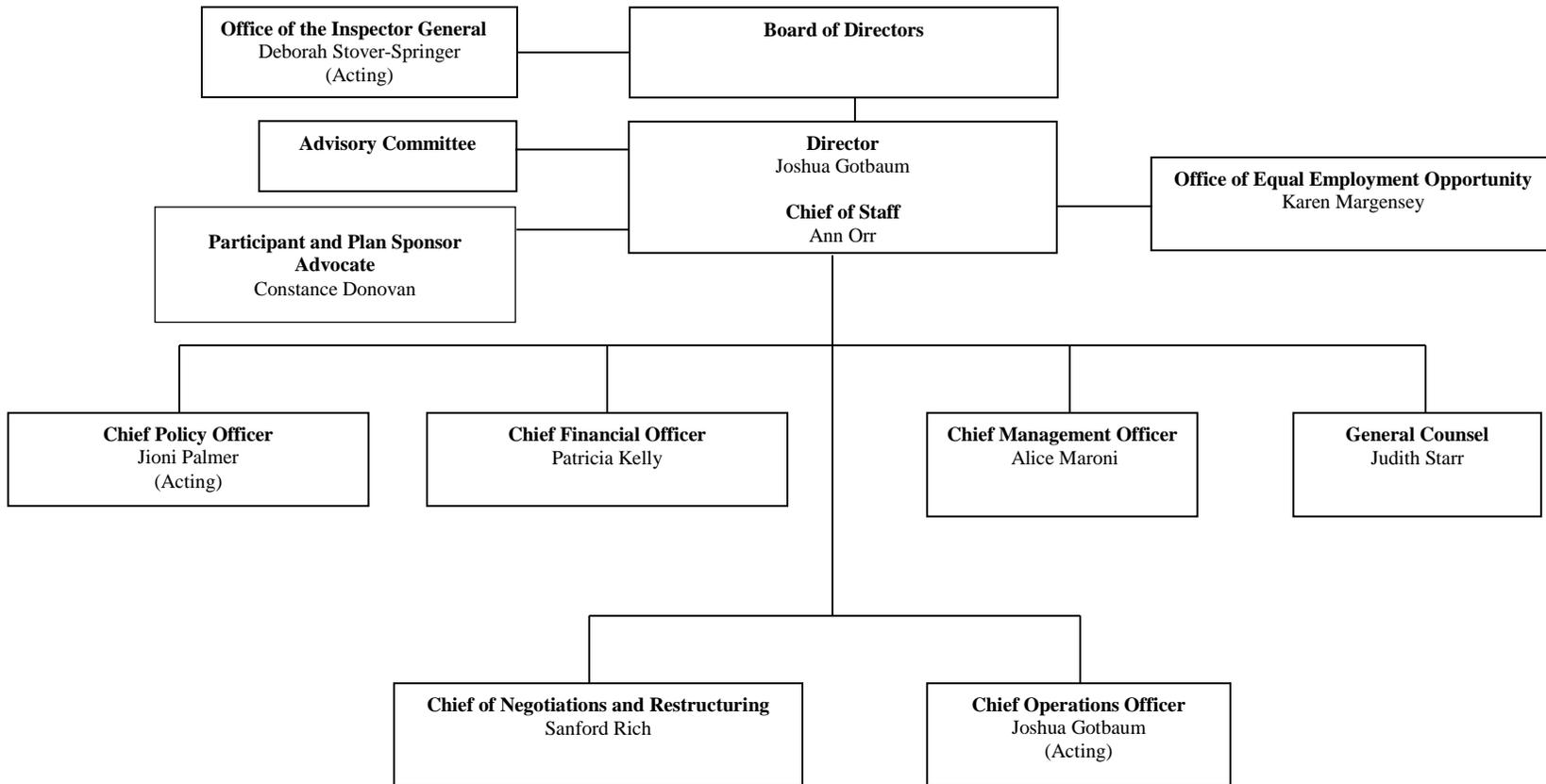
# PENSION BENEFIT GUARANTY CORPORATION

**FY 2015 PBGC Budget by Activity**  
**Total = \$415,394**  
**(Dollars in thousands)**



Pension Insurance	209 FTE	\$ 79,526
Pension Plan Termination	340 FTE	\$179,230
Operational Support	428 FTE	\$156,638
<hr/>		
Total	977 FTE	\$415,394

# PENSION BENEFIT GUARANTY CORPORATION





## PENSION INSURANCE

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2013 Post Sequestration</b>	<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>	<b>Diff. FY15 Request / FY14 Post Sequestration Revised</b>
<b>Activity Appropriation</b>	<b>74,078</b>	<b>76,100</b>	<b>79,526</b>	<b>3,426</b>
FTE	207	203	209	6

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 230.

### **Introduction**

The Pension Insurance Activity is comprised of work directly associated with pension insurance for ongoing plans. The functions of this activity include risk assessment and management, loss prevention, technical assistance to existing plans, policy research and development related to determining the correct premium levels and possible default risks as well as the collection of premiums from insured plans. This activity includes resources needed to identify, monitor, and mitigate significant risks to the PBGC, through negotiation and litigation.

We continued to monitor more than 1,500 companies for transactions that could pose significant risks to underfunded plans and to arrange for sponsors to protect those plans. We also investigated those transactions to see if they posed risk to people’s pensions, and negotiated agreements to strengthen them if they did. In FY 2013, we opened more than 50 such investigations.

The number of new bankruptcy cases continued to drop in FY 2013. In each, we have been working to protect the interests of pension plan participants.

In FY 2013 we received 1,481 standard termination filings, audited 234, and took enforcement actions that resulted in additional payments of \$3,700,000 to 1,539 workers and retirees.

GAO completed two reviews related to long-term structural challenges of plan sponsors funding of defined benefit pension plans and the limited tools available to address PBGC’s long-term financial stability to these issues:

In the report “Redesigned Premium Structure Could Better Align Rates with Risk from Plan Sponsors” (GAO-13-58), GAO concluded our premiums do not reflect the agency’s risk from individual plans and sponsors. It recommended that Congress consider changes to PBGC’s premium structure.

In the report “Timely Action Needed to Address Impending Multiemployer Plan Insolvencies” (GAO-13-240), GAO noted that our financial assistance payments to eligible multiemployer plans had increased significantly since 2009 and that plan insolvencies threaten PBGC's multiemployer insurance fund's ability to pay pension guarantees for retirees. GAO recommended that Congress consider comprehensive and balanced structural reforms to reinforce and stabilize the multiemployer system.

# PENSION INSURANCE

## Five-Year Budget Activity History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$86,412	216
2011	\$74,506	215
2012	\$84,219	210
2013	\$74,078	230
2014	\$76,100	203

### *Notable Pension Insurance Activity:*

#### **FY 2015**

- Continue improvements to Pension Insurance Modeling System (PIMS) to reflect academic and private sector advancements in financial modeling, transition to a more modern software platform and add multiemployer modeling capability – our requests includes \$3,273,000 to support this work
- Continue efforts to support the Multiemployer (ME) Program
- Make determinations in partition and/or merger requests
- Review mass withdrawal liability work-out requests
- Assist with potential plan mergers, partitions and alternative withdrawal liability rule reviews
- Ad hoc projects where the viability of an employer may impact the solvency of the plan
- Implement process improvements to increase operational capacity

#### **FY 2014**

- We expect multiemployer plan cases will increase in both volume and complexity. The area with the most expected growth involves mass withdrawal liability work-outs PBGC anticipates we could see as much as a 500% increase in work-out requests in a variety of industries (previous requests have been focused within the construction industry). We also anticipate anywhere from five to fifteen partition and/or merger requests and five to ten ad hoc work-out requests
- PBGC is responding to these imperatives by restructuring the multiemployer program to work proactively with multiemployer plans prior to insolvency and improve collaboration with both internal and external stakeholders
- Continue improvements to PIMS based on user community feedback
- Complete the new Premium Practitioner System
- Continue efforts to support the ME Program to include making determinations in partition and/or merger requests as well as review of mass withdrawal liability work-out requests
- Assist with potential plan mergers, partitions and alternative withdrawal liability rule reviews
- Implement process improvements to meet Inspector General findings and IT systems controls

## **PENSION INSURANCE**

- Implement new recovery negotiation timelines with a goal of having terminated plan settlements in place within 60 days of plan termination
- Ad hoc projects where the viability of an employer may impact the solvency of the plan

### **FY 2013**

- Helped to protect 161,000 people by encouraging companies to keep their plans when they emerged from bankruptcy
- Collected \$3,200,000,000 in premiums
- Negotiated \$15,000,000 in financial assurance to protect 5,000 people in plans at risk from corporate transactions
- Negotiated \$145,000,000 in financial assurance to protect 9,000 people whose companies downsized
- Continued to help protect 130,000 people in American Airlines' plans, as well as tens of thousands more in other plans in ongoing bankruptcies
- PBGC commissioned a full review of the PIMS
- PBGC supported efforts to address issues in the ME Program
- PBGC published a new proposal to exempt financially sound companies and small plans with fewer than 100 people — 90 percent of businesses — from unnecessary reporting requirements
- PBGC also paid \$89,000,000 in financial assistance to 44 multiemployer pension plans covering the benefits of nearly 50,000 retirees

## PENSION INSURANCE

<b>DETAILED WORKLOAD AND PERFORMANCE</b>					
	<b>FY 2013 Post Sequestration</b>		<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>	
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>	
<b>Pension Insurance</b>					
<b>Performance Measure</b>					
1.1	Unfunded Plan Termination	120	112	115[e]	115[e]
1.2	Financial Assistance Transactions/Requests Processed for Insolvent Multiemployer Plans	250	161	200[e]	200[e]
1.3	Customer Satisfaction Score for Premium Filers	72	74	72[e]	72[e]
	People Protected in Bankruptcy, Layoffs and Early Warning	175,000	175,000	30,000[e]	30,000[e]
	Additional Payments from Audits of Standard Termination Filings	3,700,000	3,700,000	3,000,000[e]	3,000,000[e]
	My PAA Customer Satisfaction Score	80	80	74[e]	74[e]
	Bankruptcies Resolved with Plans Ongoing	11	11	10[e]	10[e]
<b>Workload A: (Units)</b>					
2.1	New Bankruptcy Cases Opened	45	35	35[e]	35[e]
2.2	Standard Termination Filings Received for PBGC Review (fully funded plans)	1,500	1,481	1,500[e]	1,500[e]
2.3	Standard Termination Audits Completed (audits or benefit distributions made to plan participants)	280	234	215[e]	230[e]
2.4	Reportable Events	1,200	1,122	1,100[e]	1,100[e]

## PENSION INSURANCE

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2013 Post Sequestration</b>		<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
2.5 Litigations	45	54	45[e]	55[e]
<b>Workload B: (Dollars, in thousands)</b>				
3.1 Premiums Collected	\$3,528,000	\$3,163,000	\$1,986,000[e]	\$2,757,000[e]
3.2 Revolving Fund Investment Portfolio	\$20,820,000	\$17,675,000	\$17,550,000[e]	\$18,168,000[e]

Legend: (r) Revised (e) Estimate (base) Baseline N/A - Not Applicable TBD - To Be Determined [p] - Projection

# PENSION INSURANCE

## Workload Summary

The general trends and challenges facing the Pension Insurance area of the Corporation are those that face the Corporation as a whole – weakness in certain economic sectors and an unacceptably high level of pension underfunding despite recent efforts by pension plan sponsors to de-risk and more fully fund their plans. The need for financial and actuarial analysis, coupled with a skilled combination of litigation and negotiation activities, remains critical to the Corporation's success in preserving America's defined benefit pension plans. The continuing high levels of activity in the pension insurance area reflect the conditions in industries with a high concentration of large multiemployer plans (e.g., transportation and construction) and single employer plans (e.g., autos, manufacturing, transportation, newspapers, healthcare, and retail).

To manage its risk and take timely action, PBGC will continue to:

- Analyze credit, investment, and actuarial risks to the pension insurance programs and build and improve risk models to quantify and measure the impact of these risks to the insurance programs
- Enhance the automation of collection and integration of external and internal information to analyze the financial condition of pension plans and plan sponsors
- Coordinate with Treasury and DOL in responding to risks that reach across organizational boundaries
- Initiate vigorous bankruptcy interventions, negotiations and litigation efforts
- Explore, develop, and implement incentives/settlements to prevent plan sponsor initiated terminations and maximize recoveries
- Promulgate regulations that are understandable, flexible, relevant, and not unduly burdensome

The scale of our future workload changes remains subject to factors largely beyond the Corporation's control but the continuing defined benefit plan decline in the U.S., current deficits and significant exposure to future losses suggest increasing risks to the insurance programs and higher demand on PBGC.

## PENSION INSURANCE

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2013 Post Sequestration</b>	<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>	<b>Diff. FY15 Request / FY14 Post Sequestration Revised</b>
11.1	Full-time permanent	24,804	22,710	23,552	842
11.3	Other than full-time permanent	454	454	454	0
11.5	Other personnel compensation	1,171	1,179	1,179	0
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>26,429</b>	<b>24,343</b>	<b>25,185</b>	<b>842</b>
12.1	Civilian personnel benefits	6,985	6,240	6,551	311
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	458	458	458	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	15	15	15	0
24.0	Printing and reproduction	40	30	30	0
25.1	Advisory and assistance services	1,085	1,000	0	-1,000
25.2	Other services from non-Federal sources	38,297	42,812	46,085	3,273
25.3	Other goods and services from Federal sources 1/	577	1,000	1,000	0
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	0	0	0	0
26.0	Supplies and materials	146	151	151	0
31.0	Equipment	46	51	51	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>74,078</b>	<b>76,100</b>	<b>79,526</b>	<b>3,426</b>
	1/Other goods and services from Federal sources				
	Services by Other Government Departments	577	1,000	1,000	0

# PENSION INSURANCE

## CHANGES IN FY 2015

(Dollars in Thousands)

**Activity Changes**

**Built-In**

To Provide For:

Costs of pay adjustments	\$180
Personnel benefits	66
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$246**

**Net Program** **\$3,180**

**Direct FTE** **6**

	Estimate	FTE
<b>Base</b>	<b>\$76,346</b>	<b>203</b>
<b>Program Increase</b>	<b>\$6,009</b>	<b>19</b>
<b>Program Decrease</b>	<b>-\$2,829</b>	<b>-13</b>

## PENSION PLAN TERMINATION AND BENEFITS ADMINISTRATION

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2013 Post Sequestration</b>	<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>	<b>Diff. FY15 Request / FY14 Post Sequestration Revised</b>
<b>Activity Appropriation</b>	<b>236,959</b>	<b>266,070</b>	<b>179,230</b>	<b>-86,840</b>
FTE	338	335	340	5

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 350.

### **Introduction**

The Pension Plan Termination and Benefits Administration Activity comprises the majority of the work carried out by the Corporation. It includes the day-to-day work necessary to pay insured benefits to participants in trustee plans. This budget activity covers all direct costs related to plan termination and trusteeship, benefits administration, appeals resolution, and Trust Fund investment management support but not the investment management fees starting in FY 2015. A significant portion of the budget in this area includes actuarial and auditing support for large and complex plans, IT support for participant services' systems, paying agent support, and our Customer Contact Center. Additionally, we currently contract for benefits administration support at seven different locations outside the Washington, DC area.

When PBGC takes over a terminated pension plan, it takes in the plan assets, collects, evaluates and reviews all plan and participant records, and values plan assets and benefit liabilities. PBGC then calculates each participant's benefit under pension plan's terms and the ERISA. The process of determining benefits payable by PBGC is laborious and time-consuming because the benefit structures and data requirements are different for each of the plans PBGC trustees. In addition, large plans typically have multiple, complex benefit formulas and retirement eligibility provisions. Once the individual benefit calculations are complete, PBGC issues a "benefit determination" to each participant informing them of their final benefit amount and their right to appeal if they disagree with PBGC's determination. After all benefit determinations are issued and appeals are resolved, PBGC performs ongoing benefit administration (placing deferred participants and survivors into pay status, income tax withholding, address and bank account changes, processing death notifications, etc.) for every plan and participant, including beneficiaries, for the rest of their lives.

PBGC is currently responsible for the current and future pensions of almost 1,500,000 people in about 4,600 failed plans. In FY 2013, we became responsible for an additional 57,000 workers and retirees in 111 terminated single-employer plans.

Our Benefits Administration and Payment Department (BAPD) gets very high scores from our customers, but can and will take advantage of changes in technology and organization to improve. In FY 2013 we entered a new phase of a multiyear effort to reform our benefits process to ensure the best possible quality, guided in part by an independent consulting firm hired to review our operating practices and to suggest improvements. The changes will continue over the next several years.

## **PENSION PLAN TERMINATION AND BENEFITS ADMINISTRATION**

PBGC's greatest strength is our skilled team of pension professionals. To best use those skills, BAPD is organizing itself around functional teams of professionals, such as actuaries and auditors. This model will allow our skilled employees to develop centers of excellence where more experienced employees can mentor colleagues and work can be shifted seamlessly as needed to produce timely and accurate work products.

In FY 2013 we established our first such team, the Asset Evaluation Division (AED). Now fully operational, AED has developed and begun to use a modernized set of procedures for evaluating pension plan assets. These new procedures give our audit professionals the scope and guidance they need to evaluate the increasingly complex assets that come to PBGC.

The benefits we are allowed to pay under the law can be very different from those promised in a plan. That difference sometimes spurs appeals of our benefit determinations. Since 2009, we have issued nearly 406,000 benefit determinations. Only 1 percent were appealed and only 800 (0.2 percent) required a change.

The Appeals Board recently completed the largest consolidated appeal in our history, with nearly 1,500 airline pilot appellants raising 13 distinct issues in 2,000 pages of appeal documents. The issues were highly complex and technical yet only one error that affected six people was found.

### **Five-Year Budget Activity History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2010	\$234,005	350
2011	\$237,374	349
2012	\$238,993	336
2013	\$236,959	350
2014	\$266,070	335

### **FY 2015**

A primary focus for PBGC in FY 2015 will be to complete the most complex and long outstanding benefit determinations as quickly as possible. With these benefits finally settled, participants will know the benefit amount they can expect from PBGC.

In FY 2015, PBGC will:

- Continue to focus on completing the benefit determination work in our oldest plans
- Continue to process the large influx of plans, which were trusted in prior years, many of which are large complex plans
- Continue to perform baseline activities: evaluations and reviews, actuarial valuations, benefits administration, paying benefits, and all the things that go into supporting these activities

## **PENSION PLAN TERMINATION AND BENEFITS ADMINISTRATION**

- Continue to implement recommendations from the strategic review of the benefits administration and payment function

### **FY 2014**

- PBGC will continue efforts initiated in FY 2012 to reorganize the Benefits Administration and Payment Department
- Beginning in 2009, the PBGC OIG investigated and found errors and mismanagement in the valuing of the assets acquired in the National Steel (NS) and United Airlines (UAL) pension plans. As a result, many plans' assets were reevaluated and tens of thousands of pensioners' benefits recalculated. Consequently, the PBGC Director decided to undertake a full-scale review of BAPD, covering its organization, personnel and process improvements. PBGC contracted for a full review of BAPD structure and operations and to suggest ways to enhance quality control
- Continue BAPD consolidation of field offices
- The contractor report, as well as PBGC's own internal review work, produced recommendations for PBGC management to begin implementing, including:
  - Improve Asset Validation Process – This effort will establish a separate organization to perform asset valuations in order to eliminate a major source of process errors
  - Improve Data Collection – This effort, which is currently decentralized within BAPD, will establish a separate, centralized data collection function
  - Establish an Independent Quality Assurance (QA) Office – Recommended by the Inspector General, this effort will support the creation of an independent QA Office and the transition of existing QA resources and a significant enhancement, including the addition of Federal employees, to validate and give assurances in PBGC benefit processing
  - Provide additional management, re-design procedures, and update manuals
  - Provide for additional management to support operational reforms, new procedures, and allow for consolidating contracts
  - Provide ancillary support and employee development
  - Support master level Program Manager Certification and improved supervisory skill training

### **FY 2013**

- BAPD began sharing its performance data across the operation integrating those metrics into individual plans to better link individual performance with higher level department goals
- BAPD consolidated work in field offices
- PBGC made great progress in addressing open audit recommendations, closing out 61 percent of our outstanding audit recommendations and exceeding our goal of a 50 percent reduction
- PBGC assumed responsibility for 57,000 more people in 111 newly failed single-employer plans
- PBGC started paying benefits to the 14,000 retirees in those plans

## **PENSION PLAN TERMINATION AND BENEFITS ADMINISTRATION**

- BAPD processed nearly 35,000 new benefit applications, 88 percent of them within 45 days
- PBGC paid \$5,400,000,000 in benefits to more than 851,000 retirees in single-employer plans

**PENSION PLAN TERMINATION AND BENEFITS  
ADMINISTRATION**

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2013 Post Sequestration</b>		<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Pension Plan Termination and Benefits Administration</b>				
<b>Performance Measure</b>				
Customer Satisfaction score for trustee plan participant callers	81	87	85[e]	85[e]
Customer Satisfaction score for retirees receiving benefits from PBGC	89	90	85[e]	85[e]
MyPBA Customer Satisfaction Score	81	81	81[e]	81[e]
Average time (years) to issue a final benefit determination	4.00	3.90	4.30[e]	4.80[e]
<b>Workload A: Benefit Determinations to be Issued</b>				
Beginning Inventory of Benefits Determinations to be Issued	311,000	311,000	269,000[e]	264,000[e]
Baseline Receipts (New Participants)	40,000	37,000	80,000[e]	80,000[e]
Benefits Determinations Issued	82,000	79,000	85,000[e]	85,000[e]
Ending Inventory	269,000	269,000	264,000[e]	259,000[e]
<b>Workload B: Total Number of Participants (Trusteed Plans)</b>				
Total Participants (Beginning of Year)	1,399,000	1,399,000	1,396,000[e]	1,436,000[e]
New Participants (Receipts)	40,000	37,000	80,000[e]	80,000[e]
Subtotal	1,439,000	1,436,000	1,476,000[e]	1,516,000[e]

**PENSION PLAN TERMINATION AND BENEFITS  
ADMINISTRATION**

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2013 Post Sequestration</b>		<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
Less: Lump Sum Payouts, Misc. Adjustments, and Mortality Projections	32,000	40,000	40,000[e]	42,000[e]
Total Participants (End of Year)	1,407,000	1,396,000	1,436,000[e]	1,474,000[e]

Legend: (r) Revised    (e) Estimate    (base) Baseline    N/A - Not Applicable    TBD - To Be Determined    [p] - Projection

# **PENSION PLAN TERMINATION AND BENEFITS ADMINISTRATION**

## **Workload Summary**

A primary focus for PBGC is to complete the most complex and long outstanding benefit determinations as quickly as possible. With these benefits finally settled, participants will know the benefit amount they can expect from PBGC.

**PENSION PLAN TERMINATION AND BENEFITS  
ADMINISTRATION**

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2013 Post Sequestration</b>	<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>	<b>Diff. FY15 Request / FY14 Post Sequestration Revised</b>
11.1	Full-time permanent	37,051	35,974	36,773	799
11.3	Other than full-time permanent	555	555	555	0
11.5	Other personnel compensation	1,427	1,437	1,437	0
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>39,033</b>	<b>37,966</b>	<b>38,765</b>	<b>799</b>
12.1	Civilian personnel benefits	9,979	9,528	9,824	296
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	939	939	939	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	3,837	3,884	3,933	49
23.3	Communications, utilities, and miscellaneous charges	3,791	3,801	3,801	0
24.0	Printing and reproduction	137	137	137	0
25.1	Advisory and assistance services	85,170	94,476	0	-94,476
25.2	Other services from non-Federal sources	92,459	112,336	118,828	6,492
25.3	Other goods and services from Federal sources 1/	336	1,700	1,700	0
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	0	0	0	0
26.0	Supplies and materials	378	403	403	0
31.0	Equipment	900	900	900	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>236,959</b>	<b>266,070</b>	<b>179,230</b>	<b>-86,840</b>
1/Other goods and services from Federal sources					
	Services by Other Government Departments	336	1,700	1,700	0

# PENSION PLAN TERMINATION AND BENEFITS ADMINISTRATION

## CHANGES IN FY 2015

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$269
Personnel benefits	100
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	49
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$418**

**Net Program** **-\$87,258**

**Direct FTE** **5**

	Estimate	FTE
<b>Base</b>	<b>\$266,488</b>	<b>335</b>
<b>Program Increase</b>	<b>\$2,160</b>	<b>15</b>
<b>Program Decrease</b>	<b>-\$89,418</b>	<b>-10</b>



## OPERATIONAL SUPPORT

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2013 Post Sequestration</b>	<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>	<b>Diff. FY15 Request / FY14 Post Sequestration Revised</b>
<b>Activity Appropriation</b>	<b>159,869</b>	<b>154,464</b>	<b>156,638</b>	<b>2,174</b>
FTE	396	418	428	10

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 437.

### **Introduction**

The Operational Support Activity comprises the shared program and management support work necessary for the mission operations of the Corporation to function. This includes various legal activities outside the Office of Negotiations and Restructuring, and the management of the Corporation's strategic planning activities, information technology (IT) infrastructure, budget, procurement, facilities management, general accounting & auditing, communications, and human resources.

### **Five-Year Budget Activity History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2010	\$137,905	351
2011	\$146,222	353
2012	\$147,724	388
2013	\$153,904	411
2014	\$148,337	391

### **FY 2015**

The operating environment for PBGC's Operational Support Activities is expected to remain largely unchanged from FY 2014 with a focus on customer service, stewardship and accountability.

During FY 2015 PBGC will continue IT Development, Modernization and Enhancement (DME) on several efforts across the corporation that were initiated in prior years. DME efforts PBGC expects to continue in FY 2015 include:

- Architecting all corporate processes to provide a foundation for future DME projects
- Implementation of IT information security improvements necessary to support corrective action planned to address material weaknesses in PBGC systems
- Replacement and modernization of IT hardware and software necessary to support corporate operations including: network and web servers, personal computers, desktop software, network security software and shared software applications

## OPERATIONAL SUPPORT

During FY 2015, PBGC will continue employee support activities initiated in prior fiscal years. These include:

- Implementation of Homeland Security Policy Directive 12 (HSPD-12) to enhance physical security and afford interoperability with other agencies
- Continuing to implement Strategic Human Capital Management as mandated by the Office of Personnel Management, while also transforming the federal workforce by continuing to adhere to the President's Hiring Reform Initiative

PBGC's Office of General Counsel (OGC) is planning the following activities:

- Continued improvement of the Privacy program
- Implement bid protest and debarment procedures
- Enhance investigation and prosecution of fiduciary breaches

### **FY 2014**

The operating environment for PBGC's Operational Support Activities remains largely unchanged from FY 2013 with a focus on customer service, stewardship and accountability. FY 2014 budget was subject to sequestration which may impact certain areas that require federal employee oversight.

- Consolidated Financial System will be upgraded to Oracle R-12
- Continue to streamline regulations and reduce regulatory burden
- Major IT security efforts will include Plan of Action and Milestones (POA&M) remediation in the areas of audit and accountability, configuration management, and COOP roles and responsibilities
- Some departmental responsibility realignments that will require funds to be shifted between activities
- Publish IT Strategic Plan and tactical plans needed to support the strategic plan, to include a focus on migrating to the cloud, use of shared service providers, and supporting a more mobile and teleworking workforce
- Implement an information security Tiger Team to provide a dedicated effort in the closure of longstanding OIG recommendations, focusing on audit, patching, configuration management, separation of environments, role-based training, and security incident management

# OPERATIONAL SUPPORT

## FY 2013

Administrative support activities within PBGC were subject to sequestration. Consequently funding for this area was reduced about \$6,000,000 during FY 2013. Therefore PBGC initiated efforts to restrict spending for lower priority activities and periodically reallocated funds internally as much as possible to achieve organizational objectives and was able to maintain adequate administrative support for PBGC priorities as well as initiated several administrative reforms.

- Established an internal satisfaction survey to ensure that employees are serving each other well so that we can continue to meet our external customer service goals
- Leadership continued to hold quarterly reviews to discuss our progress in five key areas:
  - Pre-Trustee Operations
  - Post-Trustee Operations
  - Customer Satisfaction
  - Model Workplace
  - Stewardship and Accountability
- Continued to make progress addressing the material weaknesses cited by our Inspector General and its external auditors
- Hired a new Chief Information Officer to oversee OIT operations and to support implementation of the enterprise-wide corrective action plan
- Implemented a number of improvements intended to address recommendations relating to the material weaknesses
- Created a new Quality Management department to assess work processes and employ business analytics to support continuous process improvements
- Worked with the Social Security Administration to use its Death Master File – the best source of its kind – as an additional control in helping to prevent improper payments
- Made significant progress towards closing out completed contracts and de-obligating unliquidated funds
- Initiated an automated recruitment process that allows applicants to rate themselves for vacant positions, eliminates Subject Matter Expert reviews and expedites the receipt of the Selection Certificates to the hiring manager, reducing “time to hire”
- Improved the infrastructure by upgrading hardware and software, building more network capacity, and addressing security-related weaknesses
- Renegotiated leases for Kingstowne and Pittsburgh Field Benefits Administration sites
- Completed IT Security Architectural Analysis to provide a roadmap for security program improvements
- Acquired and began implementation of Cyber Security Assessment and Management (CSAM) tool for enhanced tracking, management, and transparency of IT security artifacts, controls, and weaknesses throughout the Corporation
- Completed security assessment and authorization and granted Authority to Operate (ATO) for 12 out of 24 PBGC operational IT systems, bringing the total percentage of valid ATOs to 70 percent. Made progress on addressing the two IT material weaknesses cited by our Inspector General through the successful closure of 13 prior year recommendations addressing:

## **OPERATIONAL SUPPORT**

- Improved oversight of Security Assessment and Authorization, interconnected system tracking, and security registration processes
- Improved vulnerability scanning
- Improved COOP infrastructure
- Improved configuration of remote access servers
- Deployed network tools such as Big Fix and Tenable Security Center to improve configuration, change, and vulnerability management

## OPERATIONAL SUPPORT

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2013 Post Sequestration</b>		<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Operational Support</b>				
<b>Performance Measure</b>				
Customer Satisfaction Score	73	73	75[e]	75[e]
PBGC.gov Customer Satisfaction Score	N/A	N/A	73[e]	74[e]
Employee Retention Rate	N/A	N/A	90[e]	92[e]
Unqualified Audit Opinion	Unqualified	Unqualified	Unqualified	Unqualified
<b>Workload A: (Units)</b>				
Servers Supported (Physical)	300	300	300[e]	420[e]
Software Releases	350	350	400[e]	400[e]
Data Storage (GB)	250,000	250,000	250,000[e]	400,000[e]
Network Communication Equipment	250	250	250[e]	260[e]

Legend: (r) Revised (e) Estimate (base) Baseline N/A - Not Applicable TBD - To Be Determined [p] - Projection

## **OPERATIONAL SUPPORT**

### **Workload Summary**

Several Operational Support functions within PBGC have not varied greatly from one fiscal year to the next. Nevertheless, the level of support required each fiscal year is determined by the level of activity within the Insurance Program and Pension Plan Termination and Benefits Administration areas. Consequently, demand for operational support has increased and is expected to remain elevated.

Administrative support activities within PBGC were subject to sequestration in FY 2013 and FY 2014. Consequently funding for this area was reduced by about \$6,000,000 during FY 2013 and more than \$8,800,000 in FY 2014. These cuts in the year of execution resulted in reducing our authorized FTE level.

## OPERATIONAL SUPPORT

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2013 Post Sequestration</b>	<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>	<b>Diff. FY15 Request / FY14 Post Sequestration Revised</b>
11.1	Full-time permanent	47,633	48,962	50,449	1,487
11.3	Other than full-time permanent	555	555	555	0
11.5	Other personnel compensation	1,404	1,389	1,389	0
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>49,592</b>	<b>50,906</b>	<b>52,393</b>	<b>1,487</b>
12.1	Civilian personnel benefits	14,934	14,840	15,224	384
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	445	462	462	0
22.0	Transportation of things	1	1	1	0
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	24,735	24,753	25,056	303
23.3	Communications, utilities, and miscellaneous charges	1,941	2,043	2,043	0
24.0	Printing and reproduction	176	119	119	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	58,490	52,249	52,646	397
25.3	Other goods and services from Federal sources 1/	580	1,400	1,400	0
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	0	0	0	0
26.0	Supplies and materials	2,303	2,264	2,264	0
31.0	Equipment	6,672	5,427	5,030	-397
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>159,869</b>	<b>154,464</b>	<b>156,638</b>	<b>2,174</b>
	1/Other goods and services from Federal sources				
	Services by Other Government Departments	580	1,400	1,400	0

# OPERATIONAL SUPPORT

## CHANGES IN FY 2015

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$368
Personnel benefits	136
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	303
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Working Capital Fund	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$807**

**Net Program** **\$1,367**

**Direct FTE** **10**

	Estimate	FTE
<b>Base</b>	<b>\$155,271</b>	<b>418</b>
<b>Program Increase</b>	<b>\$3,911</b>	<b>28</b>
<b>Program Decrease</b>	<b>-\$2,544</b>	<b>-18</b>

## OFFICE OF INSPECTOR GENERAL

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2013 Post Sequestration</b>	<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>	<b>Diff. FY15 Request / FY14 Post Sequestration Revised</b>
Activity Appropriation	5,965	6,127	6,157	30
FTE	23	27	27	0

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 26.

### **Introduction**

The Office of Inspector General (OIG) was established at the Pension Benefit Guaranty Corporation (PBGC) by the 1988 amendments to the Inspector General Act of 1978 (IG Act). Under the IG Act, the OIG is an independent office within PBGC that has no programmatic responsibility so that the OIG can provide the agency and Congress information from independent audits and investigations related to the agency’s programs and operations.

Under the IG Act, the agency head is the PBGC Board of Directors. We communicate with the Board through a regular monthly conference call with the Board Representatives and participate in all formal Board meetings. On a day-to-day basis, the Inspector General communicates with the PBGC Director and the Executive Management Committee members about the work the OIG conducts to identify problems and deficiencies in programs administered by PBGC, and the need for timely corrective action. We keep Congress informed through meetings and briefings with Members and their staffs; congressional testimony; and the IG’s Semiannual Report to the Congress.

To conduct an effective audit and investigative program, it is essential to have sufficient funds for professional training and travel.

In accordance with section 6(f)(1) of the Inspector General Act of 1978, as amended, 5 U.S.C. App. 3, the Inspector General provides the following information:

- The aggregate request for the operations of the OIG is \$6,157,000
- Of that amount, \$74,724 is requested for training

The Inspector General certifies that \$74,724 would satisfy the training requirements for FY 2015.

### **PERFORMANCE MEASURES**

## OFFICE OF INSPECTOR GENERAL

	FY 2013 Target	FY 2013 Actual	FY 2014 Target	FY 2015 Target
Percentage of OIG professional staff direct time dedicated to critical, high risk, or high-impact activities	80%	91%	85%	85%
Percentage of audits and evaluations where findings and recommendations are presented to auditee within established timeframes	80%	63%	85%	85%
Percentage of investigative inquiries timely converted to investigations or closed	75%	81%	80%	85%

For FY 2013, we exceeded two of three performance goals, and did not meet a third.

- We strive to conduct audits and investigations that address critical, high risk or high-impact PBGC activities; we exceeded our target, yielding 91% of our auditors' and investigators' direct time on such activities. Though we have increased our target each year and then exceeded the target, we believe 85% is the right target as occasionally investigations and audit work must be done that may not be critical or high risk
- We exceeded our timeliness goal for investigations by 6%, closing or converting complaints to investigations within 60 days 81% of the time. We are maintaining our target for FY 2014 at 80% but increasing our target for FY 2015 to 85%
- We only reached 63% against a target of 80% for the performance goal of timely presenting audit/evaluation findings and recommendations to PBGC. We issued eight reports in FY 2013, three of which were not timely. Several factors impacted the delayed issuances of these contractor-prepared reports, including contractor personnel changes, specific delivery dates were not set in the contract, and we spent significant time on other work required by government auditing standards. These factors have been addressed and timely reports will be issued in FY 2014

### Five-Year Budget Activity Component History

<u>Fiscal Year</u>	<u>Funding</u> (Dollars in Thousands)	<u>FTE</u>
2010	\$5,745	24
2011	\$5,965	24
2012	\$5,965	22
2013	\$5,965	26
2014	\$6,127	27

*Notable OIG Activities include:*

### FY 2015

## OFFICE OF INSPECTOR GENERAL

- Continue the Multiemployer (ME) Program audits and evaluations
- Initiate information technology audits, evaluations, and investigations in areas of identified risk
- Continue work relating to benefits administration, including review the effectiveness of PBGC's corrective actions as a result of prior audits
- Conduct statutorily-required audits, including financial statements, FISMA and IPERA, and address whistleblower complaints and Congressionally-requested work
- Continue to work with DOL EBSA to identify and prosecute fraud in multiemployer pension plans
- Continue to address outstanding audit recommendations, focusing on material weaknesses and significant deficiency

### **FY 2014**

- Evaluation report addressing PBGC's termination of National Steel Pension Plans, including setting termination date, valuing assets, and accepting poor quality contractor work
- Audit report addressing Sensitive Payments to senior-level employees
- Audit report addressing PBGC's management of Negotiated Funding Agreements, including documentation and records management, information technology, and transparency
- Audit report addressing PBGC's management of certain employee incentives, including recruitment, retention and relocation bonuses, and the student loan repayment program
- Audit report addressing PBGC's corrective actions reported to Congress to establish internal controls related to the use of PIMS and statutory and ad hoc reporting
- Evaluation report addressing PBGC's Standard Operating Procedures relating to contracting, and specific improper billings of particular contractors
- Participate in OIG-community's review of the government's Contracting for Cloud Services
- Initiate a series of audits and evaluations related to the multiemployer program based on risk areas identified during survey
- Initiate work addressing security of information technology, including audits, evaluations and investigations to examine PBGC's security and privacy measures around PBGC's customer service through self-service related to pension benefits
- Initiate work relating to benefits administration, including review of field benefit operations
- Conduct statutorily-required audits, including financial statements, FISMA and IPERA, and address whistleblower complaints and Congressionally-requested work
- Work with DOL EBSA to identify and prosecute fraud in multiemployer pension plans
- Continue to address outstanding audit recommendations, focusing on the three material weaknesses and one significant deficiency

# OFFICE OF INSPECTOR GENERAL

## FY 2013

- **Financial statement audit.** We issued 4 audit reports related to the audit of PBGC's FY 2012 financial statements, including the 20th consecutive unqualified opinion on the financial statements. Based on three material weaknesses – two in information technology controls and one in the pension benefits and payments operations – for the fourth year, we reported an adverse opinion on PBGC's system of internal controls. A separate internal control report provided details of the deficiencies underlying the material weaknesses, and a management letter reported other less significant internal control issues
- **Information security weaknesses.** We filed the FISMA report with OMB on November 15, assessing PBGC's information security posture, and detailed on-going IT security weaknesses in the financial statement internal control report. We also issued a narrative FISMA report and a report on vulnerability assessment and penetration testing; each described additional significant vulnerabilities that will require corrective action on the part of PBGC
- **Improper payments review.** As statutorily-required, OIG evaluated PBGC's compliance with the Improper Payments Act requirements. While we concluded that PBGC generally met the specific compliance requirements, we noted that PBGC's methodology for estimating improper payments had certain analytical flaws. As a result, we noted issues that PBGC should address next year
- **UAL Asset Re-Valuation.** In response to a Congressional request, we reviewed PBGC's re-valuation of the assets of United Airlines' (UAL) terminated pension plans and, for the assets we tested, concluded that PBGC's latest contractor had properly valued the assets at the fair market value at the date of plan termination
- **Investigative Activity.** We issued several management advisories noting internal control weaknesses found during investigations, including the invoicing process for labor hour contracts

### On-going work included:

- Continued emphasis on follow-up on the high number of open audit recommendations: 183 at the beginning of FY 2013 and 172 at the close. In particular we focused on the financial statement internal control opinion material weaknesses: information security and technology, and benefit administration processing practices that accounted for 74% of the open recommendations
- Audits related to: (1) PBGC's termination activities related to National Steel Pension Plans; (2) PBGC's management of Negotiated Funding Agreements, (3) Sensitive payments to senior-level employees; (4) PBGC's management of certain employee incentives, including recruitment, retention and relocation bonuses, and the student loan repayment program, and (5) PBGC's corrective actions to improve quality control and reduce the risk of future errors in certain actuarial reporting from the Pension Insurance Modeling System (PIMS)
- Audit surveys of PBGC's activities in three areas: multiemployer pension plan program, premium collection, and the Advisory Committee

## OFFICE OF INSPECTOR GENERAL

<b>BUDGET ACTIVITY COMPONENT BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2013 Post Sequestration</b>	<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>	<b>Diff. FY15 Request / FY14 Post Sequestration Revised</b>
11.1	Full-time permanent	2,949	3,097	3,122	25
11.3	Other than full-time permanent	31	31	31	0
11.5	Other personnel compensation	36	36	36	0
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>3,016</b>	<b>3,164</b>	<b>3,189</b>	<b>25</b>
12.1	Civilian personnel benefits	755	795	800	5
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	18	48	48	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	1	1	1	0
24.0	Printing and reproduction	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	2,119	2,063	2,063	0
25.3	Other goods and services from Federal sources 1/	0	0	0	0
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	0	0	0	0
26.0	Supplies and materials	25	25	25	0
31.0	Equipment	31	31	31	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>5,965</b>	<b>6,127</b>	<b>6,157</b>	<b>30</b>
1/Other goods and services from Federal sources					

# OFFICE OF INSPECTOR GENERAL

## CHANGES IN FY 2015

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments		\$25
Personnel benefits		5
Benefits for former personnel		0
Travel and transportation of persons		0
Transportation of things		0
Rental payments to GSA		0
Rental payments to others		0
Communications, utilities, and miscellaneous charges		0
Printing and reproduction		0
Advisory and assistance services		0
Other services from non-Federal sources		0
Other goods and services from Federal sources		0
Research & Development Contracts		0
Operation and maintenance of facilities		0
Operation and maintenance of equipment		0
Supplies and materials		0
Equipment		0
Grants, subsidies, and contributions		0
Insurance claims and indemnities		0

**Built-Ins Subtotal** **\$30**

**Net Program** **\$0**

**Direct FTE** **0**

	<b>Estimate</b>	<b>FTE</b>
<b>Base</b>	<b>\$6,157</b>	<b>27</b>

## INVESTMENT MANAGEMENT FEES PROGRAM

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2013 Post Sequestration</b>	<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>	<b>Diff. FY15 Request / FY14 Post Sequestration Revised</b>
<b>Activity Appropriation</b>	<b>0</b>	<b>0</b>	<b>96,384</b>	<b>96,384</b>
FTE	0	0	0	0

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 0.

### **Introduction**

PBGC uses institutional investment management firms to invest its assets, subject to PBGC's oversight and consistent with the investment policy statement approved by our Board. PBGC does not determine the specific investments to be made but instead relies on PBGC's investment managers' discretion in executing investments appropriate for their assigned investment mandates. PBGC does ensure that each investment manager adheres to PBGC's prescribed investment guidelines associated with each investment mandate and measures each investment manager's performance in comparison with agreed upon benchmarks. As part of our FY 2015 request PBGC is realigning investment management fees to a program activity rather than part of the administrative budget to more appropriately account for this non-discretionary expense and provide transparency.

PBGC's investment assets consist of premium revenues, which are accounted for in the revolving funds and assets from trustee plans and their sponsors, which are accounted for in the trust funds. By law, PBGC is required to invest certain revolving funds (i.e., Funds 1 and 2) in obligations issued or guaranteed by the United States of America. Portions of the other revolving fund (i.e., Fund 7) can be invested in other debt obligations, but under PBGC's current investment policy these revolving funds are invested solely in Treasury securities.

Total revolving fund investments, including cash and investment income, at September 30, 2013, were \$19,143,000,000 (\$1,034,000,000 for Fund 1, \$1,714,000,000 for Fund 2, and \$16,395,000,000 for Fund 7). PBGC has never established funds 3, 4, 5 or 6, which ERISA authorized for special discretionary purposes. Trust fund investments totaled \$60,453,000,000 as of September 30, 2013. At the end of FY 2013, PBGC's total investments consisting of cash and cash equivalents, investments, and investment income receivable as shown on the Statements of Financial Position were \$79,596,000,000.

Our Board adopted the current investment policy in May 2011. The objective is to maximize total return within a prudent risk framework that incorporates PBGC's fixed obligations and asset composition of potential trustee plans. The investment policy establishes a 30 percent target asset allocation for equities and other non-fixed income assets, and a 70 percent asset allocation for fixed income.

Due to the cyclical nature of capital markets, PBGC reports one-year, three-year, and five-year returns for its investment program. For the five-year period ending September 30, 2013, PBGC's

## **INVESTMENT MANAGEMENT FEES PROGRAM**

return on total invested funds excluding transition accounts was 9.0% compared with a total fund benchmark return of 8.2%, a benchmark PBGC uses to conform with its investment policy. Including the transition accounts, the five year annualized return was 8.9%. Separately, the ERISA/PPA hypothetical portfolio benchmark return for the five-year period ending September 30, 2013 was 9.1%.

A detailed description of PBGC's investment management activities including annualized returns and benchmark comparisons can be found in our FY 2013 Annual Report.

### **Workload Summary**

Investment management fees are determined by the amount of assets under management.

## INVESTMENT MANAGEMENT FEES PROGRAM

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2013 Post Sequestration</b>	<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>	<b>Diff. FY15 Request / FY14 Post Sequestration Revised</b>
25.1	Advisory and assistance services	0	0	96,384	96,384
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>96,384</b>	<b>96,384</b>

# INVESTMENT MANAGEMENT FEES PROGRAM

## CHANGES IN FY 2015

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Advisory and assistance services \$0

**Built-Ins Subtotal \$0**

**Net Program \$96,384**

**Direct FTE 0**

	Estimate	FTE
<b>Base</b>	<b>\$0</b>	<b>0</b>
<b>Program Increase</b>	<b>\$96,384</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>

## SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2013 Post Sequestration</b>	<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>	<b>Diff. FY15 Request / FY14 Post Sequestration Revised</b>
<b>Activity Appropriation</b>	<b>5,800,000</b>	<b>5,827,000</b>	<b>6,618,000</b>	<b>791,000</b>
FTE	0	0	0	0

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 0.

### **Introduction**

Resources that PBGC requests for benefit payments result from a non-discretionary entitlement. Under this program the Corporation pays guaranteed amounts to beneficiaries of private sector, single-employer defined benefit pension plans when those plans terminate without enough assets to provide basic benefits. About 32,000,000 workers and retirees in some 23,000 single-employer pension plans have a pension guaranty with PBGC.

PBGC's responsibility for benefit payment begins immediately when it becomes trustee of a terminated plan. The Corporation maintains uninterrupted benefit payments to existing retirees and begins payments to new retirees without delay.

PBGC pays estimated benefits to retirees until it confirms all necessary participant data and values plan assets and recoveries from the plan's sponsor. PBGC then calculates the actual benefit payable to each participant according to the specific terms of the participant's plan as applied to that participant's unique work history, statutory guarantee levels, and the funds available from plan assets and employer recoveries. Unlike other federal agencies with responsibility for retirement calculations (e.g., Office of Personnel Management, Department of Veterans Affairs, Social Security Administration), PBGC cannot administer benefits according to one set of rules; instead it must consider the individual provisions of each plan it has "trusteed."

### **Five-Year Budget Activity History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2010	\$5,823,000	0
2011	\$6,009,000	0
2012	\$5,920,000	0
2013	\$5,800,000	0
2014	\$5,827,000	0

## SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2013 Post Sequestration</b>		<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Single Employer Program Benefit Payments</b>				
<b>Workload Indicator: Number of Plans</b>				
Retirees receiving monthly benefit checks	851,000	851,000	895,000[e]	955,000[e]

Legend: (r) Revised    (e) Estimate    (base) Baseline    N/A - Not Applicable    TBD - To Be Determined    [p] – Projection

# **SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS**

## **Workload Summary**

The number of retirees receiving checks has traditionally increased each year.

## SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		<b>FY 2013 Post Sequestration</b>	<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>	<b>Diff. FY15 Request / FY14 Post Sequestration Revised</b>
11.1	Full-time permanent	0	0	0	0
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	0	0	0	0
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
12.1	Civilian personnel benefits	0	0	0	0
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	0	0	0	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	0	0	0	0
24.0	Printing and reproduction	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	0	0	0	0
25.3	Other goods and services from Federal sources 1/	0	0	0	0
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	0	0	0	0
26.0	Supplies and materials	0	0	0	0
31.0	Equipment	0	0	0	0
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	5,800,000	5,827,000	6,618,000	791,000
	<b>Total</b>	<b>5,800,000</b>	<b>5,827,000</b>	<b>6,618,000</b>	<b>791,000</b>
	1/Other goods and services from Federal sources				

# SINGLE-EMPLOYER PROGRAM BENEFIT PAYMENTS

## CHANGES IN FY 2015

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0

**Built-Ins Subtotal** **\$0**

**Net Program** **\$791,000**

**Direct FTE** **0**

	Estimate	FTE
<b>Base</b>	<b>\$5,827,000</b>	<b>0</b>
<b>Program Increase</b>	<b>\$791,000</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>



## MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

<b>BUDGET AUTHORITY BEFORE THE COMMITTEE</b>				
(Dollars in Thousands)				
	<b>FY 2013 Post Sequestration</b>	<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>	<b>Diff. FY15 Request / FY14 Post Sequestration Revised</b>
<b>Activity Appropriation</b>	<b>118,000</b>	<b>112,000</b>	<b>122,000</b>	<b>10,000</b>
FTE	0	0	0	0

NOTE: FY 2013 reflects actual FTE. Authorized FTE for FY 2013 was 0.

### **Introduction**

Multiemployer financial assistance is a non-discretionary entitlement program. The multiemployer program covers about 10,000,000 participants in approximately 1,400 insured plans. Funded and administered separately from the single-employer program, the multiemployer program differs in that PBGC steps in to pay financial assistance at no more than the guarantee level to multiemployer plans when a covered plan proves unable to pay benefits when due rather than, as in the case of single-employer plans, when the plan terminates.

The PBGC provides financial assistance to a plan after it receives an application and verifies that the plan is or will become insolvent and unable to pay basic benefits when due. The financial assistance provided takes the form of a loan that is repayable by the plan.

### **Five-Year Budget Activity History**

<b><u>Fiscal Year</u></b>	<b><u>Funding</u></b> (Dollars in Thousands)	<b><u>FTE</u></b>
2010	\$101,000	0
2011	\$131,000	0
2012	\$111,000	0
2013	\$118,000	0
2014	\$112,000	0

## MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

<b>DETAILED WORKLOAD AND PERFORMANCE</b>				
	<b>FY 2013 Post Sequestration</b>		<b>FY 2014 Post Sequestration Revised</b>	<b>FY 2015 Request</b>
	<b>Target</b>	<b>Result</b>	<b>Target</b>	<b>Target</b>
<b>Multi-Employer Program Financial Assistance</b>				
<b>Workload: Number of Plans</b>				
Multiemployer plans receiving financial assistance	62	62	72[e]	72[e]

Legend: (r) Revised (e) Estimate (base) Baseline N/A - Not Applicable TBD - To Be Determined [p] - Projection

# MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

## Workload Summary

PBGC anticipates substantial but as yet not quantified workload increases within the Multiemployer Program during FY 2014 and FY 2015. Many large multiemployer pension plans are seriously underfunded and could need financial assistance in the near future.

## MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

<b>BUDGET ACTIVITY BY OBJECT CLASS</b>					
(Dollars in Thousands)					
		FY 2013 Post Sequestration	FY 2014 Post Sequestration Revised	FY 2015 Request	Diff. FY15 Request / FY14 Post Sequestration Revised
11.1	Full-time permanent	0	0	0	0
11.3	Other than full-time permanent	0	0	0	0
11.5	Other personnel compensation	0	0	0	0
11.8	Special personal services payments	0	0	0	0
11.9	<b>Total personnel compensation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
12.1	Civilian personnel benefits	0	0	0	0
13.0	Benefits for former personnel	0	0	0	0
21.0	Travel and transportation of persons	0	0	0	0
22.0	Transportation of things	0	0	0	0
23.1	Rental payments to GSA	0	0	0	0
23.2	Rental payments to others	0	0	0	0
23.3	Communications, utilities, and miscellaneous charges	0	0	0	0
24.0	Printing and reproduction	0	0	0	0
25.1	Advisory and assistance services	0	0	0	0
25.2	Other services from non-Federal sources	0	0	0	0
25.3	Other goods and services from Federal sources 1/	0	0	0	0
25.4	Operation and maintenance of facilities	0	0	0	0
25.5	Research and development contracts	0	0	0	0
25.7	Operation and maintenance of equipment	0	0	0	0
26.0	Supplies and materials	0	0	0	0
31.0	Equipment	0	0	0	0
33.0	Investments and Loans	118,000	112,000	122,000	10,000
41.0	Grants, subsidies, and contributions	0	0	0	0
42.0	Insurance claims and indemnities	0	0	0	0
	<b>Total</b>	<b>118,000</b>	<b>112,000</b>	<b>122,000</b>	<b>10,000</b>
	1/Other goods and services from Federal sources				

# MULTIEMPLOYER PROGRAM FINANCIAL ASSISTANCE

## CHANGES IN FY 2015

(Dollars in Thousands)

### Activity Changes

#### Built-In

To Provide For:

Costs of pay adjustments	\$0
Personnel benefits	0
Benefits for former personnel	0
Travel and transportation of persons	0
Transportation of things	0
Rental payments to GSA	0
Rental payments to others	0
Communications, utilities, and miscellaneous charges	0
Printing and reproduction	0
Advisory and assistance services	0
Other services from non-Federal sources	0
Other goods and services from Federal sources	0
Research & Development Contracts	0
Operation and maintenance of facilities	0
Operation and maintenance of equipment	0
Supplies and materials	0
Equipment	0
Grants, subsidies, and contributions	0
Insurance claims and indemnities	0
Investment and Loans	0

**Built-Ins Subtotal** **\$0**

**Net Program** **\$10,000**

**Direct FTE** **0**

	<b>Estimate</b>	<b>FTE</b>
<b>Base</b>	<b>\$112,000</b>	<b>0</b>
<b>Program Increase</b>	<b>\$10,000</b>	<b>0</b>
<b>Program Decrease</b>	<b>\$0</b>	<b>0</b>